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## FEATURED Q&A

### Was the Iran Nuclear Deal a Victory for Brazil?

**Q** After talks with Brazil and Turkey, Iran agreed Monday to send about half of its uranium to Turkey. In return, Iran is to receive nuclear fuel rods processed by Russia and France for use in medical research. The agreement did not avert the Obama administration from announcing on Tuesday that the United States and major powers including China and Russia had agreed to impose new U.N. sanctions on Iran over its nuclear program. Was the deal involving Brazil a victory for President Luiz Inácio Lula da Silva following criticisms of his engagement with Tehran? What will the agreement with Iran do for Brazil's prospects as a leader and negotiator on the global stage?

**A** Peter Hakim, member of the Advisor board and president emeritus of the Inter-American Dialogue: "When first reported, the clinching of a nuclear deal with Iran looked like a clear victory for Brazilian President Lula da Silva and his Turkish counterpart, Prime Minister Erdogan. But soon after Lula proclaimed a 'triumph for diplomacy,' Secretary of State Clinton reported that the five permanent members of the U.N. Security Council (the United States, Russia, Britain, France and China) had agreed to further tighten sanctions against Iran—precisely what the Brazil/Turkey accord aimed to avoid. No, the accord was not a diplomatic success for Brazil. Importantly, it fell short substan-

tively. It did not keep Iranian President Ahmadinejad from publicly declaring Iran would not stop enriching uranium, which was the central demand of the United States and other major powers, and it offered no assurance that Tehran would allow adequate U.N. inspection of its nuclear activities. Brazil and Turkey may have believed that (1) they got the best deal they could from Iran, (2) it would, at least, be enough to postpone the imposition of new U.N. sanctions, and (3) their deal would improve the atmospherics for future

*Continued on page 2*



### Mexican President Begins Two-Day State Visit to Washington

Mexican President Felipe Calderón (center) arrived Wednesday at the White House alongside U.S. President Barack Obama. They were followed by Mexican First Lady Margarita Zavala and her U.S. counterpart, Michelle Obama. See story on page 2.

*Photo: White House.*

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## NEWS BRIEFS

**U.N.'s World Court Drops Honduras' Case Against Brazil**

The United Nations' International Court of Justice said Wednesday it dropped Honduras' case against Brazil for harboring ousted President Manuel Zelaya after the current Honduran government said it did not wish to continue with the proceedings. The case, filed last year by the interim government that replaced Zelaya's, was removed from the Court's docket May 12 following an April 30 letter from Honduran Foreign Minister Mario Canahuati requesting withdrawal of the petition. Less than three months after his ouster, Zelaya sneaked back into Honduras and sought refuge in the Brazilian Embassy in Tegucigalpa.

**U.S. Notifies Cuba of Oil Slick From Gulf of Mexico Spill**

The United States has engaged Cuban officials in talks over the environmental impact of a huge oil spill in the Gulf of Mexico triggered by the sinking of a drilling rig last month, Reuters reported. A U.S. State Department spokeswoman said U.S. officials in Havana had sent a letter to Cuba's Foreign Ministry notifying them of the spill and the oil slick, which could impact the coastlines of Florida and Cuba.

**Bank of America Selling Entire Stake in Brazil's Itaú**

**Bank of America** has agreed to sell its entire stake in Brazil's **Itaú Unibanco Holding** for as much as \$4.4 billion, Bloomberg News reported Wednesday. The Charlotte, N.C.-based bank is selling the stake to raise funds as it hires new employees and adds services at current operations and also repays aid the U.S. Treasury provided under the Troubled Asset Relief Program.

**Political News****Calderón Begins State Visit to U.S. With Criticism of Immigration Law**

Mexican President Felipe Calderón began a two-day state visit to Washington Wednesday by criticizing a controversial Arizona law aimed at cracking down on illegal immigration. Among the provisions of the law, which Arizona approved last month, is a requirement that local police check the immigration documents of anyone suspected of being in the country illegally. Calderón on Tuesday said the law was discriminatory and said Mexico would reject any attempt to "criminalize migration," the Associated Press reported. Many immigrants, "despite their significant contribution to the economy and to the society of the United States, still live in

the shadows, and occasionally, as in Arizona, they even face discrimination," Calderón said alongside U.S. President Barack Obama at the White House. Obama also criticized the Arizona law and said it showed the need for a federal overhaul of immigration policy. "In the United States of America, no law-abiding person—be they an American citizen, a legal immigrant, or a visitor or tourist from Mexico—should ever be subject to suspicion simply because of what they look like," said Obama. Supporters of the Arizona law argue it is needed to fight illegal immigration because the federal government has not adequately addressed the issue. Calderón and Obama also said they would work together to fight drug traffickers, protect the environment and aid economic growth. During a speech later in the day at the U.S. Chamber of Commerce, Calderón said strengthening

**Featured Q&A**

*Continued from page 1*

U.N. negotiations on Iran's nuclear program. If so, they underestimated, first, Iran's determination to advance its nuclear ambitions, unfettered by international restrictions, and second, the urgency that is propelling U.S. policy and the immense distrust and frustration with Iran in Washington. The United States is dead serious about the threat of a nuclear-armed Iran. Still, the agreement with Iran is one more demonstration of Brazil's widening global presence and its growing capacity to shape debate and discussion, if not yet outcomes, on virtually any issue it chooses. Even though it did not accomplish much this time, Brazil once again showed it cannot be ignored—that it has to be taken seriously. "

**A** **Paulo Sotero, director of the Brazil Institute at the Woodrow Wilson International Center for Scholars:** "It is too early to tell what will be the impact of this episode on the credibility and standing of the nations interested in the Iran nuclear issue. For all its limitations,

the agreement on the exchange of Iranian enriched uranium brokered by Brazil and Turkey is similar to the one proposed in October 2009 by the International Atomic Energy Agency and remains an important element of a constructive solution—one that could bring Iran into full compliance with its obligations with the IAEA. Its collapse would put the world face to face with unpleasant and costly alternatives. Similarly, the adoption of a new set of mild sanctions against Iran by the United Nations Security Council, as proposed by the P5 plus Germany, will have a better chance of being effective and avoid a 'no' vote by non-permanent members Brazil and Turkey, which would weaken the resolution if both countries were included in the core deliberations. In contrast, the approval of sanctions with broad support with Brazil and Turkey abstaining and a delayed activation date could open space for more dialogue and give the international community leverage to achieve the desired objectives. In such a scenario, the efforts of Brazil and Turkey will be seen in Washington and other capitals in a more positive light than they are today. Inevitably, questions are being

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the economic partnership between the United States and Mexico is the best way for the two countries to compete with Asia and the European Union. "In a global economy, the key is more integration, not isolation," Calderón told business leaders. He added that too many people

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*Many immigrants "still live in the shadows, and occasionally, as in Arizona, they even face discrimination," said Calderón.*

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in the United States still hold the "faulty perception" that opening up the U.S. economy to Mexico is bad for American workers. "We need to shift the perception that Mexico is like an enemy," Calderón said. "Mexico is not an enemy, Mexico is a friend." Despite facing a "perfect storm" in 2009 with the global economic crisis, the H1N1 flu epidemic, a record drought and dwindling oil production, Mexico is set to bounce back this year with GDP growth that could exceed the IMF's prediction of 4.2 percent, Calderón said. Obama also hosted Calderón Wednesday night at the White House at the second state dinner of his presidency. The Mexican leader is scheduled to address Congress today.

## Economic News

### Venezuela's Chávez Accuses Brokerages of Committing 'Fraud'

Venezuelan authorities have arrested the directors of two brokerages, **Positiva Sociedad de Corretaje de Títulos de Valores** and **Ban Valor Casa de Bolsa** in an investigation into foreign currency regulations, Bloomberg News reported today. President Hugo Chávez on Wednesday accused brokerages of committing fraud in the currency market and

## Comings & Goings

The United Nations on Monday appointed Costa Rican Christiana Figueres to head climate change talks, Reuters reported. In the post, which she assumes July 1, Figueres will be the leader of global negotiations on curbing greenhouse gas emissions. Since the December U.N. climate meeting in Copenhagen, negotiators have made little progress on the issue other than agreeing to hold two additional sessions before talks in Mexico begin in late November. Figueres is a daughter of one former Costa Rican president, José Figueres Ferrer, and the sister of another, José María Figueres. In the post, she succeeds Yvo de Boer of the Netherlands.

Chilean President Sebastián Piñera on May 11 named former banking executive Gerardo Jofre as chairman of state-owned copper company **Codelco**, Bloomberg News reported. Jofre, a former **Banco Santander** executive, replaces Nicolas Majluf. Piñera has been bringing new officials into Codelco in an effort to revamp the company, whose copper output declined in four of the past five years as metal content in ore produced at its mines has decreased.

**Scotia Jamaica Life Insurance** has appointed Hugh Reid as its new general manager, the *Jamaica Gleaner* reported Sunday. Reid's appointment was effective May 3. He replaces Jacqueline Sharp, who was promoted last October as **Scotia Group's** chief financial officer. Reid joined Scotia Jamaica Life Insurance from **Victoria Mutual Building Society**, where he was the company's chief of operations.

**Wells Fargo** has appointed Karen Wimbish as head of the bank's retail retirement group, the San Francisco-based bank said May 5. Previously, Wimbish had been president of the Latin America group for Wells Fargo Advisors since 2005.

attempting to weaken Venezuela's currency to 10 bolívars per dollar. During a speech on state television, Chávez said he will ask the United States to provide information on potential money laundering in the unofficial currency market after Venezuela's finance minister, Jorge Giordani, said drug proceeds may be involved. Venezuela's government restricted trading of dollar assets on Tuesday. Chávez



File Photo: Venezuelan Government.

Brokerages were not able to prove the source of funds in currency transactions and were allowing capital flight, said Giordani. A representative of the U.S. government said the United States will work with Venezuela in investigating any potential illegal activity. "The U.S. is always willing to cooperate with the Venezuelan government on issues of mutual concern, and if we

receive a formal request for assistance in any matter we will of course give it every consideration," Robin Holzhauer, a spokeswoman at the U.S. Embassy in Caracas told Bloomberg News in an interview.

## Company News

### Petrobras May Postpone \$25 Billion Share Sale if Markets Worsen: CEO

Brazil's state-controlled oil company **Petrobras** could postpone a planned sale of \$25 billion in shares if equity markets worsen, CEO José Sergio Gabrielli said Wednesday. "If the crisis is as it is now, we can go on," Gabrielli said in an interview with Bloomberg Television. "If it goes deeper and spreads over more than it is now, then we have to consider." The share sale would be the Western Hemisphere's largest in at least a decade. The company has been planning to sell the shares in July or August.

**Featured Q&A***Continued from page 2*

raised in the Brazilian foreign policy community about the wisdom of the country's high-profile involvement in the issue and the quality of calculations that led the government to incorrectly anticipate the reaction of the United States, China and Russia to the agreement signed with Iran on Monday. In any case, the episode will not diminish President Lula's popularity among Brazilians or Brazil's positive prospects as a rising power."

**A** **Matias Spektor, visiting fellow at the Council on Foreign Relations and coordinator for the Center for International Relations at Fundação Getúlio Vargas in Brazil:** "To know whether this was a victory or a failure, we'll have to see how the Iranians react. If the Iranians send signals of cooperation with the international community, then I think the Brazilians will look at this as a success, even if the Iranians insist on enriching uranium to 20 percent and the Security Council insists that this is not legitimate. For the Brazilians, the notion that there is now an opening for debate with Tehran is in itself a success. You have to bear in mind that this is the first time ever that Brazil has

ventured into the Middle East. Outside Brazil, I think there is a sense that Brazil has emerged and is now beginning to flex its diplomatic muscle. There is also an understanding that Brazil is or can be a tough partner, that is, that 'emerged Brazil' is not going to follow the United States at all times, but rather is a growing

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“For the Brazilians, the notion that there is now an opening for debate with Tehran is in itself a success.”

— *Matias Spektor*

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force to be reckoned with. The important point to keep in mind is that Brazil has been a major beneficiary of world order as we know it, and it is unlikely to seek to revert that order in any major way. Its emphasis will be on piecemeal adaptation and reform."

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*The Advisor welcomes reactions to the Q&A above. Readers can write editor Gene Kuleta at [gkuleta@thedialogue.org](mailto:gkuleta@thedialogue.org) with comments.*

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