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Eduardo Santos Maia, Davi Soares Alves



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BNDES AND THE INTERNATIONALIZATION OF BRAZILIAN COMPANIES ON LULA GOVERNMENTS: EMBRAER'S CASE

Eduardo Santos Maia¹, Davi Soares Alves²

Abstract: This paper aims to analyze the dynamics of the internationalization of nationally-based companies in Lula governments. We argue that the main tool in this process was the Banco Nacional de Desenvolvimento Econômico e Social (BNDES), with emphasis on companies capable of competing internationally. The new foreign policy is also emphasized as the political-ideological basis that made such procedures possible. We explore Embraer's case for it illustrates the synthesis of political and economic interests of the period and how those interests were pursued by the governments. The analysis was based on BNDES' official documents and on specialized literature. We made an effort to incorporate different perspectives to create a more complete analytical framework. The BNDES-Embraer relationship was positive not only for the company but as a strategic part in achieving the new foreign policy guidelines. BNDES's support to Embraer was instrumental, particularly in times of crisis, and helped to maintain its competitiveness at the international level with positive effects on the economy.

Keywords: BNDES; companies internationalization; Embraer; foreign policy; Lula Government.

I. Introduction

The use of companies as a tool of power has been one of the defining characteristics of the modern interstate system. The intricate relation that arose from it is inherent to the capitalist mode of production. In recent decades, globalization imposed a series of challenges to modern States, including the question of how to deal with national-based companies. In different ways and depths, States associate themselves with national-based companies aiming for the potential benefits from the internationalization of those companies.

The Brazilian case is not an exception. Since the beginning of its industrialization process started in the 1930s, Brazilian governments have acted jointly with companies, encouraging and promoting their national consolidation in a first moment and their

¹ Doutorando em Política Social pela Universidade Federal do Espírito Santo, mestre em Economia Política Internacional e bacharel em Relações Internacionais pela Universidade Federal do Rio de Janeiro. Email: eduardo.maia@live.com ORCID: <https://orcid.org/0000-0002-9347-8841>

² Bacharel em Relações Internacionais pela Universidade Federal de Sergipe. Atualmente realiza pesquisas sobre economia política internacional, particularmente sobre Bancos de Desenvolvimento, Agências de Exportação de Crédito e Política Monetária e Fiscal. Email: davidelemos16@gmail.com

internationalization in a more recent period. Naturally, the mechanisms of this dialogue varied according to the ongoing government guidelines as well as the conjuncture.

In the present work, we discuss the relationship between the Brazilian government and the international projection of Brazilian companies through the main mechanism for fostering this internationalization: the Brazilian Development Bank (BNDES). To do so the analysis was based on BNDES' official documents and on specialized literature. We made an effort to incorporate different perspectives to create a more complete analytical framework. We also relied on official data to avoid multiple interpretations and to sustain a regular basis.

The time frame corresponds to the first eight of Workers' Party (PT) governments when Lula administrations used the bank widely as a tool for implementing policies matching the guidelines of their new foreign policy. Taking advantage of the suitable economic scenario with a foreign policy that favored the South American continent as the main area of action, the Bank adapted itself to better meet the needs and interests of both companies and the federal government.

Among the several cases of successful internationalization promoted by BNDES, we work on the case of the Aeronautics Brazilian Company (Embraer). This choice is due to two reasons. First, the success of the BNDES-Embraer partnership, noticeable in BNDES's participation in Embraer exports and the support in crisis moments. Second, as it demonstrates the potential benefits this partnership may promote not only to the company itself but also the cascading effects to society. Thus, through the case of Embraer we aim to demonstrate the potential benefits Brazilian society may attain in developing strategic sectors and the economy in general.

Besides this introduction and the final remarks, the paper is divided in three parts. In the first, we will address some aspects of Lula's foreign policy that dialogue directly with the internationalization policy of national companies via BNDES. We do not intend to carry out an exhaustive review, but to point out the elements that worked as a theoretical and ideological basis for the instrumentalization of BNDES as a promoter of Brazilian companies abroad. Next, we will situate BNDES as an agent in the new foreign policy through a brief historical analysis of the bank's role culminating in its function in the examined period (2003-2016). In the third part, we analyze the case of Embraer's projection based on its relationship with the State and especially with BNDES.

II. Notes on the Lula's foreign policy

Pinheiro (2004) observes that since the 1990s, Brazilian foreign policy has oscillated between Americanism - an alignment with the United States in search of possible advantages of association with the great power - and globalism - the desire for self-determination, autonomy, and gains in bargain terms. The author also points out the search for economic development as one of the historical aspirations of Brazilian diplomacy.

From 2003 on, the foreign policy takes on a better-defined axis. According to Lula government's program in 2002, foreign policy should be linked to an "alternative national development" that would guarantee Brazil's sovereign position in the world (MINEIRO, 2010).

Brazilian foreign policy under Lula raised the traditional goals of 'autonomy' and 'development' with 'credibility' in global markets. The country has presented itself as a 'friendly' and generous partner for the poorest neighbors and has aligned itself with other 'emerging' countries such as China, India, and Russia. (...) The regional integration and the new South-South political and economic articulations provided the basis for a broader intervention on the world stage and an alternative center to negotiate with the traditional global powers. (GARCIA, 2013, p. 78, our translation).

This foreign policy represents a resumption of third-world initiatives under a new guise. It was based on relations with dependent states (South-South relations) through the creation of coalitions, the involvement in South America's integration process, and the critical approach to unfair rules in international organizations (fight for reforms in these organizations). Unlike the previous foreign policy, linked to macroeconomic stability and seeking to guarantee credibility, Lula's foreign policy was based on three main aspects, i.e., maintenance of economic stability, reform of the State's role in coordinating a neo-developmental agenda, and social inclusion and the formation of an expressive mass market (HIRST; LIMA; PINHEIRO, 2010).

The Itamaraty believed in a more comprehensive position from Brazil on the international scene, guided by principles such as the non-indifference (MINISTÉRIO DAS RELAÇÕES EXTERIORES, 2008). To achieve the desired protagonism, the country should bear the costs of greater political and economic institutionalization. The leadership in the attempt to stabilize Haiti, the diplomatic intermediation in the Iranian nuclear issue, and the various interventions promoting political stability in Latin America are examples of the effort to devise the country in more central terms than in previous periods.

Another paradigm of the "active" and "haughty" (AMORIM, 2016) foreign policy was autonomy by diversification (VIGEVANI; CEPALUNI, 2007), based on the expansion of the number of diplomatic partners, and establishing cooperation with countries and regions historically neglected by Brazilian diplomacy. Africa, for example, was "rediscovered"; Brazil opened new embassies and the number of official travels from presidente Lula to the continent surpassed the number of all former presidentes together (SILVA; ANDRIOTTI, 2012).

Likewise, there was an effort to get closer to Latin American countries through new forums and associations focused on integration, such as the Union of South American Nations (UNASUR) and the Initiative for the Integration of Regional Infrastructure in South America (IIRSA) (GONÇALVES, 2010; PECEQUILO, 2008).

On the other hand, the expanded role of the global South did not indicate disregard from other partners, e.g., the United States. Traditional partners continue to appear on the Brazilian agenda, although less exclusively given the expansion of Brazilian diplomacy to other fronts (PECEQUILO, 2008). Brazil's new role in the global South, however, it does not escape contradictions; Visentini (2010) suggests the possibility of other motivations than the alleged solidarity, such as the establishment of prestigious diplomacy or the practice of soft imperialism.

Connected to the Brazilian desire to become a protagonist of South America at the global level and to lead South American interests in a globalized world, the region became a springboard from where Brazil wished to self-promote in the international community and leverage its interests, such as the demand for a permanent seat on the United Nations security council.

The continent is, par excellence, a place for the expansion of the production of Brazilian companies, favored by geographical proximity and cultural affinities, as well as by the development of trade agreements and regulatory frameworks, which favor Brazilian investments and the circulation of goods and services in the region (MRE, 2010, our translation).

The increase of Brazilian capital and goods exports, especially for South America, does not mean a change in the Brazilian insertion in the international division of labor, nor constitutes forms of imperialist or sub-imperialist foreign policy. Capital exports to South America were linked to local developmental policies that depended on foreign investment, meaning that part of the operations of Brazilian companies abroad was not an initiative of the Brazilian State, but emerged from mutual interests (BUGIATO, 2016).

While Brazil manages to sell mostly commodities in the international market, its trade agenda with South America remains consisting of manufactured goods. 81% of the total Brazilian exports to the region between 2005 and 2013 were manufactured products (GUIMARÃES et al., 2014, p. 60).

Central America became another strategic point of Brazilian influence penetration – both political and economic – between 2003 and 2016, with Lula being the first Brazilian leader to ever visit the region, when he toured Nicaragua, Honduras, and Jamaica, signing a range of agreements, which resulted in the opening of embassies in countries of the region, and the

Brazilian membership in the Caribbean Community (CARICOM). In 2005, Lula personally participated in its first summit, where cooperation-related topics were pivotal on the agenda, such as reform of financial institutions, and international policies and assistance in the reconstruction of Haiti (GARCIA, 2013).

Hirst, De Lima and Pinheiro (2010) summarize the Brazilian foreign policy in Lula governments as part of a broader strategy based on the search for economic stability through the resumption of the role of the State in the coordination of the neo-developmental agenda, social inclusion, and the creation of a vigorous mass market³.

The new political guideline is similar to those historically adopted by the great powers since the XXVII and XXVIII centuries when the Netherlands used the Dutch East India Company (VOC), through the United Kingdom with the Hong Kong and Shanghai Banking Corporation (HSBC) until the United States projecting itself via multinational banks based in New York. Even States in intermediary positions in the power dispute in the international system, such as Sweden, exploit mechanisms for the internationalization of national companies operating internationally (MAIA, 2019, p. 35).

Among the benefits of the internationalization of companies, Cyrino and Penido (2007) highlight: the strengthening of the competitive position, reduction of risks, access to resources at lower costs, improvement of efficiency, and accumulation of knowledge. The positive cascade impact on the rest of the economy is also argued, with stimulus on several companies and even different sectors (GARCIA, 2013).

Garcia (2013) states that in 2003 a new - or fourth - phase of national-based capital expansion began, aiming to increase the country's sphere of influence at both regional and global levels as part of a foreign policy project. This new stage is marked by the decisive role of public policies and direct credit, reflecting Brazil's performance as an "emerging" country, pursuing greater participation in instances of global concertation.

In this sense, the role of BNDES as the main articulator of the international projection of Brazilian companies in the period 2003-2016 is instrumental as shown by the diverse literature on the articulation between the foreign policy and the BNDES as its instrument (BUGIATO, 2017; FREIXO; RISTOFF, 2012; VALDEZ, 2011). The new role assigned to the Bank dialogues with the government's desire to project itself in more than one way. While

³ The definition we use of neo-developmentalism is that stated by Pfeifer (2013) based on the thought of Bresser-Pereira who states neo-developmentalism as an economic and political-ideological strategy aimed at the economic development of middle-income countries under the direction of an elite composed of the national industrial business class and in coalition with the state bureaucracy.

filling a gap in the process of projecting national capital, it fulfills the function of projecting a diplomatic image of partnership.

III. BNDES performance

Until mid-2002, BNDES support for the internationalization of Brazilian companies was restricted to financing through variable income operations, in which the incentive to invest abroad took place indirectly and involved the establishment of an action strategy for the company. Still in 2002, during the Cardoso government, BNDES board approved the guidelines for directly financing investments by Brazilian companies abroad. These guidelines were intended to steer the creation of a line capable of stimulating the insertion and strengthening of Brazilian companies in the international market, by supporting the implementation of investments or projects abroad, promoting the increase of Brazilian exports. These first guidelines for financing investments by Brazilian companies abroad were established and provided the basis for the role BNDES played in subsequent years (GUIMARÃES et al., 2014, p. 57).

In Lula administrations (2003-2010), based on the new dynamic created by the foreign policy of the period, it is possible to identify moments of inflection in the Bank's internationalization policy. The first was the creation, in 2003, of a specific credit line for the internationalization of Brazilian companies. The Bank's Bylaws were changed to allow support for ventures abroad, provided they resulted in stimulating the country's social and economic development and the export of domestic products (ALEM; CAVALCANTI, 2005, p. 69).

As shown in Figure 1, BNDES underwent itself through an internationalization process to better support the internationalization of Brazilian companies. The first BNDES office abroad was approved in 2007 and opened in 2009 in Montevideo, a practical choice for the local legislation and structure, and also strategic, for the Brazilian search for primacy as a leader in the South American integration process. In 2013, another step was the authorization to open a Representation Office in Johannesburg, South Africa, as a window to the African continent. The subsidiary BNDES Limited, opened in London in November 2009, is an investment company intended to hold shares of companies of interest. It also holds the responsibility of raising funds in the financial market and agencies, enabling lends to Brazilian companies

directly from abroad, without the need to repatriate these resources and the consequent costs and bureaucracy⁴.



Source: Adapted from Guimarães et al. (2015, p. 74).

BNDES offices hold a two-fold strategic role. On the one hand, in economic terms with the stimulation of the economy by internationalized companies and, on the other, in diplomatic terms and the projection of Brazil's image as a promoter of international development and dialogue.

The Bank has also taken international steps in areas that are less prominent to the discussed aspects of the foreign policy such as the closing of cooperation and partnership agreements with other development banks. Nevertheless, they remained relevant to achieve the desired objectives. At the BRICS summit in Sanya, in 2011, BNDES closed a cooperation agreement with the development, export, and import banks of China, India, and Russia (GARCIA, 2013).

The agreement provides the facilitation of common transactions and projects, the strengthening of commercial and economic relations, the composition of a framework that can provide financing and banking services to investment projects of common interest, as well as the possibility of creating an interbank entity in the future. The parties committed to exchange information on projects of shared interest in the areas

⁴ All three offices abroad were shut down in 2016.

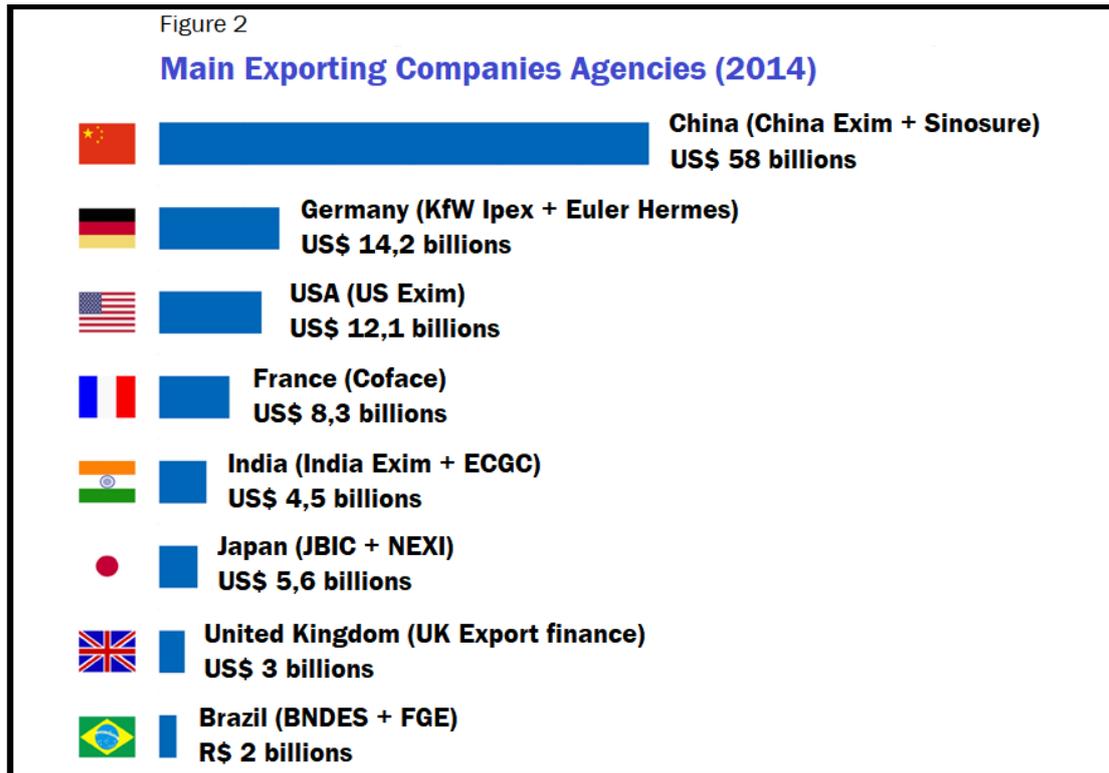
of infrastructure, energy, key industries, technological industries, and export sectors, developing mechanisms to support the internationalization of companies (GARCIA, 2013, p. 114, our translation).

Another important change was the creation of a new branch within the Bank structure, the BNDES-Participações (BNDESPar), exclusively dedicated to operating in the stock and debentures markets, dealing assets in the Brazilian stock market (Bovespa). Following the guidelines set up by BNDES on what to achieve, the main goals of the BNDESPar are the strengthening of the capital structure of Brazilian companies, the promotion of better management, governance, and sustainability practices, the development of the Brazilian capital market, and the creation of value for BNDESPar securities portfolio.

All companies benefiting from BNDES funding through BNDESPar must compromise with a set of principles and actions e.g. increasing management efficiency. Besides, the government retains golden shares⁵, keeping public power to design the business policies. By doing that, the bank ensures that long-term public strategic policies are pursued, not only of the individual shareholders.

Nonetheless, even after years of internationalization, the volume of BNDES investments is still small compared to the main Export Credit Agencies (ECAs). Figure 2 shows BNDES in eighth place in the list of largest ECAs in the world, an indication not only of small Brazilian participation in international markets but also the gaps that may be explored. Another point worth mentioning is that although BNDES is the second largest State development bank in the world, its credit line for exports is among the smallest among the major economies in the world.

⁵ A golden share is a class of share that gives its holder veto power over changes to the company's charter. It holds special voting rights, giving the ability to block another shareholder from taking more than a ratio of ordinary shares, for example. It is mostly used by governments who wish to retain some control over privatized companies (DHIR, 2021).



Source: Adapted from BNDES (2016).

The role of ECAs in finance, trade, and international projection is relevant when compared to other agencies. China, for instance, largely supports the financing of its exports through banks and credit agencies, with contributions to its multinational companies, or even loans to other countries conditioned to the purchase of Chinese products. In Germany, the national development bank (KfW) has a prominent role highlighted by the importance of high value-added goods exportation to the country. In turn, the Export-Import Bank of the United States (US EXIM Bank) has particularities adapted to the reality of the American economy. Its support to exports is a last resort, when the private sector considers that a certain operation is risky such as those destined for Sub-Saharan Africa, in which the possibility of default is high. Since the United States has a developed capital market, as well as the international currency, American companies rarely encounter difficulties or unfavorable rates for export financing, resulting in a different role for the American ECA.

Under the guidelines of the new foreign policy, South America has become an elected area for the internationalization of national companies and the BNDES itself. In the regional integration process led by Brazil, the BNDES was responsible for being the main financial agent in the region (VALDEZ, 2011).

BNDES allocated a significant part of capital goods and services financing for Africa and Latin America. This is consistent to the position the region keeps in Brazilian international trade. Between 2005 and 2013, 24% of exports were directed to Latin America. 81% of those were manufactured goods. (GUIMARÃES et al., 2015). The export of products with higher added value than commodities is advantageous compared to the trade with Europe and the United States. Exports to South American countries move a more extensive production chain, with greater generation of jobs, income, and economic diversification.

Another strategic region - with less emphasis -, was Central America. It was also relevant in the internationalization processes of companies, particularly those in the construction industry. The most emblematic case is the port of Mariel, Cuba, modernized by Odebrecht in Cuba at the cost of 957 million dollars, of which 802 million corresponds to Brazilian exports of goods and services. 682 million dollars were financed by BNDES and fully disbursed to pay Brazilian suppliers.

The project mobilized a chain of 400 Brazilian suppliers in the automotive, chemical, steel, metallurgical, machinery, and equipment sectors, with the export of metal structures, steel tubes, generators, trucks, laboratory equipment, and other goods (DRUMMOND, 2015). For five years, it sustained more than 150 thousand jobs in Brazil. The export of engineering services keeps 1.2 million permanent jobs in Brazil, a supply chain of 2.8 thousand companies, 76% of them of small or medium size. Each dollar of exports generates 3 dollars in the Brazilian economy, spilling over the economy, even in sectors not directly associated with the enterprise (DRUMMOND, 2015).

The profitable return of operations such as the port of Mariel rendered support from part of the Brazilian business community as commented by Afrânio Chueire, CEO of Volvo Latin America, in his defense of “a long-term policy for the export of engineering services, with financing and risk credit guarantee.”⁶

Table 1 shows that the main credit beneficiaries of the BNDES were either large companies, able to compete in international markets or sectors related to large-scale enterprises with long-term reimbursement. Working on the intersection of those two informal criteria the civil construction and the energy sector were highlighted. Companies already consolidated at a national level were also favored, as well as those operating internationally at some level and capable to competitively dispute foreign markets. The “choice” of companies is the result of the government's deliberate policy of association with national champions able to represent

⁶ Available in: http://ww2.abdib.org.br/index/abdib_midia_detalhes.cfm?id_noticia=5326&tipo=1. Access: 08/13/2020.

national interests in a particular sector on the international stage, similarly to South Korean Chaebol.

Table 1. BNDES's biggest clients (2001-2016)

#	Client	Area	Main sector	Amount (R\$ billions)
1	Petrobras	Industry	Extractive industry	128.5
2	Embraer	Industry	Transportation	85.9
3	Odebrecht	Infrastructure	Construction	51.7
4	Norte Energia S/A	Infrastructure	Electric energy	34.9
5	Votorantim	Industry	Cellulose and paper	31.9
6	State Frid	Infrastructure	Electric energy	31.6
7	Oi	Infrastructure	Telecommunication	31.4
8	Vale	Industry	Extractive industry	30.9
9	Eletrobras	Infrastructure	Electric energy	30.4
10	Bank of Brazil	Financial services	Financial services	26.3

Source: Adapted from BNDES (2016).

In order to achieve a higher level of economic development, BNDES operated through the diagnosis that a catch-up would be necessary. One of the focal points would be sophisticated industries embedded with edge-cutting research such as the aircraft industry. As Gala (2017) points out, those sectors, are the “butter and bread” of international trade. Although this political view was not the only one adopted as criterium on credit concessions, it is the reason Embraer has been one of the main targets of support by BNDES. The company lists as second in financial support from the Bank since the 1990 decade.

Not only among Asian countries with South Korean Chaebol and Japanese Keiretsu there are state policies to support the projection of companies. The three main European economies (Germany, the United Kingdom, and France) disbursed higher amounts than Brazil's as export credit. Even with the expansion of the scope and amounts financed by the BNDES, the Bank still assigns a low percentage of its disbursements to support exports. The amount earmarked for export support remained below 4% of the Bank's total disbursements, except for Lula's first term, when it averaged over 10%, with a peak of 18% in 2003 (BNDES, 2016).

Finally, BNDES consistently presented positive results combined with low default percentages. Between 2006 and 2015, the average profit was over 7.5 billion reais⁷ while the default was 0.02%, below the 3% average of the national financial system (BNDES, 2016).

⁷ Approximately 1.9 billion dollars (7.5 billion reais by 12/31/2015 rate).

Although it is not the primary guideline pursued, the "financial" results show the correctness - at least in economic terms - of using the BNDES as a political instrument.

IV. The Embraer case

Embraer is the result of a successful government project whose origins date back to the 1940s when the newly established Ministry of Aeronautics envisioned and created the Aerospace Technical Center (CTA). Shortly thereafter, in 1950, CTA founded its engineering school, Technological Institute of Aeronautics (ITA). The creation, at CTA, of the Research and Development Institute (IPD), in 1953, reinforced the strategy of knowledge formation in key sectors of the aeronautical industry, namely: aircraft design, electronics, materials, engines, and flight tests. Later, in 1969, Embraer was founded, supported by engineers trained by ITA and CTA themselves.

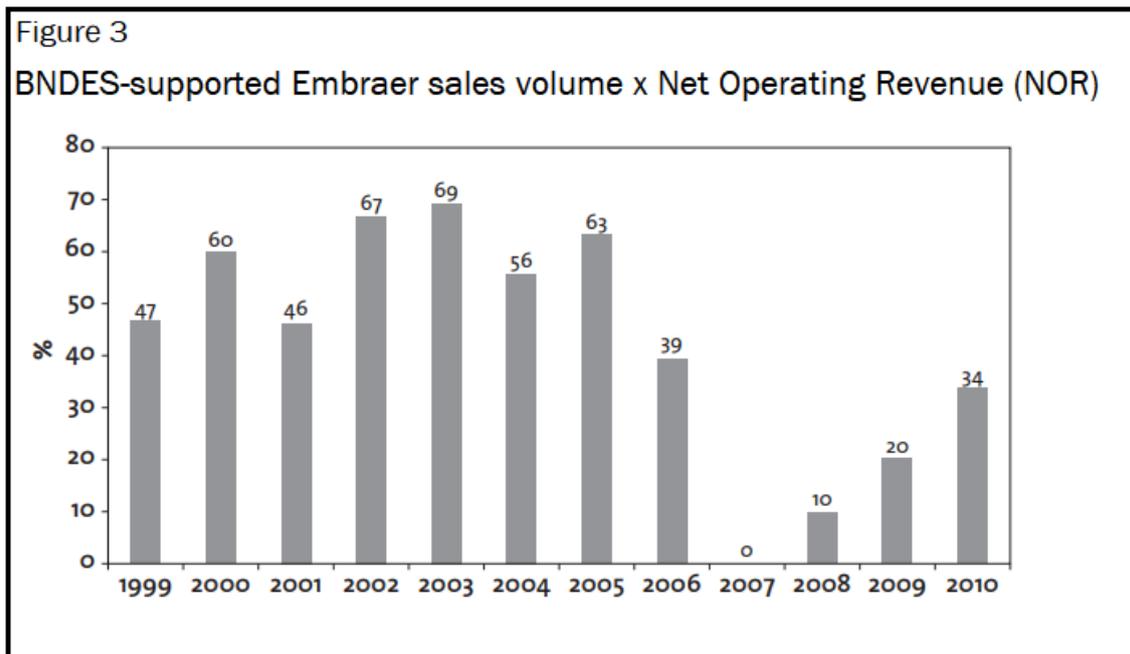
Within the developmentalist logic proposed by the military dictatorship governments, Embraer was able to add technological training to engineering and industrial capacity based on government support. Moreover, it allowed the formation of an aerospace productive arrangement that grew extensively throughout the decades, amassing about fifty suppliers of products and services in 2005 (ALEM; CAVALCANTI, 2005).

Embraer developed and produced well-received models in the international market. In the first decades, the company did relatively well, taking part notably in the commercialization of military aircraft to European and Latin American markets. The positive performance allowed Embraer to obtain complete control over the industrial process of the aeronautical sector, from R&D stages and assembly to the final certification, sales, and after-sales assistance (ALEM; CAVALCANTI, 2005).

Nonetheless, the company was not an exception to the 1980s crisis. The subsequent political change from a developmentalist perspective to a neoliberal approach⁸ in the 1990s redefined the relation between Embraer and the Brazilian state, eventually leading to its privatization in 1994. It did not represent, however, a complete rupture between the parts. Brazilian government opted to keep golden shares allowing it to maintain veto prerogatives such as in the company final activity and changes of headquarters and shareholding control. Besides, the government retained the power to decide over strategic decisions regarding the training of third parties, for example.

⁸ Here again we use the concepts from Bresser-Pereira (2007) in his opposition between developmentalist and neoliberal development strategies.

Figure 3 shows BNDES's importance in financing Embraer operations. One can observe that greater support from the BNDES to Embraer is related to global economy crisis moments. Both the September 11 attacks and the 2008 subprime crisis illustrate the pro-cyclical nature of BNDES credit. On these two occasions, Embraer was unable to find financing at a compensatory level in private markets, due to the high-interest rates resulting from the uncertain period. The creditious bottleneck was offset by the BNDES action guaranteeing the necessary capital to assist the company.



Source: Adapted from BNDES (2016).

BNDES support peaked in 2002 and 2003, a difficult period for aviation in the world, after the September 11 attacks, when there was a great contraction in aeronautical sector, especially in the North American and European markets, Embraer's main markets at the time. As a result of the crisis in aviation and the uncertainties surrounding the market, private sources of financing avoided exposing to these risks. In the following years, with the reestablishment of the aviation industry and market, BNDES's support decreased for the private markets could provide eventual necessary financing.

In 2007, all Embraer deliveries relied on sources of private or external financing, with no delivery made with BNDES financing. With the liquidity crisis in the financial market in 2008 - the effects of which the airline industry felt even before the emblematic bankruptcy of the Lehman Brothers bank in September of that same year - Embraer was forced to turn again to BNDES financing. From 2008 on, the volume of sales financed with funds from the BNDES

increased from 0% to 34% in three years. BNDES was responsible for supporting 52% of sales of commercial aircraft and 29% of executive jets delivered in 2010 (FONSECA, 2015, p. 52).

Without BNDES and the Brazilian government support, Embraer would have had to resort to the private market, competing under less favorable conditions than those available to its competitors (mainly Bombardier, Boeing, and Airbus), which have enjoyed the support from respective ECAs (FONSECA, 2015, p. 53).

The worldwide presence of Embraer shows the importance of the company to Brazilian economic interests. Nowadays Embraer maintains facilities in Europe, the United States, and Asia (Figure 4). The advantages from an international insertion cascade to the economy in different layers, as in the stimulus to the rationalization of bureaucratic processes and gains in expertise both to Embraer and other national companies, allowing a higher level of dynamism in several industry sectors.

Figure 4. Embraer global presence



Source: EMBRAER, 2020⁹

One of the great challenges faced by Embraer concerns to a possible loss of support from BNDES, or the increased support of other ECAs to their corresponding companies, which would make them more competitive in international markets, reducing market-share of the Brazilian company. Most developed countries support strategic sectors such as aeronautics for the great complexity it adds to the economy, helping the modernization of the country's manufacturing plant.

Thus, the relationship BNDES-Embraer is an example of the potential articulation of public and private sectors. Not only in moments of high distress when private credit tends to

⁹ Available in: <https://executive.embraer.com/global/en>. Access: 08/13//2020.

become unavailable, but also in the sense of a partnership that benefits the company and the government.

V. Final remarks

As a branch of the Brazilian government, BNDES's activity sways according to the direction the government follows. Nevertheless, it has represented hitherto an important mechanism in the credit supply when the market, especially the Brazilian banking system, was not able - or willing - to provide financing. BNDES was one of the main tools in controlling the 2008 subprime crisis. Its use as an anti-cyclical policy instrument helped in managing and easing the burden on other government branches.

As pointed out, some aspects of public policies put into practice by the Lula's administrations – notably a greater role of the State in the economy and the intended projection in Latin America – laid the basis for the development of a foreign policy that benefited greatly from BNDES. Throughout Lula's administrations, BNDES's activities contributed to achieve Brazilian foreign policy objectives.

The dialogue between large, national-based companies and the new foreign policy had the BNDES as the main articulating agent. In the internationalization process of Brazilian companies, BNDES became the main guarantor of Brazilian economy expansion. Thus, it is a misconception to affirm that the bank invests abroad for it finances Brazilian companies enterprises, allocating resources in ways to stimulate multiple sectors of the national economy with positive consequences in several production chains.

BNDES's role as a supporter of international trade and investment was instrumental in Lula's economic and political strategy. Looking up to the examples from other nations, Lula and Rousseff established BNDES as a monitoring and supporting body for international economic activities, particularly the financing of national companies. Within the project of becoming more active and present in an increasingly competitive international scenario as well as considering Brazilian insertion as an emerging economy, the importance of BNDES is highlighted.

Despite some limitations or ambiguous results, there are indications of a positive impact of the Bank on investment, employment, and GDP (BARBOZA *et al*, 2020). This is particularly prominent in the BNDES case. Even more in times of crisis, when the liquidity and the market's willingness to finance the aeronautical sector decrease, as occurred in 2008. Observing the recent years, Embraer emerges as one of the most successful cases of BNDES-led

internationalization, given the company's success and penetration in international markets, especially considering the difficulties of the highly complex, oligopolized, and strategic sector. In a broader sense, it points to BNDES's role both as a planner and an executor of Brazilian international strategy.

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