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## 10 years of EU-Brazil relations with an enlarged Europe

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The year of 2014 marks the anniversary of a decade since the greatest enlargement of the history of the European Union. Simultaneously, ten countries from Central, Eastern and Mediterranean Europe, namely three former Soviet Republics (Estonia, Latvia and Lithuania), four former satellite countries from the Soviet Union (Poland, Czech Republic, Slovakia and Hungary), one country for the former Yugoslavia (Slovenia) and two Mediterranean islands (Cyprus and Malta), accomplished the admission criteria to integration and became formal State-members of an even more integrated and empowered European Union (EU).

An enlarged Europe needed to adapt these new interests and preferences from the Eastern countries both within EU's internal game of power and regarding its relation with third countries. Concurrently, these new members had to deal with the challenge of integrating themselves with a political and economic union which plays a global role. The inevitable Europeanization of these countries foreign policy resulted in a dramatic expansion of the agenda of foreign relations of the recent admitted countries to the EU. Moreover, the existing European institutions and liaisons create

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opportunities to these new State-members from Central and Oriental Europe to build connections with potential partners in formerly non-explored regions, such as Latin America.

Considering this occasion, a decade since the 2014 enlargement of the EU, Getulio Vargas Foundation (FGV) and Konrad Adenauer Foundation (KAS) dedicated the Third Europe Week to this matter. This circumstance raises a moment to discuss whether the enlargement has modified in some scale the relation between Brazil and the European Union. With that in mind, this chapter begins by presenting a brief history of the relations between Brazil and Eastern European countries before 2004. Secondly, the chapter discusses the Brazilian opinions and reactions concerning the enlargement and the core aspects of Brazil-EU relations, such as the Brazil-EU Strategic Partnership, from 2007, and the relaunching of the EU-Mercosur negotiations in 2010.

## **1. Relations between Brazil and Eastern Europe before the enlargement**

The relationship between Brazil and the countries from Eastern Europe starts to be conceived even before the dissolution of the Soviet Union (USSR). In the 1960's, Brazilian foreign policy sought to open its dialogue channels with Central and Eastern Europe, as well as with African countries, following the premises of the Independent Foreign Policy, whose main proposition was the universalization of the international relations of Brazil and the non-automatic alignment with the capitalist bloc (Lessa, 1998). The Coordination group of Trade with the socialist countries of Eastern Europe (COLESTE – in Portuguese), created in 1962 (and disassembled in 1992), is a relevant



example of the creation of tools for the development of commercial dialogue between Brazil and this region<sup>4</sup>.

The concept of “strategic partnership”, according to Lessa (2010), rises within this period of an universalist spectrum of Brazilian Foreign Policy from the 1970s and the 1980s. *“At that time, the idea became operational owing to the decision to speedily valorize relations with Eastern European countries, so as to mitigate the effects of the deterioration of the political and economic relationship with Washington”* (Lessa, 2010: 118).

The narrowing of relations with Eastern Europe occurs while Brazil inaugurates its dealings with, then, European Economic Community, originated from a trade agreement which comes into force in 1974. Thus, the linkage between Brazil and the European Community develops simultaneously to the trade dialogue with Eastern Europe during the decades of the 1970s and the 1980s.

Despite a progressive advancement in the relationship between Europe and Brazil and the first with Mercosur, illustrated by the signature of Framework Agreement for Cooperation between Brazil and the European Community (1992), by the EU-Mercosur Framework Cooperation Agreement (1995) and by the launch of the negotiations of the EU-Mercosur Association Agreement (1999), the beginning of the 21<sup>th</sup> century were marked by a change of priorities of the EU, facing new challenges of its integration process. Besides the progress on the Oriental enlargement, other important challenges can be mentioned such as the consolidation of the economic and monetary union and the necessary institutional modifications for the functioning of this enlarged Europe (Freres, 2000).

The end of the Cold War and the adhesion of former soviet countries to capitalism influenced Europe’s relations with extra-regional and distant actors,

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<sup>4</sup> Decree n.1880, 1962. Available at: [http://www.planalto.gov.br/ccivil\\_03/decreto/Historicos/DCM/dcm1880.htm](http://www.planalto.gov.br/ccivil_03/decreto/Historicos/DCM/dcm1880.htm). Access: 23/09/2014.



such as Latin America. The further development of integration, since the creation of the European Union, and the approximation with Eastern Europe became priorities for the European Community (Saraiva, 2004). The relationship with Eastern Europe towards its future entrance in the EU diverted the concern and resources once directed to Latin America to the East, especially since the end of the 1990s.

Europe's enlargement towards the East, which only ended in 2004, differs fundamentally from the previous enlargements. The ten-year gap for its conclusion – the first expansion towards former countries of the Soviet Bloc and the simultaneous admission of ten countries, resulted in significant challenges both for the politics of enlargement and also the politics of integration of the EU. The costs of this operation would inevitably difficult the relationship between the EU and other global actors, having in mind that "the budgetary engagements of the Union conditioned its priorities regarding other regions of the world" (Martins, 2004: 11).

In this sense, the expansion of the frontiers of the EU towards the East was seen as an element which modified some of the main goals of the European project, withdrawing strategic value of extra-territorial initiatives, within these, the approximation with Latin America and the countries of Mercosur (Flores, 2003). *"The Commission, busy reorienting itself toward Eastern and Central Europe and, to a lesser extent, the Mediterranean countries, cut its cooperation with Latin America for the first time, after many years of steady increases"* (Freres, 2000: 79).

Both the new phase of the European enlargement and the economic crisis that the countries within Mercosur underwent since the end of the 1990s demobilized the agenda for inter-regional cooperation inasmuch as both regions turned their attention to domestic issues (Lessa, 2009; Doctor, 2007). This scenario corroborated the halt of commercial negotiations between Mercosur-EU in 2004, after great difficulty from the negotiators to reach an agreement and progress on topics regarding tariff revocation.



The enlargement to the East added new complicating factors to the bi-regional commercial negotiation, especially considering the liberalization of agricultural products, insofar as the countries of Central and Eastern Europe competed with countries from Mercosur regarding these products (Savini, 2001; Castilho, 2003). Within the products that could be affected, it is possible to highlight Brazilian exports of oilseeds and beef, sheep and goat products (Oliveira, 2005). While some experts highlight the opportunities that markets from Eastern European countries could offer to the increase of trade between Mercosur and EU (Bonio, 2004), other experts emphasize the potential for competitiveness from Eastern Europe regarding export products of countries from Mercosur (Nogués, 2003; Flores, 2003).

## **2. Changes and continuities in the relationship Brazil-Europe after the enlargement towards the East (2004)**

The mostly negative perspectives in relation to the impact of the enlargement regarding the approximation with Brazil and Latin America had to be reviewed after the conclusion of this EU expansion. In 2005, the European Commission published the report *"A Stronger Partnership between the European Union and Latin America"*, in which the European goal of narrowing relations with the region is highlighted, dissolving the idea that the EU was so concerned with its enlargement process that this would marginalize its extra-regional dialogue and its global presence. It is important to stress that Europe, at this moment, starts not only an emphasis on partnering with the region, but also the need for a special treatment towards some key countries, such as Brazil and Mexico (Van Loon, 2010).

The prospective possibilities of a trade divert from Latin-American countries in direction to Eastern Europe checked. A study by the European Parliament in 1999 had already indicated that the low performance of Latin-American trade in the EU could not be fully attributed to the approximation of



the Union to the Eastern countries (European Parliament, 1999). While there was still doubt regarding the effects of the enlargement on trade, "it is certain that common values shared between Eastern countries and the State-members of the EU contributed to an approximation" (Matins, 2004:22). In this field, we should highlight the Agreement on Science and Technology Cooperation between Brazil and the EU, from 2004, and the Regional Assistance Program, adopted in 2007 by the European Commission, considered within the framework of assistance to institutional strengthening of Mercosur. Despite economic issues did not experience any progress in the agenda EU-Brazil at the moment of the enlargement, non-commercial aspects and the assistance to the integration process of Mercosur were priority topics of this bilateral relationship.

At this point in time, some important transformations modified the structure of the dialogue between Europe and Brazil, beyond the enlargement itself, which progressed dynamically, with the aggregation of Romania and Bulgaria in 2007 and, finally, with the adhesion of Croatia in 2013. Latin America's strong economic growth and the rise of Brazil in the international scenario, as well as the outbreak of the European crisis at the end of the first decade of the 21<sup>th</sup> century changed the level of asymmetry between the two regions.

The European integration inspired and supported, normatively and financially, the development of regional integration processes in Latin America. The European experience would also serve the purpose of easing Europe-Latin America dialogue. The Euro crisis relativizes the idea that an European project should be pursued by the political leaderships in Latin America and Brazil. *"(...) the outbreak of the Euro-crisis in 2008 has severely challenged the appeal of this model in terms of its sustainability and utility as an instrument of regional cooperation."* (Lazarou, 2013:9). On the other hand, the Eastern European countries, in general, had a faster economic recovery than the countries from Western and Mediterranean Europe. In



2013, countries such as Poland, Romania and Latvia grew 1,6%, 3,5% and 4,1% , respectively, in contrast to 0,4% 0,2% and -1,9% from Germany, France and Italy (EUROSTAT, 2014).

Regarding economic partners, in a context of crisis, Europe stops being a priority for the region, which turns itself to Asian Pacific countries, in particular China, which augments its presence in the region. Despite the EU, with 28 member States, guarantees its place as Brazil's major trade partner, China, since 2009, has surpassed the U.S. as major individual partner. China also achieves this status with Chile and Peru, while it is the second major partner with Mexico and Argentina (Salas, 2014). Reverting a historical frame in the bilateral relationship, Brazil and the Latin American countries have participated in the debate on how to solve the debt crisis in Europe, criticizing the macroeconomic policies adopted in the old continent (Gratius, 2013).

During the 2000s, Brazil started to be recognized as a regional and emerging power, next to countries like Russia, China, India and South Africa within the BRICS grouping. In this context, the rise of Brazil's international relevance, the EU invites Brazil to become a strategic partner, establishing the Brazil-EU Strategic Partnership in 2007 and elevating the bilateral political dialogue to the highest level (Lazarou, Edler, 2012). Its important to highlight that despite the EU had started to develop the concept of strategic partnership within the framework of the European Security and Defense Policy in 2003, Brazil was not included in the original list of proposed partners and was added only later, due to its rising political and economic influence.

Even though the inter-regional dialogue EU-Latin America is being cultivated and trade negotiations maintain themselves centered between Mercosur and the EU (formally restarted since 2010), the construction of a Strategic Partnership implicated the development of an exclusive dialogue channel with Brazil, recognizing the growth of its regional and international relevance and proactive role of Brazil's foreign policy over the last few years. The width of the Strategic Partnership established is significant, including



topics such as multilateralism, climate change, renewable energy, poverty alleviation. However, the most relevant element of the partnership is the institutionalization of tools for high level periodic summits, guaranteeing the stabilization and the structuring of bilateral relations (Lazarou, 2011). Together with the creation of new instruments for an European foreign policy since the Lisbon Treaty, specially the European External Action Service, EU's new diplomatic body, a more concrete base is created for the strengthening of bilateral relations.

### **3. Challenges for the evolution of the Strategic Partnership with and enlarged EU**

One of the greatest challenges for the expansion of the Strategic Partnership is the deepening of Brazil's ties with the Eastern countries, considering the lack of knowledge of each other and the limited and incipient relation between them, even though this can be diluted within a friendly and non-conflicting history (Lazarou, 2013). The profound economic and political link between Brazil and the Western European countries tends to marginalize the contact of this country and the East of the continent. However, the relative unknown and competition on commodities exports, can coexist with a great potential for partnership, complementarity and opportunity within the political, economic and technological sectors.

Brudzinska and Znojek (2012) highlight the contrast between the challenges and opportunities for both regions. Beyond the scenario of competition, there is a potential for complementarity in the agricultural production between Brazil and the countries from the East, such as Poland. Both regions also present various opportunities for conjoint business and investment in convergence areas or the ones with economic complementarity. Outside the economic and trade sector, it is also possible to identify common interests. Partnerships in the defense industry and collaboration in the field of Science and Technology are some of the spaces that transcend business and





that could become niches for the expansion of the agenda between these actors.

Both Latin America and Eastern Europe are regions with emerging economic potential, contrasting with the economic difficulties faced by North America and Western and Mediterranean Europe. Those regions have undergone, in the last two decades, a democratic transition, leaving behind their authoritarian regimes. Both have relied on regional integration for supporting this process. In the case of Eastern Europe, the EU, through the politics of enlargement, gave incentives and eased the transition in this region to market economy and rule of law, adapting its soviet-based juridical order to the European Community acquis. In Latin America, the integration processes like Mercosur strengthen the cooperation scenario between neighbor countries and the defense of a regional democratic stability. Moreover, the existence of social and demographic bounds connects both regions, taking into account the historical and intense immigration of peoples from Eastern Europe, mostly from Poland and Hungary, to Latin America (Brudzinska, 2014).

In the last decades, the diplomatic relationship between Brazil and these countries have been structuring itself and becoming stronger. Within the countries from the 2010 enlargement, only three have not yet installed embassies in Brasilia (Malta, Latvia and Lithuania). However, since they became EU members, these countries also became diplomatically represented by the EU Delegation in Brazil, facilitating the approximation of Brazil with this region.

On the inter-parliamentary diplomatic dimension, it is important to mention the current participation of ten deputies from the last countries to join the EU, such as Slovakia, Latvia, Bulgaria, Poland, Czech Republic and Slovenia both in the delegations of the European Parliament to countries in Mercosur and also in the recently created delegation of the Parliament to Brazil, as full or alternate members.



In the areas of education, science and technology, Brazil and the countries of Central and Eastern Europe could build tighter relations from the already institutionalized tools of cooperation between the EU and Brazil in these fields. One of the highlight programs, in this sense, is the exchange program Erasmus Mundus, which allows the entrance of students and researchers from third countries for academic programs in countries from the EU and the recently established Institute for Studies Brazil Europe, focused on facilitating the collaboration between the research institutions in Brazil and in Europe and on fomenting the studies on European integration in the country.

The recent appointment of the former Polish prime-minister Donald Tusk as president of the European Council, the highest political organ of the EU, is also indicative of the approximation of Brazil with the countries from the last European enlargements. Tusk will be the representative responsible for the direct dialogue with president Dilma Roussef in the annual encounters organized in the context of the Strategic Partnership Brazil-EU.

Differently from the pre-enlargement expectations, the relationship between Brazil and Europe progressed significantly during these 10 years of EU's expansion towards the East, even in moments of economic crisis in the continent. The material and normative support to the integration in Mercosur and in South America were maintained while the relation between Brazil and EU was deepened from the institutionalization of the Strategic Partnership. Regarding trade negotiations, the challenges endure, even though the dialogue was reactivated in 2010, in a low-expectations context, due to the deadlocks originated in the WTO's Doha Round and the European crisis conjuncture.

Whilst the Eastern enlargement was thought to be a great setback in the Brazil-EU relation, the context of European crisis and the emergence of Brazil as a relevant global player, actually, elevated the relation between both and the level of political debate, concretized through the Strategic Partnership. Despite we can identify disagreeing positions between these



actors, specially in topics on the global agenda, these are overcome by the Strategic Partnership, which creates a forum for the insertion of new and converging topics in the bilateral agenda. Finally, the sharing of great international relations principles between Brazil and an enlarged Europe, such as multilateralism, democracy, human rights, regional integration, environmental protection, gave incentive to an approximation between these actors.

#### **4. Format of the publication**

Brazil-Europe relations gained important and dynamic intricacies since the European enlargement towards the East. The last ten years of this process mark a significant period for the reflection over the contemporary challenges of an enlarged EU and its extra-regional relations, like the one with Brazil and Latin America. This publication is the result of the discussions carried on during the 3rd Europe Day Conference (Rio de Janeiro, May 2014), derived from the partnership between Konrad Adenauer Foundation (KAS) and the Center for International Relations of Getulio Vargas Foundation (CPDOC/FGV), with the support of the Delegation of the EU in Brazil. The participants of the international conference, together with other invited collaborators, who have been dedicating to current issues in the European Studies field, contributed to this publication by presenting deep and multidisciplinary insights over the events and processes that involve Europe and also its relation with Brazil.

The current state of affairs of the European Union, the challenges ahead and the outcomes of integration will be discussed by both European and Brazilian experts. Mario Telò, professor at the Free University of Brussels (ULB) and at LUISS Guido Carli University, presents a discussion on the possible alternatives as the Euro crisis ends, such as the potentialities for a deeper democratization of the European construction. Kai Lehman, from the University of São Paulo (USP), and Vivien Schmidt, professor at the University of Boston, argue that the European crisis transcends the initially identified



financial and economic challenges, questioning the democratic principles representative of the old continent. Schmidt highlights the need for institutional changes insofar as guaranteeing legitimacy mechanisms for the EU. Lehman states that European leaders should question themselves and define new goals and approaches to deal with the crisis in the political structure in Europe.

The ten-year anniversary enlargement and the intensification of Europe's relations with countries from the East are also debated by the authors. Ana Paula Zacarias, ambassador to the EU in Brazil, and Estevão Martins, professor at the University of Brasilia (UnB), point out the historical meaning of this enlargement within the European project, which is not exempt of difficulties and challenges. The interaction of the EU with the security and defense regional frameworks, with an emphasis on EU's participation at the North Atlantic Treaty Organization (NATO), and its relation with the Eastern countries are analyzed by Jolyon Howorth, from Yale University. Paula Sandrin, professor at the Pontifical Catholic University from Rio de Janeiro (PUC-Rio), and Taras Kuzio, from the University of Alberta, depict the relation between Europe and two countries that have been presenting a history of approximation with the EU: Turkey and Ukraine, and the unstable contemporary relations of the last with Russia.

The complex and diverse relations between EU and the Eastern countries with Brazil and Latin America are developed by Richard Whitman (University of Kent) and Annemarie Rodt (University of Roskilde), Rui Cunha (executive manager at APEX Brazil in Brussels), Miriam Saraiva (State University of Rio de Janeiro) and Kinga Brudzińska (Polish Institute of International Affairs). While Whitman and Rodt discuss to what extent is the Strategic Partnership structured around activities and a short-term agenda instead of long-term and strategic goals, Cunha presents what are the trade and investment patterns between Brazil and EU facing these transformations in the bilateral political relationship. In a global level, Saraiva debates the



degree of convergences and divergences between Brazil and the European Union in topics of the bilateral agenda. Brudzińska, on a different approach, proposes a case study over the political and economic relations between Brazil and Poland, one of the countries of the 2004 enlargement.

The content of this publication does not exhaust the debate over the impact of the European enlargement on the Brazil-EU relation, but it presents itself as another effortful initiative of the Konrad Adenauer Foundation and the Getulio Vargas Foundation to promote the field of European Studies in Brazil.

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