

The Relationship between Brazil and the European Union: Converging Interests and Divergent Strategies – the Stagnation of the Strategic Partnership

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Abstract

This article intends to show that if Brazil and the EU have converging interests in the promotion of economic growth, they have different strategies to achieve it. This shows a lack of political will to move forward with the deepening of the Brazil-EU Strategic Partnership as well as with the negotiations between Mercosur and the EU to create a bi-regional free trade area.

Keywords: Brazil, EU, Strategic Partnership, economic strategy, Mercosur

Introduction

When we analyze Brazil partners outside of Latin America it is easy to observe the prominent place that the US has always occupied. Even today, the United States is central to Brazilian foreign policy. Nevertheless, the relations between Brazil and the European Community have had deeper roots and have caused more relevant and lasting effects for the Brazilian national formation, since they include trade and financial flows – as well as Brazilian-North-American relations – but also shared values such as citizenship (CERVO, 2008: 242), democracy and human rights, upon which Brazil and the European Community have based their political cooperation. The first major dimension of these relations is from a social point of view, involving the ethnic and cultural aspects, as Brazil has received European immigrants in successive waves, who would be aggregated to the Brazilian ethnic element, existing nowadays “*a great balance of contribution from the large European countries compared with each other*” (CERVO, 2008: 242). With regard to economic ties, and after the opening of the Brazilian economy that followed the re-democratization of the country, strong economic links have been established between Brazil and several European Union member-states, something of huge importance to the socioeconomic development of Brazil. Throughout the 1990s Brazil received a lot of Spanish and Portuguese investments and, to a lesser extent, also from the Netherlands, Sweden, Switzerland and Norway (CERVO, 2008: 242). Upon these links of social and economic intimacy, Brazil had always been connected with European countries, especially the ones from the European Community. At the same time Brazil had kept a connection with member-states of the European Community by themselves. The bilateralism between Brazil-European Community and Brazil-member-states of the European Community, however, did not fully satisfy the latter, who had always sought a dialogue on an equal basis, with a single institutional interlocutor with whom they could talk as equals and speak on behalf of the entire sub-region (PATRÍCIO, 2009 a): 66). The emergence of this institutional partner in 1991, with the creation of Mercosur, however, made the existing relationship framework even more complex since that a third relationship was added to the previous two: the Mercosur-European Community relations, and in the meanwhile in 1992 the latter was transformed into European Union (EU) through the Maastricht Treaty. Nowadays, the equation encompasses therefore three axes of relationship and this triple relational axis seems all but completely stalled at time because of negotiating impasses, and sometimes because of specific internal issues of the various parties that overflow to the mutual relations. It follows that the parties themselves seem unable to advance towards the deepening of their mutual relations, even as a way to structure common strategies to overcome economic difficulties. In this sense, Brazil-EU bilateralism and within it Brazil-EU member-states bilateralism has been privileged vis-à-vis to the Mercosur-EU bi-regionalism. If this might bring advantages in the short term, it does not suggest to be the way to a sustained economic growth of the parties, which in the long term should lead also through a bi-regional channel as well.

Theoretical Approaches for the Brazilian and the EU Foreign Action

The EU is going through difficult times. In parallel to the changes in the reorganization of the international system on account of the reordering of the global power, the EU faced a Euro-crisis of sorts (YOUNGS, 2011), which quickly turned into a serious political crisis exacerbated by both Greek and communitarian intransigence that hinder the achievement of a true agreement. The limitations of the EU economy and the precariousness of the single currency, in the form and delay with which they have responded to the crisis have turned an initial Euro crisis into an existential dilemma, not only for the single currency, but also for the European Project itself (SOLBES, 2011; 19-20). On the other hand, the absolute focus of the German Chancellor Angela Merkel on austerity has led to the decomposition of the EU's member-states into a North-South division, which is incompatible with the character of the European integration (GATIUS, 2011 b), as well as all sorts of high costs to the weakening of the European Project and the erosion of the European's global influence in matters on which the EU had always been at the forefront, such as trade liberalization, development and climate change. This context of difficulties has brought new challenges to the EU (re)disposing the immediate economic interests as a priority target of its foreign policy. At the same time, some of its member-states individually like Germany, France or Spain have started to manage their international initiatives towards economics, in such a way that the very old concept that the most optimistic 1990s had moved to the background – the concept of geo-economics – seems to have returned to the core of the EU public politics for the external sector. Being so, the question “*what kind of geo-economics EU do we intend to create*” is the greater challenge that now the EU faces and has to answer (YOUNGS, 2011; 13).

Thus, to the strategic partnerships of first generation that the European Community established with the developed countries, its traditional allies and partners (USA, Canada and Japan), and to the strategic partnerships of second generation, which the EU sought to establish with other regional integration blocs along the 1990s, albeit without that designation and without much success, there have followed, since the beginning of the 21st century, new strategic partnerships. These strategic partnerships of third generation are the ones that the EU has established with the so called *emerging countries*, particularly from Asia and the Americas (GRATIUS, 2011 b), many of which still receive development cooperation help from the EU. Actually, the EU “*has departed from a regional towards a bilateral approach in its foreign policy in the world*” (HOFFMAN, 2009: 57) due to the limits founded in the regional approach that it tried unsuccessfully to engage in during the 1990s (GRATIUS, 2011 b; SARAIVA, 2009: 92). This also corresponds to a new orientation of the EU external action which is seeking to diversify partners and thus tries to go beyond its traditional relationships with the USA, Canada and Japan (GRATIUS, 2011 b). Therefore, while this new strategy of the EU external action is assumed as the means by which the EU has repositioned itself in the changing international system, it also aims to strengthen its image as a power that is adapting to the multipolar world (GRATIUS, 2011 b) and addressing the economic difficulties which were brought by the new millennium and which it still has to deal with. This has been one of the main strategies of action of the EU in terms of foreign policy in the 21st century, especially because emerging countries are also investing in the geo-economics dimension to ascend in the international power hierarchy. The Brazil-EU Strategic Partnership fits in these considerations about the strategic partnerships that the EU has established with emerging countries, most notably it particularly reflects the EU consideration of Brazil as a country too big and therefore too important to be adjusted in an inter-regional partnership like Mercosur-EU, which nevertheless appears imperative to the success of this bilateral relationship. On the Brazilian side, the failure of the negotiations between Mercosur and EU has led Brazil to seek alternative markets, particularly among emerging countries. While the South-South dialogue has gained a special dynamic in the Brazilian foreign policy, Brazilian relations with its traditional partners (USA and EU) had passed to occupy a secondary place (PATRÍCIO, 2011 a): 67), which caused the decline of economic flows between Brazil and the EU. In fact, the primary focus of the former president Lula (2003-2010) was the South-South dialogue, thanks to the Chinese demand for commodities and the high price of these goods on the world markets, which boosted the booming Brazilian economy (SARAIVA, 2007: 8). This strategy has allowed Brazil to achieve the status of a global player with a new global projection of opportunities having opened up to the country, which has assumed itself as the leader of the demands of the emerging powers for a more just and equitable international order (CERVO, 2008: 85). Being so, in 2007 the option for the Strategic Partnership with the EU seemed interesting to Brazil mainly as a prestigious acquisition on the international system, even because the global economic crisis had slowed down trade and investment between Brazil and the EU, while China's relative weight in the Brazilian economy seemed to be unstoppable, increasing day by day.

On the other hand, there was no consensus in the Brazilian domestic policy as to which relationship should be privileged – the Brazil-EU or the Mercosur-EU, or even the Brazil-EU member-states individually. President Dilma Rousseff (2011-2014) re-elected for a second term at the end of October 2014 and suffering an impeachment in 2016, being succeeded by Michel Temer, presented a different view, raising the relationship between Brazil and the developed countries at the same level of importance occupied by Lula South-South dialogue. Temer reinforced this position. After all, with the exclusive focus on this dialogue, Brazil had not achieved the technology it needs (PATRÍCIO, 2011: 10) and, on the other hand, in addition to a growing de-industrialization of Brazilian economy, Brazil is getting excessively dependent on the Chinese economy, in addition to losing its traditional partners in the region (PATRÍCIO, 2011 b). In this sense, the Strategic Partnership with the EU has started to come to Brazil as a means of diversification of partners in its foreign relations through the strategy of “*autonomy through diversification*” (VIGEVANI and CEPALUNI, 2007), i.e. as a means of obtaining technology and also meeting support to claim for a permanent seat on the United Nations Security Council, as Brazil views the EU as a key player in strengthening its recognition as a global power.

At the time that the Strategic Partnership was being negotiated, however, a significant change in the perceptions of Brazilian foreign policy decision-makers occurred. Their interests substantially decreased in South America as global opportunities emerged (CASON and POWER, 2009). Thus, Brazilian foreign policy for the sub-region has become increasingly defensive and less offensive in terms of initiatives, while South American integration, although still a goal in Brazilian foreign policy, is no longer a priority (VIGEVANI et al, 2008). The regional environment has taken on an increasingly instrumental role for Brazil: it remains a central piece of the internationalization of the Brazilian economy, which the country, as a regional power, has the duty to maintain stable. However, its foreign action priorities nowadays go far beyond this space, as Brazil becomes a global player recognized as such by established world powers like G8 or the EU (MALAMUD, 2011: 2).

On the Content of the Exchanges between Brazil and the EU

The impasse on the negotiations between Mercosur and the EU aimed at reaching an agreement in order to create a bi-regional free trade area opened space for deeper bilateral relations between Brazil and the EU. These relations have since then benefited from the new international projection goals of the Brazilian foreign policy and also from the new European geo-economic external action. A combination of factors that would have eventually led the EU to reassess its actions towards Latin America and eventually adopt, towards Brazil, “*the model it had already applied in the management of [their] relations with its key international partners (...) i.e. the relations of «strategic partnerships»*” (BARTHELMESS, 2008, apud LESSA, 2009: 103). Thus, under the Portuguese Presidency, the EU suggested to establish a strategic partnership with Brazil, understanding that “*the strategic partnerships of the European Union are born parallel to the formation of the EU foreign policy and denote the deepening of its regional integration. Such diplomatic mechanism objectives to establish specialties with global powers aiming at the joint promotion of multilateralism, the treatment of the main issues of the international agenda and the achievement of interests of a bilateral nature*” (PELANT, 2011: 130). It must be said that the European discourse has always been based upon the *complementarily via*, which means that the EU has always believed in the relationship between Brazil and itself as a complement to finalize the Mercosur-EU Agreement, i.e. the EU has greatly relied on the global capacity of action of Brazilian different spheres of interest and influence (CASSARO, 2013: 34).

The establishment of the Brazil-EU Strategic Partnership in 2007 did not, however, change the importance of Brazil in the European Union's economic flows, while the EU kept in a prominent position in the Brazilian economic flows. In addition to maintaining the historical kind of economic flows between Brazil and the Communitarian Europe, the Brazil-EU relationship sets up a markedly limited and asymmetric North-South profile trade character, because of the discrepant composition of export and import kind of goods from one partner to another. Indeed, according to a report dated September 2014 by the Commercial Intelligence Division (DIC) of the Department of Trade and Investment Promotion (DPR) of the Brazilian Ministry of Foreign Affairs (MRE), 50% of Brazilian exports to the EU in 2013 were basic products, with iron ore, soybean meal and crude oil as the leading goods. Manufactured goods came in second place in Brazilian exports to the EU, representing 37% of the total. Within this group of manufactured goods, the floating platforms for drilling/exploration of oil and the mechanical machines stood out. In the meanwhile, semi-manufactured goods were in the third place, representing 13% of all Brazilian exports to the EU.

In turn, 95.7% of Brazilian imports from EU were manufactured products, particularly pharmaceuticals and mechanical machines, while the semi-manufactured were in the second position, at 2.9% of the total. On the other hand, basic goods had a share of only 1.4% of purchases made by Brazil to the EU during that year (DIC-DPR-MRE, 2014: 9). The discrepancy between the products purchased and sold by Brazil to the EU has not historically brought about trade deficits to the country in its relationship with the bloc, as prices of the export commodities have been quoted with high values in international markets. In fact, the performance of the Brazilian trade balance has shown to be more associated with the march of commodities prices on international markets and also with the demand from Asian countries, especially China. This situation has made Brazil neglect the issue of diversifying its export goods (OREIRO e FEIJÓ, 2010 apud CASSARO, 2013: 62), which is of vital importance to the country, but just very recently has it made politicians, and academicians, as well as a few business people think about the degree to which the Brazilian economy is becoming more and more reliant on primary-sector goods. In this sense, the historical trend of the Brazilian-EU bilateral trade is, on the one hand, the increase of this trade, although this is more representative for Brazilian foreign trade than for the EU. On the other hand, this bilateral trade presents the historical trend to be favorable to the Brazilian trade balance, which accumulates surpluses, and to be unfavorable to the EU trade balance, which accumulates deficits (MDCI, 2008; DIC-DPR-MRE, 2014: 8)¹. 2009 defines the beginning of the change in that trajectory. Indeed, between 2009 and 2013, and although trade between the two parties has grown by 55.3%, Brazilian exports to the EU have grown by 39.7%, while imports have skyrocketed by 73.6%, resulting in a trade balance unfavorable to Brazil in 2013 by around USD 3.9 billion (DIC-DPR-MRE, 2014: 8). During this period Brazil was living under a stimulated consumption model, which explains the increase of its imports from the EU. The EU, on its hand, had just entered a crisis which would particularly affect the Eurozone, thus justifying the reduction of its imports from Brazil. In this sense, over this period, the EU has remained a key player in the Brazilian foreign trade, but with a lower importance. At the same time, China has gained weight in the Brazilian foreign trade. After all, in 2007 the EU representativeness as a destination of the Brazilian exports was of 25.1%, a value that decreased to 20.14% in 2012 – in stark contrast with what has happened to the representativeness of China as a destination of the Brazilian exports. Between 2007 and 2012, Brazil has increased its sales to China by around 283.55% and in 2012 China had already 16.99% of representativeness in the total of the Brazilian exports destinations (MDCI, 2012). Upon examination of the two parties of the strategic partnership, it is not just Brazil that is getting more dependent on trade with China. Also the EU, though extremely dependent on its domestic market, given that most of the exchanges are made amongst the Member States within the intra-regional space, is increasingly dependent on trade with China too. In 2013 China has even assumed the leading position as the EU's trade partner, both in terms of origin of its imports and in terms of destinations of its exports, while Brazil has been in the 10th position in both criteria (DIC-DPR-MRE, 2014: 7). In terms of destination of EU exports Brazil was behind South Korea, while in terms of origin of EU purchases Brazil was behind India. It should also be noted that, among the Member States of the EU, the Netherlands, Germany, Italy, in this order, are the main destinations of the Brazilian exports, leaving Spain in the 6th place and Portugal in the 8th place (DIC-DPR-MRE, 2014: 10).

¹It should be noted that the way Eurostat calculates exports and imports is different from the way MRE/MDCI does it. First, to analyze data on EU imports, MRE and MDCI equate all purchases made by Member States within the EU, forming the sub-regional values, to which they add the extra bloc values. Eurostat, for its part, does not add those values, but excludes them, as it regards as foreign trade only the trade conducted by the EU with third parties and not the trade realized among its Member States. Furthermore, Eurostat provides EU's external trade statistics that are registered in accordance with FOB criteria (free on board) for exports and with CIF criteria (cost, insurance and freight) for imports. This means that exports are registered at their purchase price and all expenses to put them on board of the carrier vehicle, not including freight and insurance values - values that are only paid while the goods are within the statistical territory of the EU - and imports are registered at their purchase price together with all shipping and insurance costs - amounts that are paid as long as the goods are not within the statistical territory of the EU (CONCEPTS & MÉTHODES EN 2014). Brazil follows the FOB criteria for both the registration of statistical values of exports and imports, which means that the MRE and MDCI register exports and imports by their respective sale price plus all costs to put the merchandise aboard the carrier vehicle, without including the value of freight and insurance, except while the goods are in the Brazilian territory. Thus, often the results presented by the MRE/MDCI are more favorable to Brazil than those presented by Eurostat - the deficits of the Brazilian trade balance with the EU, for example, presented by Eurostat are higher than the same deficits presented by the MRE/MDCI (MDCI/DEPLA, 2014).

In terms of the origin of imports, Germany is the EU Member State from which Brazil buys the most followed by Italy, France and Spain, leaving Portugal in the 10th position after Sweden and Austria (DIC-DPR-MRE, 2014: 11). From this analysis of the data, we can infer that although the EU globally remains the biggest Brazilian trade partner and although Brazil is the biggest EU trade partner in Latin America, the full increase in the Brazil-EU trade exchanges has not been the result of new policies accompanying the Strategic Partnership of 2007. Besides, this full increase of exchanges ends up losing much of its expressiveness as the so called *China effect* becomes more and more relevant, particularly in the Brazilian economy. In terms of foreign direct investment (FDI), it should be noted that investments made by the EU in Brazil are more stable than those made by Brazil in the EU. In 2012 Brazil attracted 43% of the total FDI that the EU had channeled to the whole of Latin America (EU BRAZIL, 2014) and in 2009, the EU was responsible for the largest stock of FDI made in Brazil, with over 40% of the total FDI that the EU had made in Latin America – a value equivalent to more than the double of the European FDI made in China, a higher value than the European FDI made in China and India together (MARTINS, 2012: 91). This situation may be justified by the process of economic liberalization that began in Brazil during the 1990s, which has been followed by accelerated economic growth since the turn of the century. On the other hand, Brazilian law favors the entry of foreign capital flows and hampers, and sometimes even restricts the outflow of capital, which has to do with the Brazilian economy's need for capital (CNI, 2013: 28). However, the European investors in Brazil have security and legal permission to send their profits to their countries of origin and foreign capital is under the same legislation as that applicable to domestic investment. Besides, PT governments have enforced a series of policies to reduce the costs associated to investments, such as the reduction of the tax burden on those investments, the reduction of the costs related to infrastructure and also the reduction of energy costs (by around 32%) for companies wanting to establish themselves in Brazil (INFOTEC PME, 2014: 3). In relation to the direct investment flows made by Brazil abroad, the country has shown a very volatile behavior, especially when compared with other emerging countries, for which Brazil has been losing ground (CNI, 2013: 22). Indeed, there is a considerable disparity of values between the amount of FDI that enters into Brazil and the amount that comes out. Still, Brazilian investment rate, according to IBGE (2014) was in 2013 of 18.4% of GDP, slightly above the previous year, when it had been of 18.2% an increase that is due to the action of the BNDES. In this context, the volume of Brazilian FDI bound for the EU in 2013 was of € 21,487 million, while the European volume of FDI that entered in Brazil that same year was of € 35,621 million (EUROSTAT, 2014), which does not surprise since nowadays Brazil offers more opportunities than the EU. From the Member States of the EU that have invested the most in Brazil, Spain, Luxembourg, France and Germany stand out. In 2013, Luxembourg was a clear leader, having invested € 7.049 million, followed by France, € 2.721 million, then by Germany with € 2.178 million and finally Spain with € 1.559 million. Portugal, which had in the second half of the 1990s been a major investor in Brazil, nowadays contributes with small amounts of FDI in the country (EUROSTAT, 2014).

In its turn, Brazilian FDI destined for the EU addresses, above all, to Luxembourg, Belgium and at a great distance, to Spain. In 2013, Brazilian FDI bound for Luxembourg was of € 16,508 million, while the one that went to Belgium was of € 3,798 million and the one that went to Spain was of € 250 million (EUROSTAT; 2014). The National Confederation of Industries (CNI) explains the geographical destinations of Brazilian FDI based on the final destination of the capital exported by the country, because of the importance of the offshore funding mechanisms, such as the fiscal paradises and the so-called *special purpose entities* (SPEs²), in the international movement of capital. After all, these mechanisms channel the financial flows designed for investment and redirect them to third countries. CNI even claims that, according to UNCTAD, the fiscal paradises account for about 6% of the total global flows of Brazilian direct investment, and that among the countries that fall under the category of prime locations for SPEs, are the Netherlands, Luxembourg, Austria and Hungary. According to CNI and UNCTAD, Portugal and Denmark are increasingly standing themselves out as possible future prime locations for SPEs (CNI, 2013: 36). It is also interesting to note that, beyond the economic exchanges, the Brazil-EU Strategic Partnership covers several other matters, for which the EU cannot rely on other strategic partners for cooperation, such as alternative energy and climate change. Issues in which they have been structuring a mutually advantageous complementarity, since the EU offers green technology (wind and solar) and Brazil offers biofuels.

²The SPEs are "entities established for a specific purpose (administration, foreign exchange risk management, facilitation of investment financing) or a specific structure (e.g. holding companies)" that tend to "be settled in countries with low tax rates or that offer specific fiscal benefits" (CNI, 2013: 36).

In this cooperation both Brazil and the EU are at the forefront in the creation of a global system against climate change, with Germany as one of the biggest contributors to the Amazonian Fund (GRATIUS, 2011 a). New perspectives also arise for development cooperation, as the EU spends less and less money in this type of cooperation and Brazil has emerged as one of the donors of the future. Therefore a joint action through the establishment of triangular cooperation projects with the European Commission can be structured in Africa in this issue to fight against extreme poverty, hunger and global warming and to fight to achieve sustainable development, and even conflict resolution. They can also fight together to achieve global promotion of peace, resolution of the global economic crisis, promotion of political, economic and trade dialogue, cooperation in the vector of social relations and cultural affairs, academic cooperation and sector dialogues under science and technology (STRATEGIC PARTNERSHIP, 2007). Here the bilateral cooperation in the area of Information and Communication Technologies (ICT) is something worth highlighting.

According to Martins (2012: 92) they "have benefited from special attention because of their strategic importance and they have been contained in an EU-Brazil joint project with a funding of 5 million Euros from each party". These new plans and projects for bilateral cooperation have been translated into concrete initiatives through the EU-Brazil Joint Action Plan 2015-2017 (EU COUNCIL, 2014).

Opportunities and Challenges of the Brazil-UE Relationship

From the foregoing it becomes clear that neither Brazil is a priority of the EU economic foreign policy, nor is the EU a priority of the economic vector of the Brazilian foreign policy. Moreover, the current situation does not seem to be particularly favorable to major advances in the deepening of this partnership, since many difficulties appear on both sides of the Atlantic, narrowing the possibilities of progress in the Strategic Partnership of 2007.

Firstly, in Brazil a period of contraction in the country's foreign policy is being experienced, as a result of the domestic problems that the country has been facing due to economic stagnation, the corruption scandal that has strained the Brazilian political elites and the difficulties of governance that the new Temer government has faced. Also the EU, in addition to the economic setbacks and the Ukrainian issue, has had to deal with the endless negotiations with the Greek government aimed at finding a solution to what has been long stalemate, not to mention the Catalan issue suddenly erased from the media agenda after the Scottish referendum of September 2014 – an issue that looks like the "supranational political organization put the rivalry between the national powers (unitary or federal, indistinctly) and the power of the EU on the agenda". In the end, the EU is just being asked to demonstrate "ability to react as a bloc that the diversity of its 28 members makes complex and difficult" (MARTINS, 2014: 73), as well the opting out of the United Kingdom.

On the other hand, the Brazil-EU Strategic Partnership is not constituted as a free trade as the agreement the EU has signed with several countries for years, even in South America, which means that the *South American giant* might be losing ground in terms of competitiveness for its neighbor of the sub-region. The stagnation of the Brazilian and European economies can create additional difficulties. Furthermore, the EU has faced the challenges posed by the outcome of the Transatlantic Partnership between the EU and the USA which will certainly limit the EU in further negotiations with Brazil on key products to the country, such as the agricultural ones. It is true that Brazil is interested in the conclusion of further and deeper economic agreements with the EU. After all, so far the Brazilian economy was at its height and until December 2013 the country had preferential access to the European market by the Generalized System of Preferences (GSP). This preferential access ended on January 2014 since Brazil ceased to be a GSP beneficiary, because the EU considered that the economic advancement of Brazil in the recent decades made it a more competitive country in the global point of view so it made no sense to be a GSP beneficiary. However, in 2013 Brazil was the fifth largest EU GSP beneficiary, since 12% of Brazilian exports to the EU had benefited from this system (INFOTEC PME, 2014: 7). When Brazil stops benefiting from the GSP, Brazil fails to join the group of countries whose exporters to the EU pay lower taxes on all or part of the products they export to the bloc, so becoming a member of large preferential agreements gains a real new importance to Brazil (INFOTEC PME, 2014: 7). Nevertheless, Brussels has also shown a huge interest in the relations with Brazil and in the Mercosur-EU bi-regional agreement, estimating that such an agreement would create a free trade zone of €59 million, increasing in 12% the Brazilian exports to the EU (EUBRAZIL, 2014). In this sense, the impediments that stand out for further development of the Brazil-EU Strategic Partnership in economic terms, especially with regard to the European agricultural protectionism and to the Brazilian industrial and government markets protectionism, must be overcome by the parties, based on their political will and consequent bargaining power.

The EU will have the additional task of defining more precisely what it means by *strategic partner* since, until now, its concern while choosing them has not been with the potential that they can present to enable the bloc to deepen multilateral cooperation with the emerging powers. The lack of pre-defined criteria for the choice of strategic partners and the heterogeneity that results from there as far as partners are concerned are some of the difficulties the EU has had to face because of that lack of criteria. There are even more difficulties, which may be appointed, such as the heterogeneity of the positions adopted by the EU and its partners in the field of environmental protection, international trade, international peace and security, human rights and other issues of the international agenda; the way the EU External Action Service deals with issues related to the strategic partnerships, not giving special treatment to strategic partners and not establishing any coordination among different services. There is even the possibility of the EU to continue to establish strategic partnerships with no criteria. All these possibilities actually demonstrate that the EU does not nourish ambitions to create highly selected categories of strategic partners (GRATIUS, 2011 b). Pragmatically, these strategic partners have been regarded by the EU as bilateral foreign policy tools towards an increasing number of states, with which the bloc defines bilateral agenda (LESSA, 2009:100).

Therefore, a strategic partnership “*ceases to be the expression of an agenda bilaterally built around political convergences and economic projects and it starts to be also a label with which states are of freed on state visits and under which international conventions are signed [ending] to prevail a normative vision of the relationship in question; it is a frame for the framework of the bilateral relationship, eventually guided by political consultation mechanisms*” (LESSA, 2009:100). Due to this fact, in September 2010, Hermann Van Rompuy said it was necessary to provide the EU with a common formula of action to give content to the strategic partnerships, so that Catherine Ashton promoted, in 2011, the debate on the criteria and objectives for the EU to choose its strategic partners, having been established that, for a country to be chosen as an EU strategic partner it would have to: a) hold a position of power in the international system; b) be a regional power; c) share values with the EU; d) fulfill interests of specific Member States; e) fit in with the EU priorities hierarchy; f) be important from the point of view of a hard core of issues related to security, democracy, trade and development (GRATIUS, 2011 b). The highlighted criteria are however far from composing a clear concept of strategic partnership, because in spite of being defined, each EU strategic partnership continues with its own content. Indeed, the only condition that seems to exist as a basis of the establishment of a strategic partnership between the EU and a state is the mutual commitment to reciprocity and with the interests and common duties, since the strategic partnerships support themselves on long term relationships based on equality and stability. This means that ideologies are transcended and a contribution to the strengthening of advantages and mutual trust is given. Thus, a strategic partnership implies a means of two-way benefit: rising third countries within the priorities of European foreign policy and rising the EU as priority to those third countries (GRATIUS, 2011 b). Actually, EU partners do not fulfill all the same time all criteria listed in 2011. The differences are considerable and the partnerships continue to rely on an ad hoc basis, depending on the EU needs, although all of them obey at the same module and through the one size fits all method: once a decision is made, the European Commission publishes a statement referring to the main lines of the future relationship, the partner in question responds, pointing out their respective priorities and a bilateral summit inaugurates the new strategic partnership. From here on, annual summits are celebrated where the partners launch joint action plans and establish a multidimensional cooperation at bilateral, regional and global levels (GRATIUS, 2011 b).

Concluding Remarks

Considering the opportunities and threats that the Brazil-EU Strategic Partnership faces on the basis of the evolution and the content of the mutual relationship between the parties, it is now clear that both parties have been adopting correct strategies. Indeed, if the Brazilian bet on the strategy of the “*autonomy through diversification*” has proven to be correct for the achievement of the country’s objectives in terms of international politics, the same can be said about EU strategy to focus on geo-economics to obtain economic advantages. The big issue here is that both Brazil and the EU will get much more from this relationship if they potentiate its opportunities and also if they are able to turn its threats into new opportunities. After all, both Brazil and the EU now face economic stagnation which could be overtaken both by boosting the Strategic Partnership between them, both by progressing effectively on the negotiations for the conclusion of the Mercosur-EU bi-regional agreement. This means that Brazil and the EU have converging interests in the promotion of economic growth, which is logged in both parties.

The deepening of their Strategic Partnership and the conclusion of the negotiations to create a bi-regional area between Mercosur and the EU could be two strategies to cope with the issue. Nevertheless, the truth is that Brazilian and European economic strategies are very different as far as their practices priorities are concerned. Actually, if Brazil does not seem to be a priority of the EU's economic foreign policy, the EU isn't also on the top of the Brazilian priorities in the field of its foreign economic relations. Albeit with economic problems, which could be solved by encouraging their mutual relations, Brazil and the EU have been developing divergent economic strategies, which are protectionist in the most important economic sectors, both in Brazil and in the EU. Although Brazilian and European interests converge in a certain way, their strategies to achieve them are quite divergent, which has shown a lack of political will to really move forward with the deepening of Brazil-EU Strategic Partnership and the Mercosur-EU negotiations to create a free trade area between both regional blocs.

Moreover, relations between Brazil and the EU have always oscillated between bilateralism and bi-regionalism and the preference of both parties has been clearly given to the first. However, the truth is that the combination of this bilateralism with the bi-regionalism would strengthen the global prominence of Brazil and would promote the recovery of the EU's international credibility as well as within South America, while a privileged Brazilian interlocutor. These efforts would benefit both parties and promote the Association Agreement between Mercosur and the EU (GRATIUS, 2009: 51). However, to do so both Brazil and the EU must clarify their strategies, bound them and direct them towards one another. It must be considered that for the EU it is essential to maintain the importance of the traditional transatlantic alliance as well as the European Neighborhood Policy. The first one is crucial to ensure the signing of the Transatlantic Partnership with the USA, which will be vital to the European economy, while the second one is vital to manage the geopolitical disturbances that have come sweeping central Europe with the crisis in Ukraine. So the EU must, and immediately, direct the focus of its third generation strategic partnerships, which are assuming a growing instrumental dimension, since the EU uses them, on the one hand as an instrument of *realpolitik* in bilateral terms, and on the other hand, in order to strengthen and broaden the scope of its foreign policy, and also to promote the image of a power that has adapted to the multipolar international order that has resulted from the emergence of new emerging powers (GRATIUS, 2011 b). It is therefore necessary that the EU defines, in a precise and unique way, what is a strategic partner and adopts a clear program of objectives and instruments to cope with its current strategic partners. It is also necessary that the EU implements a policy of *variable geometry* capable of dealing with a growing number of strategic partners, which implies selecting them according to clear priorities adjusted to the content of each strategic partnership (GRATIUS, 2011 b). Brazil, on its side, though living today a time of downturn in terms of foreign policy, with budget constraints and different emphases compared with previous governments of PT, for domestic political reasons, is nowadays focused on the economic, political and social problems, as well as on the corruption scandals in the state oil company Petrobras. Nevertheless, the country had been developing a coherent foreign policy based on the diversification of partners, widening its sphere of action and influence over the South Atlantic and adjacent, internationalizing its economy to the West African coast, seeking through this way to achieve autonomy. With its foreign policy contracted, however, Brazil must diversify its export goods to the EU, which are too concentrated on primary-sector goods. In the most recent years, this situation has resulted in successive trade deficits for Brazil, unlike the trend that had been in place until now. The importance that has been given to Brazil by the EU, either within the sub-region, either within Mercosur, either in the broader framework of the BRICS is clear and evident. From this, it is possible to conclude that the EU has kept a continued interest in Brazil and wishes to deepen the Strategic Partnership with the country and finalize the bi-regional agreement with Mercosur, for that making use of the influence of Brazil over the others.

After all, as regards Gratius (2013: 149), "*what makes the BRICS an interesting group is not only their economic power and size (43% of global population and 25% of global GDP), but also their ability to block decisions taken by the United States and/or by the European Union. Since these countries are not represented in due form in the international organizations like the IMF and the United Nations Security Council (except Russia and China), they tend to act out as veto powers against the «unilateralism of the West»*".

Once clarified and better defined Brazilian and EU will enhance their Strategic Partnership and simultaneously start completing the Mercosur-EU bi-regional agreement, although in the short term the most sustainable via is the bilateral one, because it requires less political effort from the interested and involved people. However it is certain that in the long term, the bi-regional via cannot fail to be added to the bilateral one, now that the bi-regional via will certainly be the one that will ensure the parties the biggest gains.

Indeed, through the bi-regional via, although the bilateral path of the Brazil-EU Strategic Partnership might be maintained, Brazil and the EU would benefit at the same time, from the advantages of the Brazil-EU bilateral relations and from the bi-regional Mercosur-EU relations. This option would represent the affirmation of Brazil in South America, the affirmation of the EU as a promoter of regional integration in Latin America and would still offer effective conditions for the increase of trade between the two regions. In fact, valuing the bi-regional, will be to value an extra via of relationship either for Brazil and for the EU, aiming at the development of the Strategic Triangle EU-Africa-Latin America. An interesting development and enhancement through the joining of the three continents where Portuguese is spoken and which could be made in through the EU by Portugal, through Latin America, by the Brazil and through Africa by the African Portuguese-speaking countries. It is worth remembering that in the 1990s, Portugal and Brazil, both have founded the Portuguese Speaking Countries Community (CPLP), in which all of these countries are integrated.

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