

Background

European Union-Brazil Strategic Partnership

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Summary

The diplomatic relations between European Union and Brazil were established during the 1960. Three aspects largely determine EU-Brazil relations: bilateral aspect, the EU-Mercosur aspect and increasingly after the financial crises the aspect of global economic governance.

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STRATEGIC RATIONALE OF EU-BRAZIL RELATIONS

The EU-Brazil partnership revolves on shared values of democracy, rule of law, human rights and economic development. There are, however, core strategic interests between the two.

Brazil's status as an emerging power

EU recognizes that in post-9/11 world has witnessed a change in the 'gravitational axis' of power from the North to the South.¹ The forging of relationship with 'emerging economies' not only offer attractive opportunities for EU in terms of trade and investment, they are also important partners to in a multi-polar world. It was important to engage with emerging economies to face new global threats like climate change and terrorism. This can be determined by the fact that EU has strategic partnership with all the BRICS (Brazil, Russia, India, China and South Africa) countries. The EU-Brazil Strategic Partnership was recognition by European Union of Brazil's status as an emerging power.

Brazil's regional influence in Latin America

One of the explicit aims of EU-Brazil relations is the motivation of EU to get leverage in Latin America through Brazil and also promote stability in Latin America by aligning with a democratic country like Brazil. Brazil is the largest economy of Latin America. Brazil is also in the forefront in the efforts to forge regional architecture in form of Mercosur and UNASUR. Brazil represents 70 per cent of GDP and 80 per cent of population of Mercosur.² Owing to its economic and demographic weight, Brazil is a natural leader in South America or as European Commission stated a "quasi-continent".³ The EU hoped EU-Mercosur agreement- which started in 1999 and was stalled in 2004 after the failure of Doha Development Round and was later restarted in 2010 at the initiative of EU's Spanish presidency- would gain momentum with Brazil's help especially after Venezuela became the member of the bloc in 2012. Hence, Brazil was a valued partner for EU in the region. Moreover, Brazilian influence in Latin America is considered as a balancing narrative against Bolivarian Socialism of countries like Venezuela.⁴

¹ Ana Isabel Rodrigues Iglesias (2012), The European Union-Brazil Strategic Partnership in the Shifting International Context, *Democracy and Society*, 10 (1), p.17

² Council of the European Union, General Secretariat of the Council, *Fact Sheet - 7th EU-Brazil Summit*, (Last accessed 19 April 2014) URL: http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/141088.pdf

³ European Commission, Communication from the Commission to the European parliament and the Council, Towards an EU-Brazil Strategic Partnership, *COM(2007) 281 final*, May 30, 2007 (Last accessed 19 April 2014), URL: <http://eur-lex.europa.eu/legal-content/EN/ALL/;jsessionid=hW2TTSKpQQ2M9z48HXvF14FCd5z22GhML2n7yvD7NQ5bGGNffqyq!-1528493196?uri=CELEX:52007DC0281>

⁴ Miriam Gomes Saraiva (2012), "Brazil's Strategies and Partnerships: The Place of the European Union", *Perspectives* 20 (2), p.55.

Brazil's commitment to multilateralism

EU perceives Brazil as highly active member in international and multilateral institutions and therefore a worthy ally in multipolar world. Multilateralism forms the cornerstone of Brazilian foreign policy.⁵ Multilateralism is an important tool for Brazil to project itself on the international scene and multilateralism plays a critical functional role in Brazilian foreign policy. Firstly, through Multilateralism, Brazil aims to maintain its autonomy in foreign policy. Engaging in multilateral forums of various forms like South-South coalitions like BRICS, regional blocs like Mercosur and Unasur and bilateral co-operation with EU, provides diversity of international partners to Brazil such that it can maintain its autonomy and not be forced to align itself with a selected group.

Secondly, owing to the rise of emerging economies coupled with the financial crisis that hit Europe and United States, Brazil has learnt that there is enough room for South-South co-operation in international space.⁶ Through South-South co-operation, Brazil can align itself with countries of similar attributes so as to balance and challenge the asymmetries embedded in international institutions as well as in North-South co-operation. Therefore, forums like IBSA have become an important platform for Brazil to discuss issues affecting world order with likeminded countries like India and South Africa. Brazil has been proactive in forums like G 20 to address the financial crises and has been proactive in protecting the interest of developing countries in WTO.

Thirdly, engagement in bilateral and multilateral forums also brings in tangible benefits in terms of access to foreign markets and investment.⁷ In this respect Brazil's relations with EU were expected to increase economic activity between EU and Brazil as well as Brazil and EU member states.

Energy security and sustainable development

Energy security and sustainable development both are interconnected areas of Brazil-EU relations. Brazil is self-sufficient country when it comes to oil. Whereas, economic growth of India and China will spurt their consumption of fossil fuels and thereby both these countries will compete with the EU for oil imports from Middle East, Russia and Africa, Brazil's economic growth is unlikely to lead to such a competition with EU.⁸ Similarly, Brazil is a leading producer of bio-fuels and hence a great source for EU to move to a low carbon economy. EU's Renewable Energy Directive 2009 promotes the use of bio-fuels as by the year 2020, 20 per cent of energy used by the EU and 10 per cent of EU member

⁵ Ibid. p.47

⁶ Ibid. p.50

⁷ Ibid. p.49

⁸ Stavoros Afionis and Lindsay C. Stringer (2012), "The environment as a strategic priority in the European Union-Brazil Partnership: is EU behaving as a normative power or soft imperialist?", *SRI Paper No. 29*, Sustainability Research Institute, p.9.

states transport fuel must come from renewables.⁹ Brazil is the second largest producer of bio-fuels after United States and one of the leading exporters of bio-fuels.¹⁰ The share of bio-fuels energy in road transport in Brazil is 20 per cent, much ahead of any other country.¹¹ Hence, EU and Brazil are natural partners in the area of bio-fuels production and technology. Brazil's energy matrix consists of hydropower and bio-fuels providing 45 per cent of energy, yet owing to emissions from agriculture, forestry and land use activity, Brazil is third largest emitter in the world.¹² Brazil's co-operation is also important in forging an effective regime to control climate change. Deforestation threatened the Amazon Forests in Brazil with 20,000 km² of rainforests were being lost annually, and hence conservation of the Amazon was one of the key priorities of EU-Brazil strategic partnership.¹³

THE EVOLUTION OF EU-BRAZIL RELATIONS¹⁴

The diplomatic relations between European Union and Brazil were established during the 1960, but in concrete terms the legal basis for the relations was laid down in 1992 with the Framework Agreement for Co-operation between European Economic Community and Federal Republic of Brazil. The Framework Agreement is a comprehensive broad based agreement document comprising of 35 Articles encompassing many fields of co-operation. Other two treaties that formed the basis of EU-Brazil relations are the Science and Technology Co-operation Agreement signed in 2005 and the EU-Mercosur agreement signed for inter-regional co-operation in 1995. However despite these agreements, the relations between Brazil and European Union did not make any substantial progress during the 1990's. While EU was busy constructing a monetary union, Brazil was mired in its own internal political and economic troubles.¹⁵ President Cardoso tried to forge a relationship with EU as a part of his broader foreign policy of supporting existing international regimes and multilateral institutions. Yet co-operation was limited as European Union was more interested in inter-regionalism based co-operation in form of EU-Mercosur. The relations gained momentum during Luiz Inacio Lula da Silva's presidency in 2003. In 2005, Scientific and Technological Agreement was signed, while in 2007 the EU-Brazil relations were institutionalized into EU-Brazil Strategic Partnership

⁹ Ibid.p13

¹⁰ Ibid., p.13

¹¹ Ibid., p.13

¹² Ibid., p.11

¹³ Ibid., p.11

¹⁴ There have been seven EU-Brazil Summits since 2007. However, only major summits are focus of this backgrounder.

¹⁵ Brazil was in economic mess as the country faced huge foreign indebtedness and hyperinflation in 1989. Moreover, President Fernando Collor de Mello who got elected on the plank of improving Brazil's economy and ending corruption was himself impeached in 1992 for corruption and barred from holding public office for eight years.

during the 1st EU-Brazil Summit in Lisbon in 2007 during the EU's Portuguese presidency.

Earlier Summits

The first European Union and Brazil Summit held in Lisbon was important step in EU-Brazil relations as it forged the EU-Brazil Strategic Partnership. In the second summit in Rio de Janeiro, first Joint Action Plan was signed that envisaged the thematic areas of co-operation between EU and Brazil. The five thematic areas of co-operation between EU and Brazil are:¹⁶

- Promoting peace and comprehensive security through an effective multilateral system;
- Enhancing the Economic, Social and Environmental Partnership to promote sustainable development;
- Promoting regional cooperation;
- Promoting science, technology and innovation;
- Promoting people-to-people exchanges.

These areas have remained constant even in the Second Joint Action Plan signed in 2011 during the fifth EU-Brazil Summit in Brussels. Primarily EU-Brazil relations have broadly focused on promoting effective multilateralism, trade, aiding energy security, co-operating on issues of climate change and sustainable development, fostering economic development and poverty eradication, supporting inter-regional co-operation particularly between EU-Mercosur and promoting human rights.

7th EU-Brazil Summit, 24 February 2014, Brussels

The summit concentrated substantially on three areas of co-operation: Economic growth, job creation and competitiveness; Foreign Policy and Tackling Global Challenges. These are certain significant points that came out in the Joint Statement:

- The summit concentrated on the fallout United States National Security Agency's spying scandal. Both Brazil and EU have been critical of extent NSA's surveillance.¹⁷

¹⁶ Council of European Union, 2nd Brazil-European Union Summit, Rio de Janeiro, 17602/08 (*Presse 386*), December 22, 2008, (last accessed 19 April 2014) URL: http://eeas.europa.eu/brazil/docs/2008_ii_summit_joint_statement_en.pdf

¹⁷ President Dilma Rousseff canceled her state visit to United States following the revelations based on documents leaked by Edward Snowden disclosed that NSA intercepted emails of President Rousseff and Brazilian state oil company Petrobras . The former intelligence contractor Edward Snowden revelations disclosed that the NSA conducted online surveillance of European citizens, monitored buildings that housed EU institutions and had hacked the mobile phone of Chancellor Angela Merkel. Following the revelation EU has responded by stalling EU-US Free Trade Agreement and Members of European Parliament voted to recommend the suspension of EU-US financial data sharing agreement that aides US terrorist finance tracking system.

Brazil and EU both agreed to build fiber-optic submarine cable linking Brazil and Europe.¹⁸ The cable is set to link Lisbon to Brazilian north-eastern city of Fortaleza. Currently, most of the communications between Europe and Brazil go through the US undersea cable. The existing undersea cable between Brazil and Europe is outdated. The new undersea cable will decrease the cost of communication and encourage ICT investments along with enhancing the protection of information. President Rouseff pointed out that the cable was necessary for maintain the “neutrality of the internet”.¹⁹ In joint press conference with presidents of European Commission and European Council, President Rouseff stated that “we have to respect privacy, human rights and sovereignty of nations”.²⁰ However, the Joint Statement did not mention the principle of sovereignty, but EU recognizes that freedom of expression and privacy related issues be discussed in EU-Brazil Dialogue on International Cyber Policy that was established in this summit.²¹ There was also recognition of the need to make Internet Governance more transparent and genuinely based on multi-stakeholder model. In this regard, EU and Brazil agreed to work towards the success of Global Multi-stakeholder Meeting on the Future of Internet Governance to be held in São Paulo on 23-24 April 2014.²²

- At the time when both the EU and Brazil are going through a challenging economic situation, the focus was on economic growth and job creation. The EU and Brazil both maintained the need to develop much closer contacts between businesses and companies. The importance Small and Medium Enterprises (SMEs) for economic recovery and job creation was expressed in the joint statement. The Joint Statement stressed on “internationalization of SMEs” so that they can be competitive and more adaptive to resist adverse domestic market conditions.²³
- On foreign policy, both partners expressed their support for ongoing Israel-Palestine Peace Process and praised United States effort in facilitating the peace process. There was also support for Iran Nuclear deal and the Geneva Joint Action Plan of 24 November 2013. There was lot of attention given to Africa in the joint statement. The conflicts in Guinea Bissau, Mali, South Sudan and Central African Republic received

¹⁸ The proposed cable will be a joint venture between Brazilian telecom provider Telebras and Spain’s IslaLink Submarine Cables, with Telebras having 35 per cent stake while IslaLink will have 45 per cent stake. The remainder stake could be held by European and Brazilian pension funds.

¹⁹ “EU, Brazil mull plan to skirt US spying”, *Euractiv.com*, February 25, 2014, (Last accessed 19 April 2014) URL:

²⁰ Ibid.

²¹ Council of the European Union, VII EU-Brazil Summit, Brussels, Joint Statement, 6930/14, February 24, 2014 (Last accessed 19 April 2014) URL: http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ec/141145.pdf , p.11.

²² Ibid., p.11

²³ Ibid. ,p.3

special mention. In general there was a common agreement between the EU and Brazil on the mechanisms and means of addressing these conflicts.²⁴

PROGRESS OF EU-BRAZIL RELATIONS

Economic Relations

There are three aspects of EU-Brazil relations; bilateral aspect, the EU-Mercosur aspect and increasingly after the financial crises there is the aspect of global economic governance. In terms of bilateral trade and investment, Brazil and EU have enjoyed substantial progress in their relationship. Brazil being the largest economy in Latin America, accounts for 34 per cent EU's trade with the region.²⁵ In 2012, Brazil was EU's 8th trading, while EU was the number one trading partner of Brazil.²⁶ EU has 238.9 billion investment stocks in Brazil as per the 2011 statistics, which represents 53 per cent of total investment stock of EU in Latin America.²⁷

Table 1: European Union's Trade and Investment with Brazil (2012)

	Trade in Goods	Trade In Services
EU's Exports to Brazil	• 39.6 billion	• 12.7 billion
EU's Imports from Brazil	• 37.3 billion	• 7 billion
Trade Balance	• 2.4 billion	• 5.7 billion

Source: <http://ec.europa.eu/trade/policy/countries-and-regions/countries/brazil/>

Brazil mainly exports agricultural and primary goods to EU and it is the largest single exporter of agricultural products to EU.²⁸ Agricultural products form 44 per cent of Brazil's export to EU and mining products account for 28 per cent of exports to EU. EU's exports to Brazil mainly consist of manufactured goods like machinery, transport equipment and chemicals.²⁹

In the aftermath of financial crises, both EU and Brazil have supported the G 20 framework for growth in Washington Summit of 2008. Brazil has been committed to G-20, as it views as an important multilateral forum where developing countries can interact with the

²⁴ Ibid., pp.7-8

²⁵ European Commission, Brazil, (Last accessed on 19 April 2014), URL: <http://ec.europa.eu/trade/policy/countries-and-regions/countries/brazil/>

²⁶ Ibid.

²⁷ Ibid.

²⁸ Ibid.

²⁹ Ibid.

G-8, while at the same time it is a much more representative of the contemporary global order. Former Brazilian President Lula praised the 2008 summit in Washington saying that “we are talking about G-20 because the G-8 does not have any more reason to exist”.³⁰ Brazil has been urging BRICS, IBSA and G-20 to take up stronger role in solving European financial crisis.³¹

Another important element of EU-Brazil relationship is the EU-Mercosur comprehensive trade agreement. Earlier, EU was more keen on inter-regional co-operation with Mercosur, however limited progress EU-Mercosur relations prompted EU to seek a bilateral co-operation with Brazil in order to use its regional influence to gain some momentum in EU-Mercosur trade agreement. In terms of trade statistics, EU accounts for 20 per cent of Mercosur’s total trade making it the first trading partner, while Mercosur is the 8th trading partner of EU accounting for 3 per cent of EU’s trade.³² Like Brazil, Mercosur countries exports to EU are dominated by agricultural products and raw materials (68 per cent of exports) whereas EU exports manufactured goods and transport equipment to Mercosur countries.³³ The EU is also a major exporter of commercial services to Mercosur (•16 billion in 2011), as well as the biggest foreign investor in the region with a stock of foreign direct investment that has steadily increased over the past years and which amounted to •286 billion in 2011.³⁴ These numbers have to be viewed in the context that Mercosur is economically dominated by Brazil. However, EU-Mercosur have failed to sign a comprehensive trade agreement which is going to be a part of the bi-regional Association Agreement. The progress on EU-Brazil trade agreement has been a major impediment in the deepening of EU-Brazil relations.

Energy and Sustainable Development

Energy and sustainable development are the building blocks of relationship between EU and Brazil. Co-operation in field of biofuels production form the basis of energy relations between the two partners. Brazil’s leading producer of biofuels and its long tradition in biofuel production has enhanced the technological capability to produce biofuels. EU perceives renewables as an important for meeting climate change objectives and augmenting energy security. Therefore, there are shared interest in promoting biofuels trade and collaborations in field of biofuel research. The European Investment Bank (EIB) has extended •500 million loan to BNDES for renewable energy related projects.³⁵ There

³⁰ Emilio San Pedro, “Brazil president hails G20 summit”, *BBC*, November, 16, 2008 (Last accessed 19 April 2014), URL: <http://news.bbc.co.uk/2/hi/business/7731881.stm>

³¹ Daniel Edler and Elena Lazarou (2014), “The EU and Brazil: a natural partnership?”, *EUISS Issue Alert No. 15*, February 28, 2014 (Last accessed 19 April 2014), URL: http://www.iss.europa.eu/uploads/media/Alert_15_EU-Brazil.pdf

³² European Commission, Mercosur, (Last accessed 19 April 2014) URL: <http://ec.europa.eu/trade/policy/countries-and-regions/regions/mercosur/>

³³ Ibid.

³⁴ Ibid.

has been joint project funded by the Seventh Framework Program (FP7) like SUNLIBB (Sustainable Liquid Biofuels from Biomass Bio-refining) Project that aim at combining the European and Brazilian research strengths in order to facilitate cost-competitive first and second generation bio-fuels.³⁶ European companies like British Petroleum and Royal Dutch Shell have also invested in Brazil's biofuels sector. As a part of triangular co-operation between EU, Brazil and African countries, EU and Brazil signed an agreement with Mozambique to develop biofuels and bioelectricity.³⁷

Sustainable development envisages co-operation in the field of curbing deforestation of Amazon and fostering effective global climate change regime. The conservation of Amazon forests has been one of the most important aspects of environment co-operation between the two partners as highlighted by the European Commission's Country Strategy Paper (2007-2013) for Brazil.³⁸ Brazilian government aims to cut the annual rate deforestation by 70 per cent by 2017.³⁹ Brazil established Amazon Fund in 2008 to raise donations that promote conservation of Amazon forest. Germany became the first EU country to contribute to the fund by donation •21 million.⁴⁰ Norway (Non-EU Country) has contributed •300 million to this fund in 2011 with a potential of raising it to •1 billion by 2015.

Brazil is the third largest emitter of Greenhouse gas (GHG) in the world.⁴¹ However, among the developing countries it has the most stringent national climate change mitigation targets and Brazil has been fairly active on the issue of climate change in international forums.⁴² Bilaterally, EU and Brazil partnership on environmental issues has two objectives, firstly, to exchange experiences of domestic climate change experiences and secondly, to collaborate in international negotiations on climate change. Both the partners launched the EU-Brazil Climate Change Dialogue in Brussels summit in 2011, adding senior and ministerial level talks to the already existing technical level.⁴³ Apart from that, Brazil has significant portfolio of Clean Development Mechanisms with EU

³⁵ Council of the European Union, V European Union - Brazil Summit Brussels-Joint Statement, October 4, 2011, (Last Accessed 19 April 2014) URL: http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/124878.pdf, p.4.

³⁶ Sustainable Liquid Biofuels from Biomass Bio-refining, Background, (Last accessed 19 April 2014) URL: <http://www.sunlibb.eu/>

³⁷ "NGO's slam EU-Brazil plans to develop biofuels in Africa", *euobserver.com*, July 14, 2010, (Last accessed 19 April 2014) URL: <http://euobserver.com/news/30474>

³⁸ European Commission, Brazil-Country Strategy Paper (2007-2013), (Last accessed 19 April 2014) URL: http://eeas.europa.eu/brazil/csp/07_13_en.pdf

³⁹ Stavoros Afionis and Lindsay C. Stringer (2012), "The environment as a strategic priority in the European Union-Brazil Partnership: is EU behaving as a normative power or soft imperialist?", *SRI Paper No. 29*, Sustainability Research Institute, p.12.

⁴⁰ *Ibid.*, p.12

⁴¹ *Ibid.*, p.10

⁴² *Ibid.*, p.11

⁴³ *Ibid.*, p.11

Member States like United Kingdom and Germany.⁴⁴ The objective of collaborating on international negotiations received a boost in 2011 Durban conference on climate change. After the disappointments of the Copenhagen and Cancun conferences (2009 and 2011 respectively), where Brazil stood in solidarity with the BASIC group refusing to sign legally binding agreements, in Durban, Brazil finally broke ranks with the BASIC declaring their willingness to sign an EU roadmap to a new climate deal with a commitment to some kind of legally binding targets.⁴⁵

Other Achievements

EU and Brazil have short-term visa waiver agreement for diplomatic, service and ordinary passport holders. Brazil and European Atom Energy Community have signed Agreement of Co-operation in the field fusion energy research. There has been considerable progress on matters of civil aviation and maritime cooperation. Overall there are 20 areas on which regular EU-Brazil Dialogues take place.⁴⁶

HINDRANCES TO DEEPER CO-OPERATION

Disagreements related to Trade, Energy and Sustainable Development

Even though the economic relations between Brazil and EU are worthy, there have been some fundamental differences between both partners. EU has been a vocal arraigner of Brazil's protectionist trade practices. According to latest reports by European Commission on Potentially Restrictive Trade Measures, Brazil is among the countries that have resorted to the highest number of new potentially trade-restrictive measures.⁴⁷ EU complains about the high tariff rates applied by Brazil that average to 12 per cent.⁴⁸ The EU has filed a complaint against Brazil at the WTO against 30 per cent import tax levied by Brazil on cars and other electronic products.⁴⁹ The subsidies given to farmers under EU's Common Agricultural Policy have hindered agro-product exports from Brazil. Moreover, EU's resistance with relation to agricultural trade liberalization has impeded in Brazil from fully accruing the benefits in bio-fuel sector.⁵⁰ The high tariff imposed by the EU on ethanol

⁴⁴ Ibid., p.11

⁴⁵ Ibid., p.11

⁴⁶ European External Action Service, Delegation of European Union to Brazil, *Brazil and the EU*, (Last accessed 19 April 2014) URL: http://eeas.europa.eu/delegations/brazil/eu_brazil/index_en.htm

⁴⁷ European Commission, Brazil, (Last accessed on 19 April 2014), URL: <http://ec.europa.eu/trade/policy/countries-and-regions/countries/brazil/>

⁴⁸ Ibid.

⁴⁹ EU says 'unacceptable' Brazilian import taxes have driven them to WTO complaint", euronews.com, December 19, 2013 (Last accessed 19 April 2014) URL: <http://www.euronews.com/2013/12/19/eu-says-unacceptable-brazilian-import-taxes-have-driven-them-to-wto-complaint/>

⁵⁰ Stavoros Afionis and Lindsay C. Stringer (2012), "The environment as a strategic priority in the European Union-Brazil Partnership: is EU behaving as a normative power or soft imperialist?", *SRI Paper No. 29*, Sustainability Research Institute, p.14.

imports point out to EU's intention of controlling cheap imports and protecting domestic producers.⁵¹ The strict non-tariff barriers like the sustainability criteria demanded by the EU on biofuels producers has hampered Brazilian exports.⁵² One of the reasons for EU-Mercosur negotiations being in doldrums has been due to failure to resolve relating to agricultural trade as Mercosur countries are also leading agricultural exporters. The co-operation on the issue of deforestation has been limited due to under-investment by EU. While Germany (EU Member State) donated •21 million to the Amazon Fund, Norway (Non-EU Country) has contributed •300 million to this fund in 2011 with a potential to increase it to •1 billion.⁵³

KEY POINTS OF CONVERGENCE

- *Normative Compatibility:* The bedrock of EU-Brazil relations is the normative compatibility among both partners. Brazil is a democracy, a non-nuclear civilian power, with strong commitment to human rights especially of its present President Dilma Rouseff. Brazil is strongly committed to multilateralism as a means of solving global problems, maintaining its autonomy in foreign policy and projecting itself on the global stage. Similarly, EU also holds values of democracy and human rights very highly. Being a supranational body itself, EU strives to promote multilateral rule-based international order. Therefore, both partners have normative concurrence even though they have dissonance in interpretation and implementation of these norms.
- *Issue-based convergence:* There are many issues of mutual interest on which both the partners can work together in order to enhance their partnership. Firstly, both EU and Brazil can benefit from deepening their economic relations. The signing of the EU-Mercosur Association Agreement will go a long way in enhancing trade and investment between EU and Brazil. The EU-Mercosur negotiations have been unable to reach to any satisfactory conclusion. Venezuela's joining of the group and a protectionist turn of policy by Argentina have made it difficult foresee any agreement to take place in near future. The way forward would be by signing a bilateral agreement with Brazil without jeopardizing Mercosur. The agreement will deal with technical and non-tariff barriers to trade leaving out tariff related issues.⁵⁴ The conclusion of bi-lateral agreement between EU and Brazil would aid in opening up bi-lateral agreements with other Mercosur countries.⁵⁵ Under the umbrella of Mercosur, the

⁵¹ Ibid., p.15

⁵² Ibid., p.14

⁵³ Ibid., p.12

⁵⁴ "Tajani has chance to push EU-Brazil economic co-operation", *Euractiv.com*, October 4, 2013 (Last accessed 19 April 2014) URL: <http://www.euractiv.com/trade/tajani-chance-push-eu-brazil-eco-analysis-530885>

⁵⁵ Ibid.

negotiations then could be carried out bilaterally with member countries with each country deciding its own pace of trade liberalization commitments and schedules.⁵⁶ The EU has already experienced this kind of solution in its negotiations with the Andean Community.

Secondly, EU and Brazil can work together on issue of internet governance related issues. The strong positions both partners have taken against US National Security Service surveillance points at the commonality of viewpoint between Rio de Janeiro and Brussels. The recent paper published by European Commission, called “Europe’s role in shaping the future of Internet governance” calls for an international group to replace the California-based Internet Corporation for Assigned Names and Numbers (ICANN).⁵⁷ Brazil will be hosting the Global Multi-stakeholder Meeting on the Future of Internet Governance in São Paulo in 2014; hence both partners can co-operate to effectively bring about change in internet governance.

Thirdly, there is substantial scope for co-operation “triangular co-operation” in developing world, particularly Africa. EU is one of the biggest donors of development aid and Brazil has in recent years become an aid giving country. In 2010, Brazil’s aid expenditure was \$1 billion.⁵⁸ Brazil has contributed monetary and technical aid to around 58 countries, half of which are in Africa.⁵⁹ Brazil’s belief that democracy, security, human rights and development are interdependent is quite close to EU’s development thinking. At a time when both EU and Brazil are going through economic downturn, it makes sense for them to pool resources on specific projects in Africa. Till now the progress on triangular co-operation has been slow with only two projects being launched.⁶⁰ Yet, as a result of budget cuts and austerity measures following sovereign debt crises may force EU to increase engagement on triangular co-operation.

CONCLUSION

The outcome of 7th EU-Brazil summit was labeled disappointing by some commentators. Even though the outcome of EU-Brazil summit was modest, it was significant given the

⁵⁶ Ibid.

⁵⁷ “EU bids to end US dominance in internet control”, *euobserver.com*, February 14, 2014 (Last accessed 19 April 2014) URL: <http://euobserver.com/news/123109>

⁵⁸ Susanne Gratius and Giovanni Grevi (2013), “Brazil and the EU: partnering on security and human rights?”, Policy Brief No. 153, FRIDE, (Last accessed 19 April 2014) URL: http://www.fride.org/descarga/PB_153_Brazil_and_the_EU.pdf

⁵⁹ Ibid., p.3

⁶⁰ The EU and Brazil have launched triangular co-operation with Mozambique in order to produce biofuel crops. The European Commission and Brazil’s Supreme Electoral Tribunal signed the Charter of Brasilia in 2013, establishing the framework for triangular cooperation to support electoral processes (seminars, training and electoral observation) in African Portuguese speaking countries (PALOP) and in East Timor.

context in which the summit was held. Firstly, both EU and Brazil are facing their own socio-economic challenges. While EU's recovery from the sovereign debt crisis is still fragile, Brazil has witnessed economic stagnation with growth rate of 1.6 per cent. Like other emerging economies, Brazil is also facing 'middle life crises'. There have also been many protests in Brazil against the government. Secondly, EU and Brazil are distracted by events occurring in their respective neighborhoods. The Ukraine crisis has taken over EU's foreign policy priorities, while protests against President Maduro in Venezuela are of concern to Brazil. Despite these limitations some very crucial points emerged in the EU-Brazil Summit. If both the partners can concentrate on issue based co-operation, namely: EU-Mercosur agreement, Internet Governance and triangular co-operation with third countries, they can enhance their relationship. Such a co-operation will not only bring both partners closer but will strengthen their normative compatibility.