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## Future Prospects for EU–Brazil Defence Cooperation

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The present paper analyses the main possibilities for, and obstacles to, increased EU–Brazil defence cooperation – from the present day to 2030. The analysis considers three of the most recent documents on future outlooks published by the European Strategy and Policy Analysis System (ESPAS), and the key trends outlined therein.

These documents are:

1. “Global Trends to 2030: Can the EU Meet the Challenges Ahead?” (ESPAS, 2015);
2. “Empowering Europe’s Future: Governance, Power and Options for the EU in a Changing World” (GREVI et al, 2013);
3. “Global Trends 2030: Citizens in an Interconnected and Polycentric World” (ESPAS; ISS, 2012).

Whilst the first and second documents focus on a broader perspective regarding how Europe should adapt to meet the challenges presented by a new global environment, the third analyses how the emergence of individuals as important actors in the international system will influence global order.

The ESPAS tries, herein, to gauge how the world will look in the future, and to define how Europe can maximise its gains in each possible scenario. Six fundamental trends are outlined, forming a clear tendency:

namely, that cooperation will be an essential tool for countries and regions wishful of prospering in the 2030 world. The good news is that both Europe and Brazil have a very high potential of performing well in the future environment. The bad news is that they haven't yet been able to translate their respective capacities into increased cooperation so as to maximise their strengths in the near future. This paper will try to highlight some of the reasons for these missed opportunities, specifically in the defence sector, in an attempt to determine which are the optimal conditions to maximise bilateral cooperation.

Throughout this analysis, the hypothesis that engaging in international coalitions or ad hoc initiatives are, and will continue to be, important tools to maximise Brazil and Europe's gains in the future, is taken as given. The most important question, thus, is not if Europe and Brazil should increase their cooperation ties, but how they may maximise their potential gains from these efforts, in general, and in the defence sector, in particular.

## The World in 2030

Since the 1990s, the international order has been going through a long process of transformation. At first, it seemed that democracy and liberal values would overthrow all other economic and political perspectives (FUKUYAMA, 1992) and that the world was inevitably moving to a more stable order. Today, however, there are several signs that these optimistic liberal views didn't adequately take into account the complex variables that influence the level of stability of the international system.

The future outlook documents analysed in this article predict that the world in 2030 will be differ vastly from all we have known until today. At least for the last 500 years, one or more states balanced each other's power and stabilised the international system, creating stability through recurrent and thus predictable patterns of behaviour (MODELSKI, 1978). This pattern seems to become less easily predictable; the current world is much more complex, indicating a potential paradigm shift. In the future, "powerful individual states and multilateral institutions will remain pivotal players, but there will be a shift away from state-based governance initiatives and mechanisms" (ESPAS; ISS, 2012, p. 139). While trying to pursue their national interests, states will have to negotiate with other kinds of agent, which form part of a complex web of influence spread over the configuration of the international order.

This new reality will be characterised by a more diffuse balance of power. This inevitably reduces the sense of stability that has prevailed in the last centuries, when ruptures from one reality to another were easily identifiable. The current rupture is not related to a clash of powers that try to downplay each other's dominance, but to a long process of rebalancing among state and non-state actors that operate on many different levels, forming a "polycentric world". This new international arena is characterised by "growing governance gaps as the mechanisms for interstate relations fail to respond adequately to global public demands" (ESPAS; ISS, 2012, p. 11-12).

Several trends are detected by the three ESPAS documents here analysed. The present paper shall focus on six of them. These six trends are interrelated and of varying levels

of importance; in order to facilitate the analysis, this paper will divide them in two different groups: agential trends and structural trends.

Two trends are related to the interplay of actors within the international system:

1. The emergence of individuals as important actors in the global arena. Although the human race is growing older and richer with a growing middle class, widening inequalities still prevail;
2. The shift of power away from traditional centres such as the U.S. and Europe. Developing countries, especially in Asia, are becoming more important and able to influence the global balance of power.

Four trends are related to the structure of the international global order:

1. Climate change and resource scarcity. Especially in central areas of the globe, this will deeply affect the international behaviour of both state and non state actors;
2. The increasing importance of new technologies and innovation;
3. The growing polycentric character of the world. Sustained development of the world economy is becoming more vulnerable to the challenges and weaknesses of the globalisation process;
4. The growing governance gap in the international system.

In the following six subsections, this paper will briefly discuss these trends in an attempt to draw a general picture of how the world will look in 2030 and, consequently, of which cooperation framework Europe and Brazil should plan and prepare for in future.

### **The emergence of individuals and the new configurations of populations**

Overall, there are three dimensions to “people power”:

- › the development of the potential of the individual;
- › the power that this potential confers;
- › and the impact on public and private systems. (ESPAS, 2015, p. 13).

In both the developing and developed worlds, trends indicate that governments will have more difficulties in fulfilling their populations’ needs. This will likely lead to increased internal conflicts (mostly in developing countries), or increased political pressure potentially minimising governments’ capacity to deliver long-term policies (mostly in developed ones).

In 2030, world population will reach 8.3 billion people (ESPAS; ISS, 2012, p. 27) and this growth will be concentrated in emerging countries<sup>1</sup>. Although this increase in the population of developing economies may become an engine of growth, most trends indicate that there is a tendency that it will generate negative results, such as political pressures for better services and resource scarcity in more populated areas.

In parallel with these tendencies, half of the world population in 2030 will be considered as part of a growing middle class and this increase will also be concentrated in the developing world. These individuals will be more empowered and better connected; their jobs will be more dynamic, but less stable. In most countries, this middle class will prefer democratic regimes over dictatorships and will pressure for accountability and transparency at all levels of governance (ESPAS, 2015, p. 11). They will value individual liberties and gender equality (ESPAS; ISS, 2012, p. 39), requiring more complex answers (that combine social, economic, and political efficiency) from local governments. Population trends can also lead to increased difficulties in the developed world: “populations in advanced economies are ageing, labour forces are shrinking, and there is a strong relative decline in population compared to the emerging economies” (ESPAS; ISS, 2012, p. 64). In this scenario, economic pressures tend to arise and governments will need to develop new ways to fulfil their workforce gap.

### Power shift to Asia and the emergence of new actors

Although power shifts within a system can be considered as a structural variable, the idea of a power shift to Asia also occurs on the agential level because different countries will have the capacity to influence the global balance of power, bringing with them new ideas, cultures and values. In 2030, the United States will probably remain the most important military power in the international system, but this will only give it very limited room for manoeuvre. Military power per se will only be able to ensure its domestic territorial integrity, but will not be sufficient to back up its foreign policy intentions. In that sense, without forming coalitions, the U.S. will not be able to achieve its desired foreign policy plans; this fact may significantly change international reality.

Inter-state wars will be unlikely, since new diplomatic skills will be developed and global communications will probably lead to the spread of common values such as human rights. In this scenario, security will be promoted by the general public and by ad hoc coalitions, with less room for international organisations which are unable to adapt themselves to new, complex and easily shifting realities.

Different values will emerge in these institutions and they will need to adapt to more complex decision-making processes. “In 2030, most of these organisations will still exist, but they will have to redefine their stakeholders, their purposes, and their capacities and efficiency” (ESPAS, 2015, p. 44). The institutions that are unable to do so will not have the tools to contribute to the stabilisation of the global order.

<sup>1</sup> Grevi et al (2013, p. 18) estimate that 97% of the world’s population growth will take place outside of the rich world.

Finally, it is important to mention that the consolidation of these trends will only happen if emerging powers such as China and India, and countries that will still be strategically important, like Russia, do not try to disrupt the system. Until today, the consequences of China's emergence remain unclear, but most trends indicate that "it is possible that China could remain mostly a regional military power, rather than becoming a global force on the scale of the US (Watts 2011, Swaine et al. 2013)" (GREVI et al, 2013, p. 21). Since it is hard to imagine that these countries will try to take the role of system stabiliser away from the U.S., current trends indicate that these new powers will likely contribute to the formulation of new patterns in the international system, without upsetting its current balance.

The emergence of new non-state actors in the international system does not mean that states are not going to remain the most important actors, but there is a tendency that they will need to negotiate in more complex environments to achieve their ends. At the same time, the emergence of new state actors China, India and Brazil, amongst others, will bring different perspectives to the negotiations. In this scenario, international organisations will need to adapt; their current decision-making processes must be updated so as to ensure legitimacy. The era of long-term alliances is being replaced by an era of ad hoc alignments.

Cooperation and mutual understanding will be necessary tools in the decades ahead since no country will be able to achieve the results it seeks without engaging a large group of state and non-state actors alongside with it.

### Climate change and resource scarcity

Climate change will probably be the most serious global challenge in 2030. It is a phenomenon with the ability to change people's lives in several ways via, notably, the exacerbation of water and food scarcity. This new reality will potentially lead state and non-state actors into conflicts that can translate into wars, since the problem of scarcity is not easily resolved, especially in areas where conflicts are already in place.

The three ESPAS documents emphasise the importance of this problem, highlighting the fragility of our planet and the excessive exploitation of its natural resources. "The risks are considered high to very high in the event of a mean temperature rise of more than 4°C. Even an increase of about 2°C could result in global income losses of around 2%, reduce the productivity of the oceans and jeopardise food security" (ESPAS, 2015, p. 37).

By 2025, the World Bank estimates that climate change will cause 1.4 billion people in 36 countries to be affected by food or water scarcity (GREVI et al, 2013, p. 11), a reality that may have extreme consequences. The affected countries will be mainly those of the developing world, since their rise remains dependent on increased energy consumption. Therefore, climate change may compromise their capacity to use their natural resources, especially if they are not able to acquire new technologies that minimise the environmental effects of their production systems<sup>2</sup>.

<sup>2</sup> "By 2030, 93% of the rise in energy consumption will be in non-OECD countries" (ESPAS, 2015, p. 37).

Besides these differences between effects and challenges in the developed and developing worlds, coupled with the possible aggravation of the problem, there is a chance that negotiations on this issue may produce better results in future. There is a great amount of pressure on developing countries regarding the necessity to respect the environment by lowering their carbon emissions, regardless of a temporary increase in production costs. This pressure often leads these countries to feel they are being discriminated against, since developed countries acquired their greater wealth and socioeconomic development by exploiting the environment at a time when climate change was not considered a serious problem. These rivalries remain important, but they could be minimised if developed countries were to share their technologies with poorer ones. There is a growing consensus that developed and developing countries should jointly fight to combat climate change, since it is a challenge that can only be overcome by way of a coordinated efforts.

The truth is that “without corrective policies in the next 20 years, drastic and irreversible changes are expected in global eco-systems affecting the climate, biosphere, continents and oceans” (ESPAS, 2015, p. 37). Minimising climate change without ambitious and coordinate policies is not an option. How to achieve the requisite level of coordination to reach this goal without a leading institution at the helm – and in an area where no single effort is enough – is probably the greatest challenge that the human race will face in the near future.

### New technologies and innovation

One of the most undeniable trends noted by the ESPAS documents is that the future will be dominated by high-technology products that will radically and increasingly change both people’s day-to-day lives as well as the relations between states. Nanotechnology, advanced materials, biotechnology, supercomputing, robotics, synthetic biology, chemistry, and information systems, are – among others – areas in which technological development can reshape markets, sectors and society. States that heavily promote investments in these sectors today are likely to be the global leaders of 2030. On the other hand, states that do not invest in them, individually or by participating in cooperative efforts, will probably form part of a second tier group.

Better results in this area tend to be achieved by the creation of coalitions and public-private partnerships (GREVI et al, 2013, p. 84). These efforts will be particularly important for developing countries because their financial resources are more constrained than those of developed countries, and they are usually behind on the development of technological systems. In 2030, the U.S., Europe and Japan will not be as dominant as they have so far been in the Research and Development (R&D) sector, although they will still probably be responsible for over half of global R&D spending. However, although these three actors will very likely remain the innovation leaders of the next decades – especially because the quality of their patents still tends to be higher than those developed by China and India, for example – BRICS countries will also become important players in the field of R&D (GREVI et al, 2013, p. 20 – 31).

Technological advances will also modify military operations and doctrines, since the use of cyber tools and space technologies will directly affect the operational

environment of future wars. “Potential scenarios include the destruction of satellites that support intelligence-gathering global positioning communications and data transmission, or which act as force multipliers for ground troops” (ESPAS; ISS, 2012, p. 99). Countries that don’t invest in these technologies will not be able to defend their territories and their information assets, becoming extremely vulnerable in every international engagement (even within the scope of peaceful negotiations).

## A polycentric world

Power will be a very disperse asset in 2030. Not only because it will be shared by a multitude of state and non-state actors, but also because the tools that countries have traditionally used to acquire power will fundamentally change into a far more complex and multivariate array. Moreover, even when possessing a powerful and updated combination of these tools, a country’s capacity to achieve the results it desires by itself will be limited.

Military power is still going to be an important variable within the scope of the international engagement of states, however it will need to be constantly complemented with other tools. In parallel with this process, the emergence of other actors such as companies, non-governmental organisations, terrorist groups, insurgent groups, and ethnic groups – amongst others – will bring more complexity to the negotiation tables (ESPAS, 2015, p. 43).

Although military power’s effectiveness will, on its own, be limited, soft power will not, in and of itself, be able to produce desired political results either: “by itself soft power does not translate into political power (its absence is not politically crippling); it must be backed by powerful diplomacy” (ESPAS; ISS, 2012, p. 111). Strategically, an intrinsic combination of both will be necessary – but sometimes even this will not be enough.

Economically speaking, power will be decentralised. “Economic growth in the next 20 years is expected to average 2.2% in the OECD, compared with almost 6% in the non-OECD world” (GREVI et al, 2013, p. 19). As a result, solutions to economic crises will have to be widely negotiated and more countries will have to be brought to the table. The effects of the 2008 crisis were only able to be minimised through a combination of G20 summits. Following this pattern, future crises – which will tend to produce even more global effects – shall very probably only be solved by joint efforts taken by several different actors, positioned in a great number of different locations.

In sum, military, soft, and economic power will be more diffuse in 2030. Several graphs and charts (GREVI et al, 2013, p. 19; ESPAS; ISS, 2012, p. 110) illustrate how difficult it will be to define who in fact wields power in the near future. One of the passages that best describes the situation can be read in Grevi et al (2013, p. 61):

*In the emerging international system, powers with vastly different concepts of world order not only co-exist; they intensely interact (Grevi 2009; Weber and Jentleson 2010, Kupchan 2012). Looking to 2030, it is unclear whether the traditional liberal democratic and market-oriented consensus at the basis of the international order will continue to be the predominant model of reference.*



## Governance Gap

A commonality among the last five trends is the idea that in 2030 the world will be more complex and a plethora of different actors will co-exist. One of the consequences of such a scenario is that legitimate global leadership (be it from international organisations or from any other specific state or non-state actors) will be unlikely to occur. This reduces the chances for the creation of public goods, or, otherwise put, for the production and management of “the commons” (GREVI et al 2013, p. 63-64). Producing public goods in the international system of the future will be a difficult task, especially because of free-rider and coordination problems (OLSON, 1971).

According to the ESPAS, the most important problem in this new configuration is that the redistribution of power is not being matched by a redistribution of responsibilities to the emerging actors. “There is a risk that the power of denial, or veto, will grow stronger than the power to achieve results. This will require all actors, including the largest ones, to increasingly operate via networks and coalitions” (GREVI et al, 2013, p. 12).

Since global governance will not be easily achieved, coalitions and alignments over specific issues will tend to become more important than multilateral long-term organisations and alliances. The ESPAS and the Institute for Strategic Studies (ISS) (ESPAS; ISS, 2012, p. 151) identify that the future world will not be characterised by a governance of clubs – a predominant feature of the Cold War system as well as of the 1990s and 2000s, when the G7 made key international decisions and set the global agenda. In the future, this will shift to a model of hub governance. Stability will arise from a pluralist system of different combinations of actors, interconnected by mutable and shifting specific and/or general interests.

The problem is that this model of ‘governance by hubs’ will only succeed in providing results when dealing with specific issues set within specific circumstances. The challenge of achieving global governance in a context of extreme complexity will certainly require significant reform of current institutions as well as a behavioural change of traditional and new powers. Unfortunately, current trends don’t seem to be leading to this positive scenario: “the gap between the expectations of citizens and the responses offered by the global political system will reinforce social dissatisfaction and create frustration worldwide” (ESPAS, 2015, p. 13).

As it can be noted by this brief analysis of the six most important trends mentioned by the ESPAS documents, the world in 2030 will be much more complex and the construction of global governance will be commensurately harder to achieve. If there is hope that governments will be able to deliver the policies their populations both need and desire, this hope will only be fulfilled if they enhance their capacities to engage in cooperation efforts that surpass the current and future gaps between demands and answers.

The next part of this paper will address how the ESPAS documents see the future of both Brazil and Europe. Finally, the main opportunities and obstacles towards cooperation between both actors shall be examined.

## Brazil and Europe in 2030

Both the European Union and Brazil are seen by the ESPAS as actors that tend to base their international insertion on the premise of valuing international norms and institutions. Although possessing different capacities and strategic needs, they have similar inclinations in certain arenas, and seem willing to cooperate with each other to maximise their overall prosperity, both in domestic terms and as regards their international reach. The points upon which they diverge are not cast in iron, being instead negotiable. As such, there is a tendency towards enhanced cooperation between them in future.

### The future of Brazil

Brazil is going through a period of many political and economic uncertainties, but most political analysts tend to be optimistic with regard to its long-term perspectives. "Brazil, China and India combined are projected to account for 40% of global output by 2050" (GREVI et al (2013, p. 24). Moreover, there are only eight players that "dominate global production in resources: China, the US, Australia, the EU, Brazil, Russia, India and Indonesia" (GREVI et al, 2013, p. 28). Some go even further to affirm that "Brazil may become a successful example of sustainable development during the next two decades" (ESPAS; ISS, 2012, p. 18).

These expectations are based on the resources and potentialities possessed by Brazil coupled with a recent economic growth pattern that has been combined with an important reduction in social inequality. The ESPAS and the ISS (2012, p. 112) defend that a comprehensive index of power that includes soft power, political unity and multiple effects of regional cooperation indicates that there are going to be only five powers in 2030: the U.S., China, the EU, India and Brazil. If this perspective is correct, these countries will probably be essential to the negotiations that will define the global market.

These positive perspectives are important, but there are clear limits to the trends they point to. Brazil still needs to consolidate its democracy and to rebalance the relations between the Executive, Legislative and Judiciary branches. Relations between federal government and federative states are also problematic and substantial political reform is needed to ensure the long-term stability of Brazil's development efforts. Added to this, the country's infrastructure is still based on investments made from the 1950s to the 1970s, although improvements have been made in the last decades. Social issues, such as high crime rates<sup>3</sup>, public health problems, and a poor educational system still limit Brazil's capacity to translate its abundant natural resources into wealth, security and social welfare for the population. Despite these difficulties, Brazil has gone through many improvements since the beginning of the 2000s. Firstly, the country

<sup>3</sup> Brazil has one of the highest homicide rates in the world. By UNODC (2014) measures, there are more than 50 thousand homicides per year in the country, representing the highest number of homicides in the world. When considered in relation to the size of the country's population, Brazil remains in a bad position. There are 25,2 homicides per 100.000 people per year in the country, which is an absurd number.

invested a lot in poverty reduction strategies and in the redistribution of wealth, policies that increased the size of its market, generated higher growth rates and created a much stronger middle class. Secondly, infrastructure investments were again prioritised by the PAC (growth acceleration programme), although many of its initial projects are still waiting to be concluded. Thirdly, since the beginning of the “Lava Jato” (Car wash) scandal, which led to a vast investigation into money-laundering and corruption, Brazilian institutions seem to have been working well and several high-ranking political and business figures have been arrested, an unprecedented accomplishment in a country previously known for impunity<sup>4</sup>.

In sum, the near future may well hold unwelcome surprises for Brazil, but it seems that the current political crisis will lead to the strengthening of domestic political institutions: a considerable political qualitative leap for Brazil. As the ESPAS and ISS (2012, p. 117) well state, “Brazil’s potential is enormous”. If the country is able to navigate the current political and economic crises without suffering definite losses or structural weakening, then Brazil will be well-placed to finally take advantage of its potential. During this process and in a moment of limited resources and lack of stability in the international arena, cooperating with stronger partners can be an important tool for the country’s success.

## The Future of Europe

By 2030, the EU will lose its relative weight, especially if compared to Asian emerging countries such as China and India. However, it will still remain one of the most important powers in the world, being matched only by the United States and China.

In order to maintain this status, Europe will have to face two main challenges. The first is to conserve its ability to act autonomously while keeping the door open for profitable partnerships. The second is to maintain its internal cohesion, especially in moments of crisis such as the one it has been experiencing during the last few years.

Although also related to internal problems, the maintenance of Europe’s cohesion is also dependent on the international environment. Migration challenges, for instance, can be directly connected to climate change or to economic crises. The rise of international terrorism, the recent surge in populism, and the effects of global poverty are other examples of problems that can reduce Europe’s internal stability. In this sense, the maintenance of Europe’s cohesion will only be assured if the continent addresses international issues alongside domestic ones.

Again, cooperation can be an important tool in this process. Bilateral or multilateral agreements can, in certain circumstances, minimise difficulties, especially those related to global issues. Grevi et al (2013, p. 13) emphasise how this can be achieved:

<sup>4</sup> It is important to mention that although the current political and economic crises have been putting strong pressure on President Rousseff’s government, a positive consequence may emerge from them. Corruption scandals have always occurred in Brazil, but this one seems to be different. If the processes reach their end, a much stronger Brazil may emerge: a country where institutions are finally more important than the clout of members of the traditional political elite.

*The EU could become more a “super-partner” than a superpower. The EU’s experience of managing rules-based integration uniquely positions it within a more inter-connected and competitive global operating system. Managing a more congested and rapidly changing world implies developing new methods of political engagement. The EU may not evolve into a superpower in this emerging world, but by building on its strengths and experiences it could become a “super-partner” for other countries and regions, as well as with its own member- states (GREVI et al, 2013, p. 13).*

Because of its positive international identity and recent history, a good strategy for the European Union would be to foster and develop alliances, especially with emerging powers which are keen to enlarge their role within the international system. Creating strategic partnerships with the U.S. and with other western countries such as Brazil could be a strategy worth pursuing to maintain and further the region’s international insertion (ESPAS, 2015, p. 79).

When analysing the potential and current situations of both Europe and Brazil, the ESPAS documents note that both can have a very bright future ahead. But in order for these positive predictions to be carried out in the near future, they will need to deepen their partnerships and cooperation efforts, regionally and internationally. Because of their high adherence to international norms, along with shared traditional cultural ties, the European Union and Brazil have very favourable conditions from which to construct strategic partnerships.

The following sections will further analyse the conditions that may maximise the possibilities of profitable partnership between them.

The discussion will focus upon the analysis of cooperation opportunities within the field of defence, including the aspects of trade and joint equipment development.

## **Defence Cooperation between Brazil and Europe: Opportunities and Obstacles**

Although defence cooperation between Brazil and Europe can be considered an important tool towards their mutual future international insertion, it is important to recall that there is a clear limitation to the development of this relation since Brazil remains a peripheral country in the military/strategic field. Its military investments are very low and its contribution to the formulation of global strategic thinking is thin. This reality can be explained by two main sets of reasons. Since the beginning of the 20<sup>th</sup> century, particularly since World War I, the United States increased its presence in South America and its influence over the formulation of Brazilian strategic thinking. For many years, Brazil’s decision-makers believed that the region was safe insofar as isolated from European conflicts and, if necessary, protected against any regional powers by the U.S. In certain periods, specific Brazilian governments have tried to increase the country’s autonomy, but never has Brazil seen its defence establishment as a priority. Beyond these considerations of international context, the main reasons for Brazil’s lack of military might are connected to its

domestic environment. Traditionally, the country's diplomats and foreign officials have tended to trust international and regional institutions, and to see them as a source of legitimation to the country's international behaviour<sup>5</sup>.

Another domestic reason for Brazil's lack of military investment is related to the institutional ruptures in the country during the 20<sup>th</sup> century. Many years of continued investments are necessary to consolidate a well-structured defence establishment, but stability hasn't been a characteristic of Brazilian political history. Besides curtailing the country's capacity to establish long-term policies, political ruptures have led to inconsistencies in the country's international behaviour, affecting not only its capacity to become a trustworthy destination for foreign investment, but also its ability to regionally coordinate positions.

Finally, the third domestic reason for Brazil's lack of military capacity is connected to the country's social difficulties. According to the UNDP (2014), Brazil ranks 79<sup>th</sup> in the Human Development Index, holding a score of 0,744. Brazil's GINI index is 51,9, the 16<sup>th</sup> worst in the world (CIA, 2015). With many social problems to address, improving the country's defence establishment is not a governmental priority. From 1995 to 2013, public spending in Brazil grew from 14,59% to 18,97% of its GDP, while the portion allocated to defence grew from 1,79% to 1,40% of GDP.

This context has to be considered when European countries decide to negotiate defence partnerships with Brazil. There are many limits to the country's capacity to fully develop its potential. On the other hand, these limitations mean that Brazil cannot develop its defence establishment by itself. International alliances are fundamental to the country. This being the case, the following question is then raised: : if partnerships are both essential to Brazil and attractive to Europe, in what conditions can they prosper? The subsection below attempts to answer this query.

### Setting the Scene: positive and negative Conditionalities

In general, Brazilian views about Europe are positive and European immigration played a very important role in the formation of the country's society; culturally speaking, Europe still exerts a strong influence over Brazil.

These pro-European views became politically important especially after the end of the colonisation period in Africa. During the Cold War, Europe presented itself to Brazil as an alternative to the bipolar logic. This said, the afore-mentioned influence of the U.S. in the country inhibited Brazil from extending cooperation ties to Europe during that same period since a balancing policy between the U.S. and Europe was neither attractive to Brazil nor to Europe itself. Finally, after the Cold War, many reasons contributed to the improvement of Europe's image in Brazil.

<sup>5</sup> Although deeply entrenched in Brazilian diplomatic traditions, it is also important to mention that this posture can limit the country's capacity to ascend to a more relevant international position. Soft power and institutions can only produce limited results and, as the ESPAS documents describe, this reality will not change in the near future.

Firstly, Brazil viewed the Maastricht Treaty of 1992 as a very important initiative due to the value it places on the international legal system. Several analysts, even though aware of both historical and current problems suffered by the European Union, see it as an example that should be followed in South America. According to Carvalho, for instance, the European Union is “one of the most notable expressions of human thinking in the last years” (CARVALHO, 2002, p. 90). Other authors, such as Bosco and França (2011), make an analytical comparison of the main advantages and flaws of Mercosur and the European Union, but still defend the latter as an important model for the former.

Secondly, the increase in European investments in Latin America, and especially in Brazil, has contributed to the EU's positive image in the region in the last decade. Europe is by far the region that invests most in Latin America, being responsible for 40% of its total received Foreign Direct Investment (FDI) in 2011 (ECLAC, 2012: 62)<sup>6</sup>. And considering that Latin America is the developing region that receives least European FDI (it is behind non-EU countries and developing countries in Asia and Africa) (ECLAC, 2013, p. 60), there are still a lot of possibilities to increase these numbers.

Thirdly, between 2009 and 2013, Latin American exports to Europe grew sharply (REBOSSIO, 2014). Meanwhile, trade with Brazil accounts for 34,4% of the EU's total trade with the region (EC, 2015). These trade increases are important, however it is also relevant to note that although agricultural products account for 40,4% and mining products for 28,8% of Brazilian exports to the EU, strategic products are becoming an important part of this relationship. Throughout the last decade, commercial and strategic ties were increased by the acquisition of airplanes, helicopters, and submarines, amongst other products.

On the other hand, some factors tend to harm EU-Brazil defence cooperation.

Firstly, although the European Union has free trade agreements with 11 of the 20 Latin American countries and an agreement with Ecuador which will be active by the end of this year (REBOSSIO, 2014), the EU still hasn't been able to close a trade deal with Mercosur. The negotiation has been attempted for more than 15 years without any signs that it will be closed soon, especially because of the subsidies and trade barriers used to protect European farmers from international competition. The lack of a free trade agreement is harmful for both parties, since Mercosur represents 58,6% of Latin America's economy.

Secondly, Europe is still far from considering Brazil and the entire South American region as a strategic priority. NATO and the proximity between Europe and the United States are often criticised in Brazil. There is a feeling, for example, that heavier criticism should have been voiced regarding the intervention in Iraq.

Concerning strategic issues, a third important difference relates to the Non Proliferation Treaty (NPT), considered discriminatory by Brazil. Nuclear countries, including the

<sup>6</sup> The data used in this article is from the ECLAC report published in 2012, which has an entire chapter on European direct investments in Latin America. The ECLAC reports edited after this version (published in 2013 and 2014) did not analyse this specific issue.

United Kingdom and France, are not held to full disarmament, completely disregarding the treaty's article VI (NPT, 1970). More than 45 years after the treaty entered into force, neither European countries nor the United States have shown any indication of their commitment to full disarmament. Therefore, although Brazil and Europe "have the same objectives in regards to their vision for the international order" (LAZAROU; FONSECA, 2013: 109), important differences on how this order can be achieved remain relevant.

### Setting the Scene: Advances and Difficulties over the last Years

Although Europe's presence in Brazil has grown over the last few decades, following the 2008 crisis it shrank once more, a process that has been matched by the corresponding increase of Chinese investments in South America, especially in Brazil and Chile (IPEA/SELA, 2013: 43).

An important issue related to the cooperation between Brazil and Europe is the aforementioned lack of a free trade agreement between the EU and Mercosur. In August 2014, José Manuel Durão Barroso, the then President of the European Commission visited Brazil and argued that both regions have been negotiating for 15 years and that it was now the right moment to formalise this relationship (REBOSSIO, 2014). He further went on to mention that the EU has advanced a lot in its negotiation with Mercosur and that "independent studies show that an agreement with the EU would represent an increase of 40% in Mercosur countries' exports to Europe" (REBOSSIO, 2014).

In an effort to pressure Mercosur countries to finalise the negotiations, Barroso invited Brazil to negotiate directly with the European Union, leaving Mercosur aside. This political act was heavily criticised in Argentina, where it was seen as a threat to regional cooperation. Officers from the Argentinean government declared that the then EC President only made the invitation because he did not have a clear plan that would fit his "slavery interests" (REBOSSIO, 2014). Although this criticism is worth taking into account, it seems that the pressure exerted by the EU may have had positive results on Brazilian officials (MELLO, 2015).

One of the most important steps in the near future for both Brazil and Europe would be to identify the agreement's most important points of blockage and to start negotiating their resolution. Even if the Brazilian position in relation to Mercosur changes, it will be difficult to close a deal with Europe if the EU maintains its trade barriers to the imports of agricultural products.

Although these differences remain important, in the military and strategic sectors, Brazil's partnerships with European countries have achieved considerable results over the last years. France's strategic partnership for the development of submarines is the most notable case of success, but the Swedish-Brazilian cooperation regarding Gripen jets is also worth mention. Helicopters, satellites, and tanks, among other equipment, are products that have been successfully negotiated between Brazil and Europe, proving that this partnership can achieve very positive results. Although Brazilian

investment in defence equipment remains low, the country is today better prepared to absorb high-technology assets and to jointly develop new products in this sector – a fact which has facilitated negotiations.

If Europe and Brazil want to deepen their ties, both sides need to fully comprehend each other preferences and limitations when negotiating strategic deals. Hoping to contribute to this effort, the present paper will now briefly attempt to clarify how Brazil defines its international insertion and how these parameters can influence its cooperation with European countries in security and strategic issues.

### **Brazil's Principled Action Diplomacy and the Paradigms that condition the Country's international Insertion**

In general, Brazil's approach towards the international system is based on the belief that international principles and institutions are important and effective tools in the regulation of interactions between states. Although conscious of the limitations of these institutions and principles, Brazil nonetheless chooses to highlight their importance. This approach is called "principled action" by Ramalho (2015); he affirms that Brazil binds its foreign policy decisions by and within International Law and treaties. The author notes that principles have also a direct influence on Brazil's perceptions regarding possible partners and the actions it is willing to undertake in the international system.

International norms are considered a very clear limit to and guiding line for Brazil's actions. The concept of respecting and promoting an international order based on rules and institutions rather than force has been one of the most traditional features of Brazilian diplomacy. This universalist characteristic of Brazilian foreign policy can be identified in several instances, such in Brazil's dealings with the UN Security Council, the World Trade Organisation, and the Food and Agriculture Organisation, amongst others (RAMALHO, 2015, p. 78).

Over the years this posture has contributed to the stabilisation of South America, since Brazil insists upon the necessity to solve conflicts through bilateral or multilateral negotiations, preferably undertaken under the auspices of regional or multilateral institutions. However, respecting international law does not mean that the country considers every such law just and legitimate. At first glance, this may seem to be a contradictory posture, but it is not. Brazil sees the imperfections of international institutions, but it considers that those very institutions which were built by the international community comprise that which "comes closest to what a global government would look like, and... [are] obviously more legitimate than newly concocted bilateral or multilateral arrangements" (RAMALHO, 2015, p. 75).

Since the 1960s, when Araújo Castro, the then Brazilian Ambassador to the UN, pointed out that the UN Charter did not focus upon the needs of developing countries, Brazil has been pressuring the international community to reform global institutions. Today, Brazil still believes that these frameworks are not capable of delivering the



level of governance requisite to ensure peace and to allow for a more equal distribution of wealth between countries. Nevertheless, despite these reservations, the country still emphasises that these international norms should be respected because they were agreed upon within multilateral institutions.

Besides the general “principled action” approach, Brazilian partnerships are conditioned by specific frameworks through which the government views the country’s international options and then formulates its preferences. One of the most interesting analyses regarding these frameworks was produced by Cervo (2008), who argues that four different paradigms (liberal, developmental, neoliberal, and logistical) have influenced Brazilian foreign relations since the country’s independence.

The “liberal” paradigm, which kept Brazil as a commodity producer and exporter, was applied from the country’s independence to 1930. The “developmental” paradigm, meanwhile, was implemented as of 1930, when President Getúlio Vargas (1930-45; 51-54) entered into power, to the end of the military regime, in 1985. This paradigm spurred the beginning of Brazil’s industrialisation, basing this process on the ‘import substitution’ theory of industrialisation. The third paradigm was implemented during the 1990s, promising a “modernisation shock” to the country. This paradigm was called “neoliberal” and it was based on the so-called Washington Consensus and on the concept that it was necessary to eliminate trade import barriers so as to modernise the country’s national industry. According to many Brazilian thinkers (CERVO, 2008; BATISTA, 1993), the lack of planning when this paradigm was established was extremely prejudicial to the country.

President Luiz Inácio Lula da Silva (2003-2011) was responsible for implementing the fourth “logistical” paradigm. This paradigm combines features of the last two, promoting economic stabilisation and accepting some of the Washington Consensus premises, but at the same time privileging an independent foreign policy, and a diversification of partners based on pragmatic choices.

The implementation of each of these paradigms has influenced several foreign policy decisions in Brazil. Firstly, their implementation defines the relationship between Brazil and the United States. Over the years, this relationship has been considered as paramount by most Brazilian foreign policy analysts. Liberalism and neoliberalism are paradigms that privilege the strengthening of ties with the United States<sup>7</sup>, while the developmental and logistical paradigms tend to promote closer ties with other developing countries as well as with alternate western powers so as to offset American influence in Brazil. Secondly, these paradigms influence the level of nationalism in the country’s foreign policy decision-making. Liberalism and neoliberalism tend to promote free trade and a greater internationalisation of the country’s economy. On the other hand, the developmental and logistical paradigms focus on advancing the country’s industrialisation, arguing that free trade has to be limited in order to prevent Brazil from

<sup>7</sup> Although other countries can still be considered important even under liberalism and neoliberalism, their relations with Brazil are going to be directly influenced by American interests.

becoming a mere producer of commodities catering to the rest of the world. In sum, Brazil bases its international actions on a dual approach, or what Lessa (1998) termed “selective universality”. The country combines a deep commitment to international institutions and norms with the selection of strategic partners based on the paradigm that dominates its strategic thinking.

The necessity of this dual approach has become clear during the last decades, when Brazil decided to take larger steps to demonstrate its capacity to contribute towards the establishment of a more stable international system. This shift in behaviour comes with a price, a reasoning that the country quickly understood when, for instance, it tried to seal a nuclear deal alongside Iran and Turkey, or when it presented the concept of Responsibility While Protecting at the United Nations (STUENKEL, 2015). On both occasions, Brazil felt that it couldn’t fully count with the support of western powers and both events have shown that the country still has a long way to go when it comes to increasing its international relevance. In other words, there are still a fair number of differences between Brazil and developed countries – differences which still affect their relationships – especially when Brazil tries to promote new ideas within the UN arena.

### **Brazilian strategic Partnerships and the Case of France**

Brazil and Europe have several potential commonalities that may lead to a strong partnership. Although some differences have also been mentioned in this paper, it is clear that shared values and perspectives are prominent in this relationship. This subsection will attempt to deepen the discussion on how a Brazil-EU partnership can prevail. The combination of the dominant paradigm that defines Brazilian foreign policy with the country’s historical principled action diplomacy influence the country’s strategic partnerships choices.

Although the present paper focusses on the cooperation with Europe in defence issues, this subsection will showcase Brazil’s relationship with France throughout the last decade. The partnership between the two countries in the defence sector is today considered paramount by many authorities.

In order to properly consider a specific partnership, it is important to mention that besides being influenced by paradigms and by the concept of principled action, Brazilian strategic partnerships<sup>8</sup> are historically conditioned by variables connected to three levels of analysis (LESSA; OLIVEIRA, 2013).

Firstly, systemic variables. In general, these are deeply connected to the analysis of the trends examined in the first part of this paper: as such, there is a clear tendency that

<sup>8</sup> Although the concept of strategic partnership has been excessively used in Brazil during the last decade, especially since its diplomats have been mentioning it in almost every external visit, in this article we presuppose that a strategic partnership demands that both partners trust their counterparts and are willing to cooperate and collaborate with each other because they perceive opportunities and possible gains from this relationship. Even when differences emerge, they are solved beneath an institutional umbrella, not leading to conflict. They mutually accept each other’s importance. Farias (2013) produces a better and more complete analysis of the concept.

cooperation will soon become even more important than it has been until today. These variables are essential in the understanding of the scenario in which partnerships can be developed, but systemic variables per se cannot fully explain how a country defines its partnerships.

Secondly, thus, are domestic variables. Several authors note that these have a greater impact on how a given country defines its partnerships (MORROW, 1991; SIVERSON; STARR, 1994). These are, amongst others: Ideology, the configuration of the country's political regime, its degree of internationalisation, and its macroeconomic conditions. Although Brazil tends to be open to dealing with partners with distinct ideological inclinations (especially when more pragmatic paradigms prevail), there is nonetheless a long-term preference for building more stable relations with democracies that respect international norms – states that Viola and Leis (2007) call “market democracies”. Besides this general trend, Brazil tends to create partnerships with countries that are willing to share strategic technologies, or countries that have enough resources to jointly invest in the development of new ones.

Thirdly and finally, there is also a regional element to Brazil's partnerships. If a similar relationship, with similar gains, can be constructed with two different countries and one of them belongs to South America, Brazil will tend to privilege it regional partner. On the other hand, when Brazil is looking for a partnership for the development of a sensitive high technology asset, it is difficult to focus on the regional market alone, where technological and financial limitations are a burden.

The analysis of Brazil's partnership with France in the defence sector needs to be considered within a context influenced by all of these variables. France is a market democracy that tends to respect international norms, and which – during the apex of Brazil's logistical paradigm<sup>9</sup> – presented itself as a pragmatic partner that could offer several opportunities for technology transfer.

Based on these positive conditions, France's strategic partnership with Brazil in the defence sector gained in importance during these last fifteen years, especially after the countries signed several defence agreements during the 2000s<sup>10</sup>. Throughout these years, variables related to the three levels of analysis presented above contributed to the partnership.

Systemically, three factors were important. Firstly, the end of the Cold War meant that Brazil didn't need to choose between being with or against the United States any longer. When Brazil decided to increase its international engagement, several different partners presented themselves as viable choices, and France was considered a very attractive one. Besides that, the U.S., especially in the beginning of the 2000s, started to redirect their international efforts towards the Middle East, leaving plenty of space for developing

<sup>9</sup> The first Lula Administration, which lasted from 2003 to 2011.

<sup>10</sup> Muller (2009: 23) presents a list of the most important agreements signed by both countries during the 2000s. These agreements and their intentions are also analysed by Aguilar (2009), who explains their *raison d'être* and the mutual gains of both parties.

countries to act freely. Thirdly, the positive global economic results observed after the end of the Cold War, when liberalism seemed to be delivering prosperity in many regions of the world, facilitated the increase of French investments in Brazil.

Domestically, Brazil stabilised its economy in the mid-1990s and in the 2000s it was looking for partners that could enhance foreign direct investments in the country. France, meanwhile, saw the opportunity to fulfil some of Brazil's expectations and several of its largest corporations started to invest in the country<sup>11</sup>.

Contributing to the favourable outcome of the partnership, both countries were willing and able to exchange sensitive defence-sector technologies, personnel, doctrines, and so forth. This highlights a particularly crucial aspect for the success of bilateral cooperation: a strategic partnership cannot be established if one of the countries is not ready to receive the technologies and investments presented by the other. Difficulties in training human resources and building facilities to receive negotiated gains and knowledge from developed partners can limit developing countries' capacity to engage in strategic cooperation initiatives.

Since its inception, the most important year of the strategic partnership between Brazil and France in the defence sector was 2008, when Brazil approved its first "National Defence Strategy", regulating the field and establishing new parameters for its defence establishment. With the advent of the new legislation, national corporations, the Military and the Ministry of Defence (MoD) were able to start planning long-term policies for the sector. Other important events that year included the signature of an agreement ensuring the free transit of military personnel so as to facilitate joint exercises and the announcement of a bilateral strategic partnership on December 23<sup>rd</sup> 2008.

The partnership involved the acquisition of 50 EC 725 (Super Cougar) helicopters, produced by Eurocopter and Helibrás, and the joint construction of 4 Scorpène submarines and 1 nuclear propelled submarine. The total amount of the agreement was of R\$ 22,5 billion and it was widely lauded by Brazil's academia, media and Military (NADER; BRITO, 2009; NETTO, 2008; GIELOW, 2009; JESUS, 2012; AGUILAR, 2009; FERNANDES, 2008).

The agreement that consolidated the partnership was signed on September 7<sup>th</sup> 2009, when Presidents Sarkozy and Lula released a joint declaration in which both praised the agreement and looked forward to the deepening of strategic and technological cooperation for many years to come (DECLARATION CONJOINTE, 2009). Since its consolidation, the agreement has been seen by both countries as an example of success and an experience that should be repeated. According to Minister Jean-Yves Le Drian, "this is an exemplary partnership with an unprecedented technology transfer" (MOREIRA, 2012). The Brazilian Ministry of Foreign Affairs agreed with the French Minister, stating that "the initiatives that were implemented in the defence sector, by

<sup>11</sup> The first important companies that arrived were Rhône-Poulenc, Saint-Globain, Carrefour, Michelin, Accor, Danone, Alcatel Alstom, Thomson, Aérospatiale and Air Liquide (LESSA, 2000, p. 52). After this initial period, several other corporations started to invest in Brazil. By 2010, more than 400 French companies were installed in the country (BUSTANI, 2010, p. 170).

two great submarine and helicopter programs, and the development of cooperation in the space and superconductors' sectors, are emblematic examples of this high level of understanding" (MRE, 2015).

Although extremely significant, this partnership does not always run smoothly. When the deal was initially signed, expectations were so high that President Lula announced that Brazil would add another R\$ 10 billion to the agreement by acquiring 36 Rafale jets from France (MONTEIRO; MARIN, 2009; SANDER, GIELOW, 2009). This early announcement is seen today as one of the important foreign policy mistakes of that Administration, since it was released without the support of the Brazilian Air Force. The announcement was later cancelled and a decision regarding the FX-2 programme was only concluded in December 2012, when the Brazilian government announced that the Swedish Gripen had, after all, won the bid. Following the final decision, several French officials expressed their frustration at the outcome (UOL ECONOMIA, 2013).

Besides this initial frustration, three other difficulties have also hindered the development of the partnership. Firstly, the biggest challenge over the last years has been the lack of resources available due to the Brazilian economic crisis. Since the deal was signed, Brazil hasn't been able to uphold all its financial obligations under the contract, which has led to several delays in the development of the nuclear propelled submarine (LIMA; AMORA, 2011). As serious as this may be, there are still no signs that the delays may affect the political will of both countries to keep the deal in place. During his last trip to France, Brazilian Minister Jaques Wagner visited several sites where the components for the submarine have been produced and managed to negotiate new payment deadlines with his French counterpart. This was a necessary measure, considering that the Brazilian MoD suffered a 24,8% budget cut in 2015, one of the highest cuts in the last decade (BONFANTI; JUNGBLUT; PEREIRA, 2015).

Another cause for delays is the resignation of some of the nuclear engineers that returned to Brazil after having spent time in France. This occurred because the Brazilian Navy is unable to compete with the salaries paid by private companies that are eager to obtain well-trained and qualified nuclear engineers. Even after the creation of AMAZUL<sup>12</sup>, this remains an unresolved problem. This reality illustrates once more how difficult it is for a developing country to acquire technology from a more powerful one.

Thirdly, there are regional concerns that Brazil's development of a nuclear submarine could diminish the security of other South American countries. Several Argentinean newspapers, for example, argued that Brazil and France were leading the continent to an arms race. Some analysts, however, declared that the agreement was just a natural modernisation of the Brazilian Armed Forces and shouldn't concern South American neighbours. If the idea that this partnership can harm regional security in South America

<sup>12</sup> AMAZUL, or Blue Amazon Defence Technologies, is a company created in 2013 by the Brazilian government to "promote, develop, transfer, and maintain sensitive technologies to the Navy's Nuclear Program (PNM), to the Submarine Development Program (PROSUB) and to the Brazilian Nuclear Program" (AMAZUL, 2015). With AMAZUL, the government was willing to maintain the nuclear engineers trained by the Navy by offering them better wages than the ones paid to regular Navy officers.

takes hold, it could undermine Brazil's political will to sustain the strategic relationship. On the other hand, this risk could be minimised by both Brazil and France by including Argentina, Colombia and other countries in the development of other defence systems. This has already been achieved regarding products such as the KC-390, for example.

Although significant, these difficulties are not enough to undermine this partnership's importance both to Brazil and France. It seems that the countries have understood the value of privileging a long-term relationship that has been commercially and politically positive for both parties.

In an era in which no country or continent can develop its defence establishment by itself, and in which technology assets have gained increasing importance, it is worthwhile for Brazil and Europe to deepen these cooperative frameworks. The above section presented general concepts on possible opportunities for Brazil and Europe to engage in strategic partnerships in the defence sector. Some of the arguments presented were illustrated by the example of the Brazilian strategic partnership with France. It is worth noting that establishing similar relations with other countries will probably be necessary for Brazil to prosper in the future environment. The conclusion of this paper will address the main opportunities and obstacles for the construction of these new ties, considering the future environment in which countries will operate and the concepts developed throughout this paper.

## **Final Remarks: Opportunities and Obstacles for Increased EU–Brazil Cooperation**

The central goal of this paper was to analyse the conditions that favour increased defence cooperation between the European Union and Brazil in the future. This was based on three main lines: how the ESPAS predicts that the future will look; on an analysis of the perspectives for Brazil and Europe in the next decades; and, finally, on a brief discussion about the patterns that have traditionally guided Brazilian foreign policy.

As the three ESPAS documents analysed clearly state, the strategic environment in 2030 will be different to that of the current day. In isolation, countries are not going to be able to fulfil their societies needs: future problems will be collective. Governments will need to find ways to better distribute their resources among their populations while ensuring their security and the country's defence against foreign threats, mainly by privileging dual use technologies.

When analysing the characteristics of future cooperation initiatives, there is a clear tendency towards the formation of ad hoc alignments, which is related to the fact that global institutions' capacities will be limited since states' preferences have been constantly changing and long-term alliances are rare. Military engagements in the future will require the development of technology-intensive products, operated by well-trained soldiers. Defence establishments will need fewer soldiers to perform similar tasks and Armed Forces will achieve better results if they operate jointly.

In this context, certain developing countries which are well-positioned to enjoy greater international clout, such as Brazil, have to look for partners who are willing and able to share key technologies and to jointly research for new ones. In general, few countries have these capabilities and even fewer have these capabilities all the while being stable democracies. The few that combine these conditions are potential partners for the development of the Brazilian defence establishment and most of them are located in Europe. This provides a good starting point for European countries if they intend to increase their cooperation ties with Brazil. Negotiations on several weapon systems, such as the EC-725 helicopters, the Gripen jets, and the nuclear submarine programme have been increasing these ties and positive mutual perceptions. There is, therefore, an open door for increasing these negotiations.

After examining the context in which cooperation on strategic issues can occur, the present paper emphasised in which conditions it tends to prosper. In general, Brazil is looking for partners who are willing to engage in long-term relations and, when trading technology-intensive products, are opened to the transfer of an important amount of their knowledge. Negotiations which include other negotiated gains such as the construction of local plants or the undertaking of training programmes, for example, are very attractive initiatives for extra-regional partners.

Besides these general ideas on cooperation possibilities between Brazil and Europe, there are some more specific opportunities and obstacles that should be mentioned.

### **Opportunities to increased European-Brazilian cooperation in the defence sector**

Since Brazil does not have enough national resources and local technologies to fulfil its development and strategic needs, especially after the emergence of a new middle class with more complex demands, the country needs to open itself to more international investments. Although China is occupying an important part of this market and the U.S. has already a strong presence within it, European investors have also been increasing their presence in Brazil, a tendency that can be maximised in the near future.

If Europe continues to be willing to adopt long-term strategies and if it shows the capacity to share technology, its offers will continue to be successful in Brazil and in other developing countries. In the military field, many opportunities are being opened in the periphery of the international system, where countries are buying new weapons systems and guns. According to the Stockholm International Peace Research Institute (SIPRI), Africa, South America, and Central America have had bigger increases than Europe and North America in their weapons purchases over the last 15 years:

*Military Spending Growth Rate (200–2014)*

Region	2000	2014	Growth percentage
North America	410	596	45,37%
South America	42,9	72	67,8%
Central America	5,3	9,8	84,9%
European Union	337	391	16%
Africa	19,5	46,5	138,5%

Source: (SIPRI, 2015). Figures are in billion dollars.

These considerations, combined with the fact that these countries are dependent on foreign cooperation to acquire or develop new technologies, can be seen as a very important opening for future investments in these regions.

Brazil, during the same time period analysed above, increased its defence spending from R\$ 20,75 billion to R\$ 74,217 billion, an addition of 72,04%. The difference between Brazilian efforts and the weapons modernisation programmes of most other developing countries is that when Brazil acquires new weapons systems, it usually demands negotiated compensations that lead to technology transfers or to the joint development of new technologies. Since the same technological and financial deficits that typically apply to other developing countries are also common in Brazil, from time to time difficulties may emerge during the development of the most expensive programmes. On the other hand, the country tends to increase its cooperation demands while seeking to deepen the modernisation of its defence establishment.

But again, these potential opportunities will only be fulfilled if European companies understand that they must be ready to invest in building long-term relationships; cooperation proposals will only be fully acceptable to both parties when profit is associated with local development and jobs. Brazilian defence documents, especially the National Defence Strategy, closely associate defence and development, a clear indication that investments in this area will only occur if they can bring results to other sectors. Therefore, an emphasis on dual use technologies will certainly bring positive results for European companies.

### **Obstacles to increased European-Brazilian cooperation in the defence sector**

Although circumstances are primed for several opportunities to emerge in the near future, there are important obstacles to increased bilateral cooperation between Brazil and Europe in the defence sector. The first is connected to Europe itself, since its strategic priority focusses on enhancing cooperation with other NATO members. In the current economic and strategic scenarios, it is difficult for a country (or a region) to establish strong cooperation ties with several different partners at once, which may reduce opportunities for ties with Brazil.



Another obstacle is Brazil's limited capacity to absorb technologies. Although the country is industrialised and has been experiencing considerable growth in the last fifteen years, it still suffers from a lack of qualified engineers<sup>13</sup>, its educational system has many flaws, and it has difficulties in increasing investment in research. It is interesting that along with the several strong potentialities, Brazil maintains a plethora of very basic problems that lower its capacity to emerge as a more significant player in the international system. The Brazilian government, for example, is still trying to find ways to minimise the financial burdens imposed on local defence companies that sometimes spend many years trying to develop new technologies that may result in nothing but failed experiences.

A third possible obstacle to the increase of European investments in the Brazilian defence sector is the existence of other countries that are also willing to establish long-term relationships with Brazil. The United States, for instance, has over the years used its geographical proximity to try to maintain an open dialogue with Brazil, a fact which has the potential to reduce Europe's leverage. These American efforts haven't resulted in the consolidation of a strategic partnership between Brazil and the U.S., but the American presence and the recent contacts between both countries may well lead to that. Moreover, the possible obstacles that the United States has the ability to impose on technological exports from Europe to Brazil are an aspect worth considering.

Finally, another limitation for Brazil in the defence area is the current condition of its defence establishment. The memory of the military regime is still fresh and this reality keeps influencing civil-military relations in the country, hindering the establishment of an adequate defence structure. Many improvements have occurred since the approval of the National Defence Strategy in 2008, but there are several steps remaining.

All of these limitations are of consequence, however they can be translated into opportunities if some measures are adopted by both the European Union and by Brazil. Firstly, European negotiators could include training and capacitation initiatives in their contract offers.

Secondly, an area of cooperation that hasn't yet been explored is the exchange of experiences in the establishment of balanced civil-military relations, which is a precondition for a mature defence system. Lessons from different European countries, such as France, the United Kingdom, and others, can bring many valuable examples to Brazil.

A more cautious analysis of these opportunities and obstacles might lead decision-makers to believe that investing in new strategic partnerships with Brazil is a risky venture. This is not entirely untrue, but Brazil is the only Latin American country that can manage the maintenance of a complex Industrial Defence Base, although many reforms are needed to achieve that end. If Europe is willing to take a few risks, it may lead to very attractive political (and economic) rewards.

<sup>13</sup> According to the Federal Council of Engineering, Architecture, and Agronomy (CONFEA), there is a deficit of 20,000 engineers per year in Brazil. Information available at: <<http://opinioao.estadao.com.br/noticias/geral,a-falta-de-engenheiros-imp-840931>>.

When the European Union decides to increase its presence in South America, Brazil, as the most significant regional player, would be the obvious choice for Europeans. But in order to achieve positive and long-term results while cooperating with Brazil, Europe should allow for the sharing of skills and know-how it has been developing for many years. Opening partnerships in a region where military investments have been increased and countries lack the capacity to develop their defence sectors by themselves can bring several interesting results in the long-run. As such, all aspects and risk duly considered, Brazil seems to be a very attractive option for Europe – and vice versa.

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