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## EU-Brazil relations: a strategic partnership?

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### 1. Introduction

Since the end of the Cold War the United States and its European allies have dominated the international arena – economically, politically and culturally. This is changing. Russia is re-emerging and once again claiming a dominant role in global affairs. Alongside her, China, India and Brazil make up the so-called BRIC group of emerging powers.<sup>3</sup> At the regional level countries like South Africa and Brazil are also assuming more influential positions. The European Union (EU) is responding to the rise of new international players through its Strategic Partnerships.<sup>4</sup> The Union hopes this might serve as a common foreign policy tool to help promote European interests and influence in the new world order.<sup>5</sup> At present the EU has established ten Strategic Partnerships with third countries: Brazil, Canada, China, India, Japan, Mexico,

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<sup>3</sup> Jim O'Neill coined the term 'BRIC' in 2001 in reference to the shift in global economic power away from the developed G7 economies towards Brazil, Russia, India and China. O'Neill, Jim, 2001. *Building Better Global Economic BRICs* [online]. Goldman Sachs Global Economics Paper, 66, November. Available at: <http://www2.goldmansachs.com/ideas/brics/building-better-doc.pdf> (Accessed: 19/08/2011).

<sup>4</sup> The EU's first official use of the term 'strategic partnership' was in reference to its relationship with Russia in: European Council, 1998. *Presidency conclusions*. Vienna. Article 13.2 of the Amsterdam Treaty had just introduced the concept of 'common strategies', which were to set out shared objectives and means available to the member states in areas where they had important shared interests. General Secretariat of the Council, 1997. *Treaty of Amsterdam Amending the Treaty on European Union, the Treaties Establishing the European Communities and Related Acts*. Brussels. The common strategies have since disappeared, but the notion of strategic partnership still exists in contemporary EU foreign policy. For a historical review of the development of EU Strategic Partnerships see: Renard, Tomas, 2011. *The Treachery of Strategies: A Call for True EU Strategic Partnerships* [online]. Egmont Paper, 45, April. Available at: <http://www.egmontinstitute.be/paperegm/sum/ep45.html> (Accessed: 23/04/2011).

<sup>5</sup> The European Security Strategy was the first official document to refer to the Strategic Partnership as a foreign policy tool and to list the Union's strategic partners at the time. General Secretariat of the Council, 2003. *A Secure Europe in a Better World – European Security Strategy* [online], 12 December. Available at: <http://www.consilium.europa.eu/showpage.aspx?id=266&lang=EN> (Accessed: 11/05/2011).



Russia, South Africa, South Korea and the United States.<sup>6</sup> Recent remarks by the High Representative for Foreign Affairs and Security Policy, Catherine Ashton, reveal that Indonesia might be next in line.<sup>7</sup> EU foreign policy observers suggest that Strategic Partnerships with Egypt, Israel, Pakistan and Ukraine may follow.<sup>8</sup> The most important questions for the future, however, is not whom the Union calls a 'strategic partner' but rather what – if anything – its Strategic Partnerships amount to.

The EU's relationship with its strategic partners varies a great deal. Likewise, the Union's rationale behind establishing Strategic Partnerships with particular countries varies. This has caused scholars to call the Partnerships 'accidental' rather than strategic. As Renard argues: 'it is not entirely clear what is the exact reasoning behind this list. Some countries (e.g. the US) are considered to be natural partners of the EU, whereas others (e.g. China and Russia) are considered simply to be too big to ignore. As for the other countries on the list, the strategic rationale is far less evident. Their inclusion sometimes seems to be more the result of political and institutional games than of a true strategic reflection.'<sup>9</sup> As a result, Renard concludes, the EU's Strategic Partnerships remain: 'instruments empty of meaning and substance, with no clearly defined strategic direction'.<sup>10</sup>

Although it developed the concept a decade ago, the EU has yet to define what it means by 'Strategic Partnership'. In fact the first time the Union formally discussed the purpose of its Strategic Partnerships was in September 2010. At the end of which Commission President Barroso concluded: 'We can do more'. He stressed the need to identify European interests, to implement the Lisbon Treaty and to be 'tactic' to achieve common interests.<sup>11</sup> This supports Renard's call for 'true EU Strategic Partnerships'. He argues that the EU's most vital long-term strategic interest to be promoted through the Strategic Partnerships is to: 'secure a relevant status in the coming multi-

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<sup>6</sup> *The EU also has Strategic Partnerships in place with two international organisations: the North Atlantic Treaty Organisation and the African Union.*

<sup>7</sup> Ashton, Catherine, 2010. *Europe and the World. Speech at the Megaron 'The Athens Concert Hall', Athens, 8 July.*

<sup>8</sup> Renard, Tomas, 2011; Domingos, Nicole de Paula, 2011. *EU-Brazil Relations in a New Global Order: Why a Strategic Partnership? Cross Analysis of Perceptions. International Studies Association Annual Convention. Montreal, 16-19 March.*

<sup>9</sup> Renard, 2011.

<sup>10</sup> Renard, 2011.

<sup>11</sup> Barroso, José Manuel, 2010. *Comments to the press after the Council discussions. 16 September. European Council. Available at: <http://www.youtube.com/watch?v=UYIKmRp8E88> (Accessed 10/05/2011).*



polar environment dominated by great powers'.<sup>12</sup> This echoes former Commissioner for External Relations Benita Ferrero-Waldner's warning that: 'we can no longer rely on our ability to set the world agenda, and the need to build alliances and consensus with the newly emerging powers will only continue to grow.' Moreover, Biscop and Renard have argued that the Strategic Partnerships could help focus the EU and its member states' attention on key issues and thus work as 'effective instruments of a united European foreign policy'.<sup>13</sup>

This article takes a closer look at the EU's Strategic Partnership with Brazil, a country that has become increasingly important in Latin America and the world and should quite rightly be on the EU's list of important partners. The question remains, however, whether the partnership with Brazil is indeed strategic in promoting the EU's role, influence and unity in the international arena.<sup>14</sup> This article will seek to answer that question. It is divided into three parts. The first section explores Brazil's development into an emerging power. It appraises domestic, regional and international perspectives on the country's transition. The second section investigates the EU's historic relations with Brazil. It highlights key agreements and general trends in the relationship, as it has developed. Amongst other things, it examines the simultaneous, and at times disjointed, EU relationship with Brazil, on the one hand, and with the Common Market of the South (MERCOSUR), on the other. The third section evaluates the EU's Strategic Partnership with Brazil, which was launched in 2007. It explores whether the relationship between the two is – or indeed can become – a substantive and influential partnership with strategic gains for both parties.

## **2. Brazil – an emerging regional and international power**

Brazil is a stable and increasingly prosperous democracy. Former President Luiz Inácio Lula da Silva, popularly known as Lula, has been widely commended for his government's efforts to raise millions of Brazilians out of poverty. Social and economic indicators significantly improved during his two terms in office, but Brazil remains an unequal society with far between rich

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<sup>12</sup> Renard, 2011.

<sup>13</sup> Biscop, Sven and Renard, Tomas, 2009. *EU's Strategic Partnerships Lack Content* [online]. *EUobserver*, 27 August. Available at: [http://www.thomasrenard.eu/uploads/6/3/5/8/6358199/euobs\\_-\\_eu\\_strategic\\_partnerships\\_lack\\_content.pdf](http://www.thomasrenard.eu/uploads/6/3/5/8/6358199/euobs_-_eu_strategic_partnerships_lack_content.pdf) (Accessed 20/08/2011).

<sup>14</sup> For an excellent discussion of what a truly strategic partnership would entail see Renard, 2011.



and poor.<sup>15</sup> It is estimated that a third of the population still lives in slums.<sup>16</sup> Eradicating poverty thus remains high on the domestic political agenda.

Despite the global economic downturn, the Brazilian economy grew by 7.5 per cent in 2010. This contributed to an overall 27 per cent increase in the country's economic growth during Lula's time in government. At this rate Brazil is expected to replace the United Kingdom (UK) as the world's sixth largest economy by 2015.<sup>17</sup> Brazil has already overtaken the UK in Gross Domestic Product (GDP) Purchasing Power Parity.<sup>18</sup> The current Brazilian GDP is also greater than that of emerging economies such as India, Russia and South Korea. Three key factors have had a particularly positive effect on Brazil's transition. These are the country's economic stability, political continuity and the diversification of its foreign relations over the last decade.

## 2.1. Economic stability

During President Lula's time in office the Brazilian economy was relatively stable. Unlike most European countries, Brazil has been able to weather the global economic crisis without a sustained blow to its domestic economy. The recent discovery of major offshore oil reserves off its South Eastern coast is expected to add to the country's economic fortune and raise Brazil into the top league of oil-exporting nations. The country has become self-sufficient with regard to energy and rid itself of its previous dependence on foreign producers. Brazil's natural resources, particularly iron ore, are highly prized

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<sup>15</sup> According to the Institute of Applied Economic Research more than 34 per cent of Brazilians were living below the poverty line in 2002. This number had dropped to 22.6 per cent by 2008. President Lula's expansion of the 'Bolsa Familia' programme has been crucial to this development. Under this family grant scheme some 12 million families receive up to 200 Real (ca. EUR 90) a month to keep their children in school. A study published by the Getulio Vargas Foundation in September 2010 also found that 29 million Brazilians had entered the middle class between 2003 and 2009 with average monthly incomes between 1,126 and 4,854 Real (ca. EUR 504-2,173). Throssell, Liz, 2010. *Lula's Legacy for Brazil's Next President* [online]. Available at: <http://www.bbc.co.uk/news/world-latin-america-11414276> (Accessed: 11/05/2011).

<sup>16</sup> BBC, 2011. *Country Profile: Brazil* [online], 19 March. Available at: [http://news.bbc.co.uk/1/hi/world/europe/country\\_profiles/1227110.stm](http://news.bbc.co.uk/1/hi/world/europe/country_profiles/1227110.stm) (Accessed: 22/04/2011); European Commission, 2007. *Brazil Country Strategy Paper 2007-2013* [online], 14 May. Available at: [http://europa.eu/legislation\\_summaries/external\\_relations/relations\\_with\\_third\\_countries/latin\\_america/r150\\_14\\_en.htm](http://europa.eu/legislation_summaries/external_relations/relations_with_third_countries/latin_america/r150_14_en.htm) (Accessed: 23/04/2011).

<sup>17</sup> Grätius, Susanne, 2011. *Brazil and Europe towards 2015* [online]. FRIDE Policy Brief, 67, February. Available at: <http://www.fride.org/publication/886/brazil-and-europe-heading-towards-2015> (Accessed: 23/04/2011).

<sup>18</sup> CIA World Factbook, 2011. *Country Comparison: GDP Purchasing Power Parity* [online], April. Available at: <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2001rank.html> (Accessed: 23/04/2011).



by major manufacturing nations such as China, whilst the country's bio fuels are of significant interest to the EU. Brazil also hopes to establish herself as a key exporter of ethanol and potentially oil, although important reserves are earmarked for internal consumption.<sup>19</sup> Brazil's natural resources are expected to facilitate the country's continued economic stability in the near future. Large-scale bio fuel production could, however, have significant environmental and social implications.<sup>20</sup>

## 2.2. Political continuity

The fact that President Lula remained in power from 2003 to 2011 has contributed to the country's stable course – politically as well as economically. In October 2010 Lula's preferred successor, Dilma Rousseff, was elected President. Rousseff, who represents the Workers' Party founded by her predecessor, has pledged allegiance to political continuity in Brazil. The political base of the new government was the 10-party alliance constructed by the outgoing President, who himself campaigned for Rousseff. In her inaugural speech, the new President vowed to consolidate her mentor's work to change the way Brazil is governed. She stressed that much remained to be done to eradicate extreme poverty, improve social mobility and ensure equal opportunities for the country's most vulnerable citizens. This indicated that she would carry on Lula's domestic policy focus on promoting economic development and prosperity. Rousseff initiated her term in office by introducing plans for tax reforms, environmental protection, improved health services and protection for the Brazilian economy from foreign speculation. She favours a strong state role in strategic areas such as oil and energy. Lula is expected to play an important, yet informal, advisory role to her government. All of which suggests further political continuity for Brazil in the near future.

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<sup>19</sup> BBC, 2011. *Country Profile: Brazil*; Grevi, Giovanni, 2008. 'The Rise of Strategic Partnerships: Between Interdependence and Power Politics'. In: Grevi, Giovanni and Vasconcelos, Alvaro de, *Partnerships for Effective Multilateralism: EU Relations with Brazil, China, India and Russia*, EU-ISS Chailiot Paper, 109, May: 145-172.

<sup>20</sup> One major environmental criticism concerning bio fuel production is that it can lead to large-scale forest conversion for energy crops particularly in carbon-rich but bio-diverse ecosystems like tropical forest. As such, it could threaten ecologically sensitive areas like the Amazon rainforest. Likewise, there are social concerns that major bio fuel production may cause food shortages and price increases, as energy crops compete with food crops for agricultural and rural investment, skilled labour and infrastructure. Ceia, Eleonora Mesquita, 2008b. 'The New Approach of the European Union towards the MERCOSUR and the Strategic Partnership with Brazil'. *Studia Diplomatica*, 61(4), pp. 81-96.



### 2.3. Diversification of foreign relations

Traditionally, Brazil's foreign policy has focused on the United States, Europe and its large and important neighbour, Argentina. However, during the Lula government, Brazil sought to diversify its external relations. Over the last decade the country has become a staunch promoter of regional development in South America. In a move to make the region a global player, Lula launched the Union of South American Nations (UNASUR) and hosted its first summit in Brasilia in 2008.<sup>21</sup> Brazil also remains a driving force in MERCOSUR<sup>22</sup>, where it represents 71 per cent of the organisation's total population, 70 per cent of its GDP and 58 per cent of its exports. The rest of the member states, including Argentina, are thus wholly dependant on access to the Brazilian market. Lula has sought to promote a functionalist integration process through MERCOSUR and UNASUR, rather than any kind of federal model. Brazil is strongly opposed to relinquishing national sovereignty. In effect, Lula has favoured the development of strictly inter-governmental rather than supranational structures. He has consciously channelled foreign direct investment to MERCOSUR and UNASUR countries, and as a result, during his Presidency, the rest of South America, with which Brazil had not previously had significant trade exchanges, became the country's fifth largest trade partner.

At the international level, Lula also steered the country towards new partners. Simultaneously international actors became increasingly aware of South America. China, for example, has entered the South American market and signed a series of free trade agreements with countries throughout the region. In 2009 China became Brazil's main export market and its third biggest

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<sup>21</sup> *The Union of South American Nations (UNASUR) was established with the signing of its Constitutive Treaty in Brasilia on 23 May 2008. It integrates MERCOSUR and the Andean Community of Nations into an intergovernmental union modelled on the European Union. UNASUR has 12 members: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guyana, Paraguay, Peru, Suriname, Uruguay and Venezuela. BBC, 2008. South America Nations Found Union [online]. 23 May. Available at: <http://news.bbc.co.uk/1/hi/world/americas/7417896.stm> (Accessed: 22/04/2011); Gratius, 2011.*

<sup>22</sup> *The Common Market of the South, known as MERCOSUR in Spanish or MERCOSUL in Portuguese, has been the dominant trading block in South America for the last two decades. It was set up in 1991 by Argentina, Brazil, Paraguay and Uruguay. It promotes free movement of goods, capital, services and people within and between its member states. Associate members, Bolivia, Chile, Colombia, Ecuador and Peru, can join its free trade agreements but remain outside the MERCOSUR customs union. There is significant asymmetry between MERCOSUR's member states in that the two biggest members, Argentina and Brazil, dominate the organisation and act unilaterally, if and when they desire to do so. Bolivia and Venezuela have recently applied for membership, which may cause further divisions as they favour a different regional integration model than Brazil. For further information about internal divisions within MERCOSUR see: Ceia, Eleonora Mesquita, 2008a. How can Brazil's Leading Role in South America Contribute to Boosting Security Cooperation between the EU and MERCOSUR? Institut Universitaru d'Estudis Europeus, OBS Working Paper, July; BBC, 2010. MERCOSUR Profile [online], 16 June. Available at: <http://news.bbc.co.uk/1/hi/world/americas/5195834.stm> (Accessed: 23/04/2011); Ceia, Eleonora Mesquita, 2008b.*



trading partner, only 0.7 per cent behind the USA. Asia now represents almost the same percentage of Brazil's trade as the EU. Brazilian trade exchanges with India have also quadrupled in recent years<sup>23</sup>, and Brazil has 'rediscovered' Africa. Between 2003 and 2008, President Lula visited more than 20 African countries and hosted as many diplomatic visits from African Heads of State and Government at home. Brazil has opened a number of new embassies on the continent and signed cooperation agreements with over 20 African countries. Brazilian investment and financial schemes in Africa have mushroomed and by 2008 trade between Brazil and Africa had increased to five times its 2003-level.<sup>24</sup>

These initiatives were all part of the South-South policy by which Brazil sought to establish herself as the leader of the developing world, as opposed to China which is leaning more towards developed countries. One result of this policy is that Brazil has become a key interlocutor for developing countries in world trade negotiations. Brazilian initiative saw the Group of 20 (G20) emerge at the 2003 World Trade Organisation (WTO) Ministerial Conference in Cancun. The main objective of the G20 was to ensure that developing countries' interests are represented in global agricultural trade negotiations. Another South-South initiative in which Brazil takes part is the IBSA Dialogue Forum, set up between India, Brazil and South Africa in 2003, to promote further development through cooperation and exchange between its members.<sup>25</sup> As part of the South-South policy, Brazil in June 2009 also pledged \$10 billion to the International Monetary Fund (IMF) to help improve the credit available to developing countries. Brazil has also made a conscious effort to boost relations with the Arab League and Iran as well as with fellow BRIC countries: China, India and Russia.<sup>26</sup>

The new economic and political alliances have already resulted in the fact that the BRIC and IBSA (India, Brazil and South Africa) currently account for 16.2 per cent of Brazilian exports. This in turn stimulates further cooperation between these countries and increases their power globally.<sup>27</sup> With the

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<sup>23</sup> Gratius, 2011.

<sup>24</sup> Garcia, Marco Aurelio, 2008. 'The Strategic Partnership between Brazil and the European Union' In: Grevi, Giovanni and Vasconcelos, Alvaro de, *Partnerships for Effective Multilateralism: EU Relations with Brazil, China, India and Russia*, EU-ISS Chailiot Paper, 109, May: 49-57. Available at: <http://www.iss.europa.eu/nc/actualites/actualite/article/partnerships-for-effective-multilateralismbrieu-relations-with-brazilbrchina-india-and-russi/> (Accessed: 22/04/2011).

<sup>25</sup> Ceia, 2008a and b.

<sup>26</sup> BBC, 2011. *Country Profile: Brazil*.

<sup>27</sup> Renard, Tomas, 2009. *A BRIC in the World: Emerging Powers, Europe, and the Coming Order* [online]. Egmont Paper, 31, October. Available at: <http://www.egmontinstitute.be/paperegm/sum/ep31.html> (Accessed: 01/04/2011); Gratius, 2011.



forthcoming 2012 Rio Plus 20 summit, President Rousseff is expected to continue Lula's foreign policy focus, in particular through South-South diplomacy. Although the new President is expected to be less aggressive in style, her government is expected to continue to diverge from US and European positions on issues such as representation in the international arena and global trade negotiations.<sup>28</sup> How this might play out in practice remains to be seen but for the time being Brazil remains an important regional and international player. This explains why the EU is gradually becoming more aware of and interested in its own relationship with the country. The next section of this article takes a closer look at the EU's historic relations with the rising 'South American giant' and explains how this process eventually led to the establishment of a Strategic Partnership between the two in 2007.

### **3. Historical relations between Europe and Brazil**

Brazil has had cultural, political and economic ties with Europe since the colonial era. However, the 1992 Framework Agreement for Cooperation between the European Economic Community and the Federative Republic of Brazil was the first formalisation of the relationship between the two. Amongst the 32 articles of the agreement, the parties expressed a shared dedication to promoting democracy and human rights; trade, investment, finance and technology; energy, transport and telecommunications; tourism, environmental protection, public health and social development. Moreover, they voiced shared support for further regional integration in Latin America. Three years later the EC-MERCOSUR Framework Cooperation Agreement was signed. The purpose of this arrangement was to lay the foundations for interregional association between these two organisations. EU institutions have since then supported regional integration through MERCOSUR and served as a model for the newly established UNASUR.<sup>29</sup>

In the period from 2002 to 2006 the European Union allocated close to €62 million to EC-Brazil cooperation, of which €13 million were spent on projects facilitating tax and public administration reform and improving human rights. The remaining €51 million were allocated to three key areas: economic reform, social development and environmental protection, which received €30

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<sup>28</sup> BBC, 2011. *Dilma Rousseff Sworn in as Brazil's New President*, Pereira, 2010.

<sup>29</sup> *Domingos*, 2011.





million, €15 million and €6 million, respectively. In 2004 the EU and Brazil also signed an Agreement for Scientific and Technical Cooperation.<sup>30</sup>

In 2000 the EU and MERCOSUR entered into bilateral negotiations to establish an interregional free trade arrangement, but an agreement has yet to materialise. Continuing disputes over agricultural subsidies and industrial tariffs brought the negotiations to a standstill in 2003-2004. Although negotiations restarted in 2010, there is still no formalised agreement between the two organisations. This despite the fact that the European Union has signed free trade agreements with Central America, Chile, Colombia, Mexico and Peru as well as Strategic Partnerships with Brazil and Mexico. The interregional stalemate encouraged Brazil's search for alternative markets and trade alliances, as observed above.<sup>31</sup>

Brazil has been somewhat ambivalent both towards the intraregional integration process in South America and the interregional relationship with the EU. On the one hand, Brazil has promoted regional development and intraregional cooperation through MERCOSUR and more recently UNASUR. On the other hand, Brazil is protective of its national sovereignty and hesitant towards the idea of establishing supra-nationalist regional structures. This could cause some difficulty for the EU-MERCOSUR relationship through which the EU is attempting to promote intraregional integration within South America as well as interregional cooperation between the EU and MERCOSUR. This indicates that Brazil and the EU have somewhat different ideas of the kind of 'regionalisation' that they support for the future.<sup>32</sup> Brazil remains dedicated to its reputation as a regional power committed to Latin America's political and economic development through some kind of institutionalised regional relationship, and the EU is keen to export the 'regional integration model', which it believes has worked well in Europe.<sup>33</sup> Although the visions for the region are not the same, it would be beneficial for both parties if their objectives were aligned and thus could improve relations and increase trade between them. Both actors have pledged to use the EU-Brazil Strategic Partnership as a framework to re-launch the interregional negotiations. The

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<sup>30</sup> *European Commission, 2007.*

<sup>31</sup> *Gratius, 2011.*

<sup>32</sup> *Pollio, Emanuele, 2010. What Kind of Interregionalism? The EU-MERCOSUR Relationship with the Emerging 'Transatlantic Triangle'. Bruges Regional Integration and Global Governance Papers, 3. Bruges: College of Europe.*

<sup>33</sup> *Gratius, 2011.*



following section takes a closer look at the Strategic Partnership, which was initiated between the EU and Brazil in 2007.

#### **4. The EU-Brazil Strategic Partnership**

The European Union has never properly defined what constitutes a Strategic Partnership. It has, however, indicated its desire for these arrangements to deliver comprehensive, contractual, rule-based relationships with its strategic partners in the long term. The Strategic Partnerships are seen by the Union as tools to pursue its interests and promote its foreign policy agenda abroad. At present the Strategic Partnerships serve as a framework through which the Union can engage in somewhat more structured interaction with partners that it considers important. Through the Strategic Partnership scheme the EU and its partners organise summits, ministerial and expert-level meetings. Strategic Partnerships have also been used as a means to boost partners' diplomatic status, as in the Brazilian case, but always with the EU's interests in mind.<sup>34</sup>

##### **4.1. Motivations**

The EU had four key incentives in establishing a Strategic Partnership with Brazil. Firstly, it recognised Brazil's role as an emerging power in the international system. With Brazil heading up the G20's aggressive stance on the liberalisation of agricultural trade during the world trade negotiations, for example, it is now essential for the EU to reach agreement with Brazil on sensitive issues like EU agricultural subsidies to help unblock the persistent stalemate of the Doha round. Secondly, Brazil along with the rest of Latin America is an emerging market for the EU, and one in which it is competing with the US and China. Resolving the current crisis in EU-MERCOSUR negotiations is crucial to secure EU access to the Brazilian market. Likewise, Brazil's export capabilities in alternative energies are of commercial, strategic and environmental interest to the Union. Thirdly, Brazil has close cultural ties with its former colonial power, Portugal, which has always been a protagonist of closer EU-Brazil relations. Portugal held the Commission Presidency at the time when the Strategic Partnership with Brazil was agreed, and President Lula enjoyed an excellent working relationship with Commission President Barroso. The EU has also highlighted that Brazil shares its support for

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<sup>34</sup> *Domingos, 2011.*



multilateral international order, democracy, rule of law, social cohesion, environmental protection and sustainable development. Brazil is therefore perceived as a potential partner for the EU in its pursuit of its foreign policy agenda through 'effective multilateralism', a key strategic priority for the Union. Fourth and finally, the EU supports Brazil's quest for regional leadership in Latin America, at least in part to counterweigh Venezuela and Bolivia, which are not as positively inclined towards the EU. The Union has repeatedly voiced concern about the wave of left-wing nationalist populism led by Hugo Chavez, Evo Morales and others, which the EU believes could have a destabilising effect throughout South America. It sees Brazil as an alternative more stable, constructive and cooperative partner in the region.<sup>35</sup>

#### 4.2. Objectives

At a joint summit in Lisbon on 4 July 2007 the EU-Brazil Strategic Partnership was officially launched. The central areas for mutual cooperation identified at the time were the promotion of effective multilateralism, sustainable energy, MERCOSUR integration, South American stability and prosperity as well as combating climate change and poverty. The 2008 Joint Action Plan stated five principal aims for the partnership: promoting peace and comprehensive security through an effective multilateral system; enhancing economic, social and environmental partnership to promote sustainable development; encouraging regional cooperation; developing science, technology and innovation; and multiplying people-to-people exchanges.<sup>36</sup>

The European Commission allocated €61 million to its Brazil Country Strategy for 2007 to 2013. The funds were earmarked for development in two key policy areas: first and foremost, fostering bilateral relations between the EU and Brazil; and secondly, promoting environmental sustainability. 70 per cent of the €61 million were dedicated to the first priority, whilst the remaining 30 per cent were allocated to the second. Additional funds could be channelled through thematic budget lines and regional programmes for MERCOSUR and Latin America. Outside the official EU framework several member states also bilaterally fund programmes in Brazil.<sup>37</sup> However, it is noteworthy that the

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<sup>35</sup> Ceia, 2008a and b; Domingos, 2011; Pollio, 2010.

<sup>36</sup> Brazil-European Union Strategic Partnership Joint Action Plan [online], 2008. 2<sup>nd</sup> Brazil-European Union Summit, Rio de Janeiro, December. Available at: [www.eeas.europa.eu/brazil/docs/2008\\_joint\\_action\\_plan\\_en.pdf](http://www.eeas.europa.eu/brazil/docs/2008_joint_action_plan_en.pdf) (Accessed: 24/02/2011).

<sup>37</sup> European Commission, 2007.



€61 million allocated for the Country Strategy for 2007 to 2013, which accompanied the launch of the Strategic Partnership, did not even match the €62 million set aside for EC-Brazil cooperation from 2002 to 2006.

The European Commission explicitly stated that its first priority for the period from 2007 to 2013 was to 'stimulate exchanges, contacts and transfer of know-how between the EC and Brazil'. The Commission's second priority was protecting, preserving and improving the environment and promoting the environmental dimension of sustainable development in Brazil. Four objectives were specified for the first priority area: to improve sectoral dialogues between the EU and Brazil in areas of mutual interest; to expand cooperation and exchanges between relevant European and Brazilian institutions; to strengthen links between the EU and Brazil's academia; and to enhance mutual awareness between EU and Brazilian institutions and societies. An additional five objectives were outlined for the second priority area: to curb deforestation; to prevent loss of biodiversity; to reduce carbon emissions due to deforestation, and thereby contribute to Brazil's efforts to combat climate change; to create income and added value to communities, thus improving living conditions for indigenous people, traditional populations and the rural poor; and finally, to improve governance in natural resource utilisation.<sup>38</sup>

#### 4.3. Achievements

It is important to consider two key questions when evaluating EU Strategic Partnerships: first of all, whether the objectives set out in the bilateral agreement are being achieved; and secondly, whether a truly strategic partnership is developing. As it is still early days, it is impossible to draw conclusions about the complete achievements of the Strategic Partnership between the EU and Brazil. However, some preliminary observations can be made.

##### 4.2.1. Fulfilment of objectives

As outlined above, the most important EU priority for the first stage of the Strategic Partnership was to promote bilateral relations with Brazil. So far a series of sectoral dialogues have been set up to foster cooperation between the two parties (objective 1). Specific partnerships and joint project activities now relate to information society and media as well as science and

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<sup>38</sup> *European Commission, 2007.*



technology. In April 2011 the European Economic and Social Committee (EESC) and the Brazilian Council for Economic and Social Development (CESD) co-hosted the fourth EU-Brazil Civil Society Round Table. Amongst other issues, the round table participants discussed food security, sustainable development and the way in which the two bodies can jointly prepare the civil society contribution to the Rio Plus 20 summit in 2012. Brazilian President Dilma Rousseff attended the event alongside EESC President Staffan Nilsson and Secretary-General of the CESD Moreira Franc. The regular occurrence of these roundtables and the high-level participation at last year's event could indicate that civil society and social cohesion may constitute another area of mutual interest to be promoted more actively through the Partnership in the future, but for the time being it is difficult to say whether this more process than delivery.<sup>39</sup>

A number of new scholarship schemes have been put in place to encourage people-to-people exchange and cooperation between European and Brazilian institutions (objective 2). The University of São Paulo has taken the lead in a partnership project including seven universities in Brazil and seven European universities to promote the standardization of academic degrees and the mutual recognition of awards granted in the EU and Brazil, respectively. A European Studies Institute was opened in Brazil in November 2010. The Institute, which is based at the University of São Paulo, is intended to undertake academic research, encourage dialogue and organise outreach activities to strengthen links between European and Brazilian academia (objective 3). The Institute also hopes to foster mutual awareness between institutions and societies in Brazil and the EU (objective 4). To this end, a postgraduate degree and elective courses in European Studies will be taught at the Institute.<sup>40</sup>

High-level bilateral diplomacy between the EU and Brazil before 2007 was more or less non-existent. Since then there have been four EU-Brazil summits, the last one of which took place in Brasilia in July 2010. Structured diplomatic interaction between the two has thus dramatically increased as a direct result of the Strategic Partnership. The developing dialogue at the

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<sup>39</sup> European Economic and Social Committee, 2011. *4th Meeting of the EU-Brazil Round Table* [online]. Available at: <http://www.eesc.europa.eu/?i=portal.en.events-and-activities-eu-brazil-4th-round-table> (Accessed: 11/05/2011).

<sup>40</sup> Erasmus Mundus Students and Alumni Association, 2010. *Launching of the European Studies Institute in Brazil* [online]. 22 February. Available at: [http://www.em-a.eu/ru/glavnaja/news/article/launching-of-the-european-studies-institute-in-brazil.html?tx\\_ttnews\[backPid\]=6&cHash=6b122f9302](http://www.em-a.eu/ru/glavnaja/news/article/launching-of-the-european-studies-institute-in-brazil.html?tx_ttnews[backPid]=6&cHash=6b122f9302) (Accessed 11/05/2011).



diplomatic level and the technical, societal and academic discussions at the lower levels are arguably the most important achievements of the Partnership, which explicitly stated that its first priority was to foster bilateral relations between the EU and Brazil. The shared political agenda has come to focus on encouraging greater bilateral cooperation with regard to alternative energies and climate change in particular. That is, the second priority area for cooperation outlined in the Country Strategy for Brazil. The bilateral dialogue is moving in the right direction, but at this point it is difficult to identify any significant developments related to energy security and environmental sustainability that can tangibly be accredited to the Strategic Partnership alone. Having said that, curbing deforestation; preventing loss of biodiversity; reducing carbon emissions; improving living conditions for the rural poor; and enhancing governance in natural resource utilisation are ambitious long-term goals. It is therefore no surprise that these second priority objectives have yet to be fulfilled, especially as they were allocated only a fraction of the attention and funding that the first priority received. As such, this remains an area in which the EU and Brazil should continue to cooperate in the future.

Trade relations between the EU and Brazil have declined. The coincidence of the European financial crisis, the stalemate of the EU-MERCOSUR negotiations and the Doha round as well as the entry of China into the South American market have encouraged Brazil's pursuit of alternative trade relationships. At the same time, the derailing of the US-led Free Trade Area of the Americas removed a powerful incentive for the EU to push for a trade agreement of its own with MERCOSUR. As a result, Brazil's trade with the EU declined by 23.7 per cent in 2009.<sup>41</sup> Although it is important to note that the trade between the two had increased by 15 per cent in 2007.<sup>42</sup> The EU's interregional negotiations with MERCOSUR resumed in May 2010 and parts of Europe are experiencing some economic recovery. It thus remains to be seen whether the recent decline was a temporary glitch or a more general trend in the EU's trade relationship with Brazil.

#### 4.2.2 A strategic partnership?

As of yet, the EU has not placed Brazil firmly on its strategic agenda. The 2003 European Security Strategy did not mention Brazil.<sup>43</sup> The 2008 Report

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<sup>41</sup> *Gratius, 2011; Pollio, 2010.*

<sup>42</sup> *Renard, 2011; Domingos, 2011.*

<sup>43</sup> *General Secretariat of the Council, 2003.*



on the Implementation of the European Security Strategy only referred to Brazil once, in a list of 'partners' alongside Norway, Switzerland and South Africa as opposed to the US, China and Russia.<sup>44</sup> Brazil was not mentioned at all in the European Council's 13-page report on relations with EU Strategic Partners in 2010. Latin American was only mentioned in passing reference to the EU-Latin America/Caribbean summit the year before.<sup>45</sup> As these are the only official EU documents explicitly discussing the Union's strategic foreign policy agenda, it is clear that the partnership with Brazil is not (yet) a strategic top priority for the EU, despite the launch of the Strategic Partnership between the two.

One could argue that the first step towards developing a truly strategic partnership is to establish a bilateral relationship, which is what the EU is currently doing with Brazil. However, as illustrated above, the Union's Brazil-related activities have been somewhat ad-hoc rather than strategic so far. Despite the increase in summits and diplomatic interaction, the relationship needs more clearly defined strategic purpose, direction and content if it is to have a strategic value for the Union. In order to achieve this the EU member states and institutions must prioritise and coordinate their Brazil policies. The Strategic Partnership can be an important tool in this regard, if used in a strategic way by identifying key interests, objectives, means and ends – and implementing them through the Partnership framework. As of yet, the EU has shown little sign of such strategic behaviour.

On the flipside, Brazil has used the Partnership with the EU as a strategic tool in its quest for leadership in Latin America and the world. Brazil is eager to promote an image of itself as a successful Latin American democracy and a significant political and economic player in the international arena.<sup>46</sup> The EU's labelling of Brazil as an 'emerging power' and Strategic Partner, recognises Brazil's increased international significance. It also helps Brazil counterbalances the EU's relationship with Mexico, which traditionally served as Europe's principal partner in the region and since 2008 is also a Strategic Partner to the Union. Moreover, it gives Brazil an advantage in its relations with the EU compared with regional rivals such as Venezuela, Bolivia and to a lesser extent Argentina. In other words, the Strategic Partnership has made

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<sup>44</sup> General Secretariat of the Council, 2008. *Report on the Implementation of the European Security Strategy: Providing Security in a Changing World [online]*, 11 December. Available at: <http://www.consilium.europa.eu/showpage.aspx?id=266&lang=EN> (Accessed: 11/05/2011).

<sup>45</sup> General Secretariat of the Council, 2010. *European Council Conclusions – 16 September 2010*, 12 October. EUCO 21/01/10 REV 1.

<sup>46</sup> Domingos, 2011.



Brazil a more equal partner to the EU and a more 'international' player in its own region.<sup>47</sup>

An EU-Brazil Parliamentary Group has been established in the Brazilian Congress. However, individual member states, most notably France, Germany, Italy, Portugal and Spain, still appear higher on the Brazilian foreign affairs agenda than the EU as a whole. Since the signing of the Strategic Partnership, the relationship with the EU has become a less pertinent priority for Brazilian foreign policy makers; particularly so, within the Lula government, which as illustrated above focused its international efforts elsewhere.<sup>48</sup> Brazil has also not adopted more EU-friendly positions in international negotiations since the launch of the Partnership. For example, Brazil voted against sanctions that the EU supported in the June 2010 Security Council vote on Iran. As mentioned above, Brazil also played a key role in the offensive G20 position in the world trade negotiations, where she dismissed EU environmental standards as 'protectionism in disguise'. Brazil is now pursuing a permanent seat in the UN Security Council and a more equal standing in the IMF, both of which would diminish the EU's current level of representation through its member states.<sup>49</sup> These are all examples of the limits to Brussels' strategic influence in Brasilia. It suggests that the Partnership has not so far had the strategic benefit for the Union that it was intended to have. The final section of this article examines the challenges and opportunities ahead. It concludes by recommending four key areas for policy makers in Brussels to focus on in their future dealings with Brazil.

## **5. Conclusion: Challenges, opportunities and recommendations**

The EU and its member states are becoming less important in an increasingly multi-polar world. If they want to remain relevant beyond their borders, they need to establish and maintain constructive relationships with existing and emerging powers on the world stage. In the case of Brazil the EU has yet to determine its strategic direction. But does that mean, as Renard suggested, that the Partnership is empty of meaning and substance? Perhaps for the time being the answer is yet, but the Strategic Partnership can be used to promote EU interests and influence, if the Union uses it to this end in the future. Brazil has been described as a 'natural partner' for the EU because of its shared

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<sup>47</sup> Domingos, 2011.

<sup>48</sup> Domingos, 2011.

<sup>49</sup> Grätius, 2011.





commitment to multilateralism, regionalism, democracy, human rights, peace and alternative energies. The two share explicit support for sustainable development and social cohesion, both are predominantly civilian powers and claim to pursue a similar normative agenda in the international arena. Nonetheless, in practice the EU and Brazil have positioned themselves differently on a number of global issues. As a result, their current relationship has been described as 'cordial but distant'.<sup>50</sup> There is, however, some potential, which, if pursued, could see things improve. Brazil has elected a new President, who has a personal interest in energy matters<sup>51</sup> and human rights issues<sup>52</sup>, two of the EU's top foreign policy priorities according to the European Security Strategy. President Rousseff has confirmed that these will constitute important pillars in her government's foreign policy. Brazil's temporary membership of the UN Security Council in 2011, which coincides with that of Germany and Portugal, presents an opportunity for greater cooperation on international issues of mutual interest for the EU and Brazil at the UN.<sup>53</sup> 70 per cent of Brazilians are in favour of greater cooperation with the EU, and the country is the biggest BRIC recipient of foreign direct investment from the EU.<sup>54</sup> The Union could take advantage of these conditions conducive to cooperation to reinforce its relationship with Brazil. However, this would require strategic action on part of the Union. The EU would have to identify and prioritise specific policies and focus on their implementation. This could be facilitated through the Strategic Partnership.

Trade remains another key interest and opportunity for future cooperation between Brazil and the EU. Alongside the Country Strategy, the European Commission published the MERCOSUR Regional Strategy Paper for 2007-2013, in which cooperation funds were earmarked to develop interregional association. The EU hoped this might foster further opportunities for trade between the two parties. The EU is still one of Brazil's main trading partners. Despite the recent downturn, it accounts for 22.9 per cent of the country's

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<sup>50</sup> *Gratius, 2011.*

<sup>51</sup> *As former energy minister in President Lula's government, Rousseff has extensive experience in working with energy-related issues. BBC, 2011. Country Profile: Brazil.*

<sup>52</sup> *In the 1960s Rousseff joined the underground resistance to the military dictatorship that seized power in Brazil in 1964. In 1970 she was jailed for three years. She was reportedly tortured during her imprisonment. As a result, she is expected to have a personal commitment to human rights. She has expressed her dismay at gender-based violence such as in the case of Shakiné Mohammadi Ashtiani, who was recently condemned to death by stoning in Iran. Rousseff has indicated that she would have voted in favour of the latest UN resolution on human rights in Iran, where President Lula voted against sanctions. BBC, 2011. Country Profile: Brazil.*

<sup>53</sup> *Gratius, 2011.*

<sup>54</sup> *Gratius, 2011; Grevi, 2008.*



total trade. Likewise, Brazil remains the EU's key market in South America. In 2009 it was the Union's tenth trading partner and a key supplier of agricultural products, despite ongoing disagreements over the EU's Common Agricultural Policy (CAP). Both parties have committed – in word – to signing an Association Agreement between MERCOSUR and the EU in 2011. Whether this happens remains to be seen. The major obstacle to Brazilian support for the interregional process has been the dispute over agricultural products, which constitute almost 50 per cent of the country's exports to the EU. However, in 2013 the Union is due to revise the CAP, which includes sensitive products to Brazil such as sugar, wine, beef, vegetables and milk. This could be an opportunity to move the interregional process between the EU and MERCOSUR forward, the trade with Brazil within it and the WTO negotiations around it, if the EU is willing to compromise on its agricultural subsidies.<sup>55</sup>

Both the EU and Brazil have stressed the need to invest in alternative energies to combat global climate change. This is an area in which both partners are already active. The EU has concentrated on wind and solar technology, whilst Brazil produces bio fuels and ethanol. It hopes to become one of the world's leading producers and exporters of bio fuels, and the EU is set to become the biggest market for them. The Union has committed itself to using 20 per cent renewable energies and 10 per cent bio fuels by 2020. This is a strategic issue for the EU, which is currently dependent on oil and gas from less secure regions of the world. As such, the two are 'natural partners' also with regard to the preservation of the environment and the promotion of renewable energies. However, if cooperation in this area of mutual interest is to be developed strategically, a joint agenda and specific projects must be agreed upon and implemented. The Strategic Partnership could be a useful framework through which to focus political attention, channel financial assistance and consolidate bilateral action in this regard.<sup>56</sup>

A final area for strategic cooperation is in the provision of international peace and security. Whilst European defence and aid budgets are being cut and the armed forces and development agencies of key member states are preoccupied in Afghanistan and Africa, Brazil is taking a more proactive role in international peacekeeping. The country, which was traditionally neutral, currently has 1,280 peacekeeping personnel serving under the UN. It leads the United Nations Stabilisation Mission in Haiti, with support from Argentina

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<sup>55</sup> *Gratius, 2011.*

<sup>56</sup> *Grevi, 2008.*



and Chile amongst others. It also contributed \$17.8 million towards the UN peacekeeping budget. The EU could encourage Brazil to become more active in international peace and security and to support the EU's agenda on conflict prevention and crisis management.<sup>57</sup>

In conclusion, the EU could still energise its Strategic Partnership with Brazil. In particular, the two could cooperate closer on democracy and human rights-related issues through coordination and joint positioning at the UN; improve interregional relations through the signing of a long-overdue EU-MERCOSUR agreement; and establish greater convergence in renewable energy production and consumption. Finally, the EU and Brazil could strengthen their cooperation in peace and security provision, particularly in Africa, where triangular cooperation could make up for European cuts to aid and defence budgets, as Brazil takes over as a potential future donor and international peacekeeper.<sup>58</sup>

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<sup>57</sup> *Grevi, 2008.*

<sup>58</sup> *Gratius, 2011.*