



# The EU and Brazil: a natural partnership?

by Daniel Edler and Elena Lazarou

Following a week of uncertainty, the 7th EU-Brazil Summit took place on 24 February in Brussels. The summit was held at a critical juncture: Brazil faces a tough year ahead, with elections to be held barely three months after the much anticipated, controversial hosting of the football World Cup - while the EU faces the prospect of a sobering reality check at this May's European Parliament elections.

Developments in the wider neighbourhoods of both partners are also a source of concern: Ukraine and Syria stand out East and South of the Union while, in Latin America, recent developments in Argentina render the future of the once promising Common Market of the South unpredictable – not to mention the domestic situation in Venezuela.

Against this backdrop, both the EU and Brazil find themselves involved in a difficult process of house-keeping: Europe is still battling the fallout of the sovereign debt crisis in the eurozone while Brazil has to deal with a poor economic performance and unprecedented country-wide protests. In the eyes of many commentators, its future as an emerging power is jeopardised.

## The B in the BRICS

The question of whether Brazil can still be regarded as an emerging global player and trusted to maintain a proactive foreign policy goes to the heart of the Strategic Partnership with the EU, established under

former president Luis Inacio 'Lula' da Silva in 2007. It stemmed from the Union's objective to engage 'key actors' against global threats and challenges. It also became part of President Lula's foreign policy strategy, which aimed at diversifying the country's economic and political relations in order to secure its autonomy. This multi-vector approach led Brazil to deepen its engagement with other 'global South' states while maintaining strong ties with both the US and the EU. In a single decade, Brazil's GDP grew threefold and 40 million people rose from poverty to the so-called new middle class. The EU-Brazil Strategic Partnership was welcomed as a recognition of these achievements in the global and domestic arenas.

President Dilma Rousseff took office in 2011, initially maintaining Lula's foreign policy while emphasising commitment to human rights and democracy, multilateralism and social justice. In 2011-12 the new President even emerged as the main voice behind the proposal that the BRICS, IBSA and G-20 groupings take a stronger role in the resolution of the European financial crisis.

This activism was cut short by the onset of economic and social concerns. After enjoying several years of economic prosperity, Brazilian growth rates began to decline rapidly in 2013. Reduced global demand for commodities has affected agricultural and mineral exports. Although unemployment rates remain at historically low levels, the Brazilian Central Bank has increased interest rates for government bonds



(from 7.5 to 10.75%) in response to domestic inflation pressures and the US Fed's 'tapering'. Rating agencies' forecasts for 2014 indicate that Brazil's GDP will barely grow by 2%, while inflation may reach 6% and interest rates continue to go up accordingly. This ominous scenario has also affected other emerging economies, puzzling analysts who now talk of a BRICS' 'midlife crisis'.

Brazil also faces important political challenges. During the FIFA Confederations Cup (2013) millions of citizens demonstrated against the government. In spite of their lack of coherence and leadership, the protesters did share some common grievances: endemic corruption, the disproportionate costs of sporting mega-events, and police violence. In a matter of weeks President Rousseff's approval rates fell from 65 to 30%. Recent surveys indicate that her Workers' Party (PT) will probably continue to rule the country and, with its allies, to hold a majority in Congress – but worries exist regarding the possible implications of large-scale protests during the forthcoming World Cup.

The upshot of these tensions has been a partial retreat of Brazil from its proactive attitude in international affairs – with the notable exceptions of trade and internet governance. Under President Lula, Brazil was marketed as a 'responsible stakeholder', a country that was willing to take a stance in the debates about key global issues such as Iran's nuclear programme or development in Africa. The current government, however, has been criticised for pulling a strategic retreat in foreign policy: reforming the UN Security Council and the IMF, energising the IBSA or BRICS grouping seem to have lost traction on the President's agenda. Foreign Minister Figueiredo's absence at the Geneva Conference on Syria – or the fact that Brazil was the only country among the ten biggest economies without a seat at Munich Security Conference – displays a relative lack of interest in global strategic debates. On the other hand, Brazil will host the 6th BRICS summit in June, during the World Cup, with the aim of finalising the establishment of the BRICS Development Bank.

## Looking ahead

This partial withdrawal also influenced this year's EU-Brazil summit. After an ambitious joint statement in 2013, the leaders of Brazil and the EU met this week in Brussels with more restraint, caution and realism. Last year, both sides had committed to collaborating on a number of issues, from the reform of the international financial system to climate change, nuclear non-proliferation and development in Africa. Concrete efforts were also made to address

the failure of negotiations on an EU-Mercosur free trade agreement. Yet domestic, regional and global conditions have since worked against the implementation of those commitments, to the extent that President Rousseff considered postponing the summit.

Despite lower expectations, however, the 2014 summit has resulted in concrete advances on specific issues. Both Brazil and the EU emphasised the need to find new opportunities for business and to strengthen the presence of European companies in the Brazilian market, especially in sectors where expertise is needed. Yet the controversial issue of regulation and standardisation still needs to be resolved, and Brazil and the EU are currently facing a trade-related bilateral dispute over illegal taxes on imports, particularly of cars and electronic goods.

The fundamental aim of the Strategic Partnership is to increase convergence on issues of global relevance and in multilateral fora. But bilateral cooperation on collective security has left much to be desired so far. While both parties share democratic values and respect for human rights, the divergence between Brazil's emphasis on sovereignty and non-intervention and the Union's commitment to democracy promotion has made consensus difficult. Following NATO's intervention in Libya, Brazil criticised the result of air strikes on the basis of R2P principles. At the 66th UN General Assembly, Rousseff introduced the concept of 'responsibility while protecting' (RWP), with the aim of reshaping UN guidelines for military action and engaging developing countries in security debates while reducing Western over-representation. However the RWP proposal was not fully backed by European countries, which saw it as an attempt to block intervention in crisis situations.

Nevertheless, the focus on Africa that came out of the summit is an indication that the partners may have found some common ground. The crises in the Central African Republic, Mali, South Sudan and Guinea Bissau received considerable attention, with strong emphasis on the security-development nexus and the need for multilateral humanitarian action. Furthermore, the NSA scandal catapulted internet governance and cyber security to the top of the bilateral agenda, with the establishment, *inter alia*, of an EU-Brazil Dialogue on International Cyber Policy. In April Brazil will host an international conference and the Union's support may translate into enhanced participation from Europe.

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