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## **The European Union Strategic Partnership Agreement with Brazil – Ten Years of Action in Place and Future Perspectives**

### **Introduction**

Importance of particular countries in the area of international trade and politics has been changing in the last few decades. The emergence of developing countries, becoming important trade partners of developed ones, was only one of the signs, that the world paradigm is no longer focused solely on the “western world”. As a result of these changes, mutual interests between developed and developing economies have been more and more visible, as both sides seem to have deep interests in bilateral cooperation. The European Union (EU) seems to follow such cooperation via the Strategic Partnerships Agreements (SPAs), being one of the tools in its external policy. It reflects the need for co-working with various partners, in order to enhance political and economic influence on global arena.

The SPA signed between Brazil and the EU in 2007 was an affirmation of long lasting cooperation between Brazil and the European countries. Due to the colonial links with Portugal, Brazil has been highly exposed

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to the European culture and its sphere of interests since the 19th century. A large European diaspora coming to Brazil in the 20th century (mostly from Portugal, Italy, Spain, Germany and Poland) triggered the increase of trade flows with Europe, and made Brazil an important partner for Europe in political context.<sup>1</sup>

The aim of this paper is to discuss the perception of the SPA between Brazil and the EU, after more than ten years since its establishment, taking into account the perspective of both partners. The study commences with the historical background of the relations between both partners, followed by the introduction to the main principles behind the SPA, and the analyses of factors which have strongly influenced the execution of the SPA's concepts. It finally concludes with the further possibilities of bilateral relations between the EU and Brazil.

### **History of Political Relations Between the European Union and Brazil**

When the European Communities (EC) have been formed in 1958, Brazilian authorities treated this European integration carefully and with cautions, rather than with excitement about the possible future outcomes. Countries from the Western Europe had been important trade partners of Brazil, with Italy and Germany being on the top of its export list. Brazilians were afraid, that the EC would shift its trade interests to French, Belgium or Italian ex-colonies, which could have received greater privileges than Brazil, due to their historical ties. Having that in mind, Brazil sought to establish a formal diplomatic cooperation with the EC, which was finally formalized in 1960.<sup>2</sup>

Accession of Spain and Portugal to the EC should be perceived as the turning point in the nature of bilateral relations between the EC and Brazil. Both new countries of the EC promoted Latin American region as an important partner that should receive more attention in the area of trade agreements. Later on, in the early 1990s Mercosur has emerged, with four member countries (Brazil, Argentina, Paraguay and Uruguay). It has strengthened a negotiation position of Brazil, having the highest trade flows and foreign direct investments coming from the EC countries. All of those circumstances placed Brazil on an informal leading position in the Latin

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<sup>1</sup> L. Koshiha, D. Pereira, *Historia do Brasil (History of Brazil)*, Atual Editora LTDA, São Paulo 1994, pp. 28–30.

<sup>2</sup> A.C. Lessa, *Brasil, Uniao Europeia, America do sul: anos 2010–2020 (European Union, South America: years 2010–2020)*, Fundacao Konrad Adenauer, Rio de Janeiro 2009, p. 101–102.

American region while discussing the bilateral cooperation agreements.<sup>3</sup> This position has been confirmed by signing the Framework Agreement for Cooperation, signed off by the EC and Brazil in 1996. A twelve-page document, although being rather generic, included significant milestones, such as “most-favored-nation status”, in accordance with the General Agreement on Tariffs and Trade (GATT), or promises of a closer cooperation in such areas as science, R&D development, energy and mining.

New chapter of bilateral cooperation between the EU (formal successor of the EC) has been commenced in 2007, during the first summit between EU and Brazil. Formal meeting, which took place in Lisbon (historical flavour due to the past colonial ties between Portugal and Brazil) resulted in presenting Country Strategic Paper for Brazil by the EU representatives and signing the Strategic Partnership Agreement (SPA) between the EU and Brazil.

### **Formal Partnership Between the European Union and Brazil**

Although the initial steps of bilateral cooperation between the EU and Brazil, as described in the previous paragraph, should be dated back to 1960s, signing of the SPA aimed to formalize various action plans and mutual acts of cooperation between both parties. According to the formal framework of the cooperation, the SPA includes ten milestones, which both partners have acknowledged to be the most emerging ones back in 2007 in terms of bilateral cooperation.<sup>4</sup>

Main tool of the SPA’s execution had been established under the framework of sector dialogues, which were supervised by Ministério do Planejamento, Desenvolvimento e Gestão (Brazilian Ministry of Planning, Development and Management) and the European Union External Action Service. Sector dialogues covered 35 segments of “mutual interests” of both partners, and aimed to facilitate knowledge sharing and strengthening of the political ties. According to the official sources, sector dialogues supported creation of over 200 seminars and workshops, over 180 economic missions and resulted in more than 8000 working days of experts coming from both the EU and Brazil.<sup>5</sup> Total of 16,9 million euros

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<sup>3</sup> Ibidem, p. 102.

<sup>4</sup> Communication from the Commission to the European Parliament and the Council, *Towards an EU–Brazil Strategic Partnership*, <http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A52007DC0281> (last visited 8.12.2017).

<sup>5</sup> *Sector Dialogues within the EU – Brazil SPA framework*, <http://sectordialogues.org/> (last visited 7.12.2017).

**Table 1. Ten milestones of the SPA signed between the EU and Brazil**

1.	Strengthening Multilateralism
2.	Raising Human Rights Standards, Fostering Democracy and Governance
3.	Achieving the Millennium Development Goals and promoting regional and social development
4.	Protecting the environment
5.	Strengthening energy cooperation
6.	Enhancing Latin America's stability and prosperity
7.	Advancing the Mercosur agenda
8.	Reinforcing trade and economic relations
9.	Justice, Freedom and Security
10.	Bringing people together

Source: Towards an EU-Brazil Strategic Partnership, Brussels 2007.

has been dedicated for realization of the projects under the umbrella of sector dialogues between 2007 and 2016. Although financing of the initiatives came mostly from the EU (11,6 versus 5,3 million euros), Brazilian institutions took more active role in shaping the future milestones of bilateral cooperation (41 Brazilian institutions involved, versus 27 from the EU).<sup>6</sup> One of the main blocks of sectoral dialogues aimed to improve the cooperation of both partners in the area of human rights and international peace and security. Apart from the standard actions undertaken as part of the sector dialogues, Brazil and the EU agreed to participate in regular consultations (high-level dialogue) on peace and security issues in 2013, in order to take an active role in peace-keeping and peace-building initiatives in the worldwide perspective. Although there were several differences between Western world strategy in the area of international peace and security (including among others, the military interventions), Brazil aimed to pursue the bridge-building role with such partners as the EU or the US, which historically took a leading roles in the international security agendas.<sup>7</sup>

<sup>6</sup> *Resultados do Projecto Apoio aos Diálogos Setoriais União Europeia–Brasil 2008–2016 (Results of the Aid Project within Sector Dialogs of European Union–Brasil 2008–2016)*, CESO Development Consultants/FIIAPP/INA/CEPS, February 2017.

<sup>7</sup> *Brazil and the EU: partnering on security and human rights?* “FRIDE A European Think Tank for Global Action”, April 2013.

While establishing the action plan for the SPA, Brazil and the EU emphasized the importance of this formal framework. In fact, both partners perceived it as a tool helping to obtain certain goals and interests. From Brazilian side, the most prominent one was the will to act as a global power in the international forum. Along with recognition of Brazil as the regional leader, its external policies aimed to cooperate further with the most prominent actors, in order to achieve the status of global middle power in the short run, and achieve the status of the global power in the long term. Being one of the few countries to have signed the SPA with the EU, Brazil had sent a clear message that apart from the cooperation with the largest emerging economics (e.g. in BRICS block), it was also ready to pursue a stronger collaboration with the major actors in the developed world.<sup>8</sup> Closer partnership with the main economic powers was essential, and the EU seemed to be more reasonable choice for Brazil than for example the US. According to Saraiva (2017), closer ties with the US were out of the question, since it would impose limits to Brazilian autonomy in the regional level.<sup>9</sup> On the other hand, although Brazil aimed to act as a global power, it was careful not to collide its position in the regional context in order not to weaken the relationship with the neighborhood countries.<sup>10</sup>

On the other hand, the EU aimed to tighten the economic and political links with Latin America, and through the SPA with Brazil, expected to increase its position in that region. In fact, concluding the SPA with Brazil has been perceived as a response to the long lasting and unsuccessful rounds of negotiations between the EU and Mercosur, with regard to the Inter-regional Association Agreement. First round of discussions between those partners had commenced in the middle of 1990s, through Interinstitutional Cooperation Agreement,<sup>11</sup> however during over twenty years, these organizations have failed in negotiating the final scope of the cooperation. The failure was mainly due to the conflict of interests in respect of agriculture products protectionism.<sup>12</sup> Last round of the formal

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<sup>8</sup> A. Malamud, *A Leader Without Followers? The Growing Divergence Between the Regional and Global Performance of Brazilian Foreign Policy*, "Latin American Politics and Society", August 2011, pp. 1–24.

<sup>9</sup> M. Saraiva, *The Brazil-European Union strategic partnership, from Lula to Dilma Rousseff: a shift of focus*, "Revista Brasileira de Política Internacional", Vol. 60, February 2007.

<sup>10</sup> *The EU Strategic Partnerships Review*, "European Strategic Partnerships Observatory", April 2012.

<sup>11</sup> Press Release of the EU, [http://europa.eu/rapid/press-release\\_MEMO-94-62\\_en.htm](http://europa.eu/rapid/press-release_MEMO-94-62_en.htm) (last visited 8.12.2017).

<sup>12</sup> M. Medeiros, N. Leitao, *Bridge over trouble waters: Brasil e Uniao Europeia*, "Fundacao Konrad Adenauer", Rio de Janeiro 2009, pp. 29–31.

negotiations between the EU and Mercosur has been held in November 2017 in Brasilia, and according to the official press release of European Commission “both sides confirmed their commitment to conclude an agreement, that will be greatly beneficial for all, before the end of the year”.<sup>13</sup> Although at the time of submitting this paper, no information about formal conclusion of the agreement between EU and Mercosur was published, it is likely that the outcome will be finally positive, after many years of negotiations impasse.

According to Meissner (2015), the EU was also afraid of losing its interests and negotiation position with Brazil to other major actors in the international area, such as the US or China (or broadly speaking other BRICS countries). Consequently, through concluding the SPA with Brazil, the EU has confirmed its interests in the Latin America region, even though at the same time compromised the inter-regional agreement with Mercosur, as other countries affiliated within Mercosur (mostly Argentina), perceived that bilateral agreement with high degree of disaffection.<sup>14</sup>

During ten years of the SPA between the EU and Brazil being in place, several internal and external factors have emerged, resulting in questioning *raison d'être* of the discussed SPA. The following part of the paper aims to analyse the perspective of both counterparts in light of emergence of these questioning arguments.

## **The European Union Perspective**

While shaping the final version of the SPA, neither the EU nor Brazil could have predicted, that shortly after its conclusion, worldwide paradigm would be modified due to the emergence of largest economic and financial crises since the Second World War. It is worth mentioning, that 27 member states countries of the EU (and 28 member states starting from 2013) have not overcome the economic crisis homogeneously. Simultaneously, the economic crisis was a severe test for the EU itself, since it has revealed that facing complex economic and social problems with one single voice is difficult to achieve.<sup>15</sup> If we consider that part of the EU is outside of the common currency zone (Euro), and hence differs fundamentally in mac-

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<sup>13</sup> *EU completes latest round of trade negotiations with Mercosur*, <http://trade.ec.europa.eu/doclib/press/index.cfm?id=1754> (last visited 8.12.2017).

<sup>14</sup> K. Meissner, *The time has come to look at Brazil. The EU's shift from international negotiations with MERCOSUR to a Bilateral Strategic Partnership with Brazil*, “European University Institute” 2015.

<sup>15</sup> G. Baber, *Development, the European Union and the financial crisis: assessing the picture*, “Journal of Financial Crime”, Vol. 23/2016, pp. 441–464.

roeconomic sense, and that member states' interests may vary during so called "bad times", we can immediately see the high complexity behind the EU decision-making framework. At the same time, combating the negative impact of crises diminished the attention of the EU towards bilateral agreements, consequently pushing such topics to the second plan.

Not only the economic crisis had an influence on the EU in the internal context, but also had important implications externally. All the SPA agreements that the EU signed prior to the crisis, have been seriously contested shortly after the crisis emergence. Discussion about the climate changes in 2011 and the upcoming challenges related to this topic, have clearly showed that the major partners to the EU (that is to say, strategic partners), such as India, China or Russia, have shown opposed view to the EU policy in that regard. Moreover, the military actions in Syria also revealed some varying approaches on the issues of global security and human rights. And the problem is that those complicated aspects are, among others, components of each SPA signed by the EU, and so make the SPA negotiations more difficult. The above examples, although not being directly linked to Brazil, showed the weakness of diplomatic instruments effectiveness in shaping the EU external policies.<sup>16</sup>

Another factor that intensified the ineffectiveness of SPAs, was the enlargement of the EU (already signaled in the paper). Although the SPA between the EU and Brazil was signed in 2007, therefore when the EU already consisted of 27 member state countries (only one country, Croatia, joined the EU after the SPA has been concluded), the idea of the SPA itself had emerged much earlier, when the EU consisted of only 15 member states. The EU enlargement and the fact that it may be effectively having internal inconsistencies (between old vs. new member states), became a serious threat to the Brazilian SPA, which, next to the economic crisis and Brexit (decision of Great Britain to leave the EU) depreciate the European coherence and suggesting that the EU and its structures are not in a good shape anymore.<sup>17</sup> The problems of the EU have not passed unnoticed in the worldwide politics. Brazilian diplomacy has been always very careful in treating the EU as a collective entity, which makes it a very difficult partner for negotiations,<sup>18</sup> and the described arguments only strengthen such perception.

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<sup>16</sup> *The EU Strategic Partnerships Review*, op.cit.

<sup>17</sup> *The future of the European Union*, "The Economists", <https://www.economist.com/news/special-report/21719188-it-marks-its-60th-birthday-european-union-poor-shape-it-needs-more> (last visited 8.12.2017).

<sup>18</sup> M. Saraiva, op.cit.

One of the major problems of the SPAs signed by the EU is their undefined context. Although the EU claims to engage in strategic partnerships with the countries sharing the same norms and values, and likewise the EU, seeking a state of effective multilateralism,<sup>19</sup> this statement is rather general and may be interpreted in a various ways, making virtually any counterpart eligible for engaging into the SPA. Currently, apart from Brazil, the EU signed the SPAs with eight other countries – USA, Canada, China, Republic of South Africa, India, Russia, South Korea and Mexico, which are not always showing coherent approach towards the multilateral and global matters. Consequently, in order to make the SPAs more credible, its definition should receive different reasoning in order to be fully consistent with the reality of signed agreements.<sup>20</sup>

Together with a high number of bilateral agreements signed by the EU each year with the external parties, it is not quite clear which of them should receive more attention, or that is to say, should be treated as the primary tool to define most important partners of the organization.<sup>21</sup> While searching the official EU databases where the SPAs signed by the EU are listed, it is not clear which countries are indeed strategic for the EU. As clarified by the EU Direct Contact Centre, the EU databases “don not allow, at least for the moment, to extrapolate an exhaustive list of the Strategic Partnership Agreements”.<sup>22</sup> Although it does not mean that such agreements do not exist or are somehow hidden, however if one is willing to review all of them, an extensive research of parties country by country is required. This illustrates a multitude of different agreements signed by the EU each year.

### **The Brazilian Perspective**

With the start of Lula da Silva presidency in 2003, Brazil had been strengthening its position on the multilateral forums, with more actions undertaken in the area of partnerships' formation in all continents. The SPA signed with the EU was in line with the new vision of Brazil expressed by Lula, who aimed to reinforce partnerships with major economic powers, developing countries (BRICS) and still be an active player

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<sup>19</sup> R. Balfour, *EU Strategic Partnerships: are they worth the name?* “European Policy Center” 2010.

<sup>20</sup> H. Kundnani, *Democracy and the EU's 'strategic partnerships'*, “European Council on Foreign Relations” 2012.

<sup>21</sup> D. Marcus, M. Sangsari, *Strategic Partnership as an Instrument of EU Foreign Policy*, “Centre for European Studies” 2015.

<sup>22</sup> Clarification received through EU Direct Contact Centre, after addressing the question about exact number of SPA agreement and possible database to cross check that piece of information.

on the regional agenda.<sup>23</sup> Acting simultaneously in these areas was rather difficult, and has been perceived as a multifaceted international behaviour, with receiving certain benefits from the international system, and adoption it to the regional level in order to act as the local leader.<sup>24</sup>

In the period of crises and change of the world order, the EU has seen the transformation of paradigm as a challenge. And the challenge was to maintain its leading position in the international agenda. At the same time, Brazil perceived such paradigm change as an opportunity to leverage on domestic economic potential. Period of Lula's presidency was a golden period for Brazil, due to the several reasons. Firstly, Brazilian banking system, comprising of large state owned public and private enterprises, was not highly exposed to the financial crisis, hence its negative effects were initially not as severe as in the EU. Secondly, during that period of time, Brazil paid up all its debt from International Monetary Fund loans and had not suffered any restrictive policies from outside. Consequently, Lula could have implemented income redistribution policy and the demand growth pulled the economy. Moreover, the international prices of agricultural commodities (namely soya) were increasing, which has helped the Brazilian currency to keep on the stable level. Finally, the offshore oil industry in Brazil, together with relating sectors, were growing as a result of large inflow of foreign capital in this area.

Considering the above, the economic situation highly influenced the aspiration and ultimate interests of both partners, which at that time were different.<sup>25</sup> Example of that discrepancy was visible, for example, in the model of regionalism followed in Latin America (trade development at first place, with lower priority attributed to politics). Consequently, in its political strategic decisions, Brazil shifted more towards the BRICS and other developing economies, rather than to the EU. At the end of Lula's presidency in 2011, it became evident that the SPA with the EU lacks proper direction and purpose itself. All actions undertaken by both parties (joint actions plans, sector dialogues activities) have been perceived as the ad hoc movements, lacking a clear strategy and value added for the future.<sup>26</sup>

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<sup>23</sup> P. Visentini, A. Silva, *Brazil and the economic, political, and environmental multilateralism: the Lula years (2003–2010)*, "Revista Brasileira de Política Internacional" 2010.

<sup>24</sup> M. Saraiva, *Brazilian foreign policy towards South America during the Lula administration: caught between South America and Mercosur*, "Revista Brasileira de Política Internacional", Vol. 53/2010.

<sup>25</sup> G. Grevi, *The EU and Brazil: Partnering in an uncertain world?* "CEPS Working Document" 2013.

<sup>26</sup> R. Whitman, A. Rodt, *EU–Brazil Relations: A Strategic Partnership?* "European Foreign Affairs Review", Vol. 27/2012.

Once Dilma Rousseff succeeded Lula as the Brazilian president, importance of the SPA with the EU has decreased way beyond its initial concept. Rousseff aimed to prioritize trade agenda and tighten the cooperation with other BRICS economies, attempting to increase importance of the US in the Brazilian foreign policy. With the emergence of financial crisis, which has reached Brazil a little bit later than Europe, Rousseff has focused on internal economics, rather than symbolic and intangible partnerships, the SPA with the EU being perceived as one of them.<sup>27</sup> Due to the internal problems with the corruption scandals, as well as the limited budget, a diplomatic activity downsized and focused only on the most relevant concerns from the Brazilian point of view, especially an enforcement of activities within Mercosur. Moreover, the divergences in terms of important matters, such as international security, human rights and military intervention (e.g. Libya and Syria) between Brazil and the EU, did not help to keep on the positive direction of bilateral cooperation of both partners. Lack of annual summit in 2012 was only the confirmation, that execution of the SPA is poorer than in the previous years, and that the changes behind the cooperation framework are required in order to move back parties engagement on the initial track.<sup>28</sup>

Another factor, which has weakened the perception of the SPA between Brazil and the EU, is the complexity behind the regional organizations in Latin America. The term of 'spaghetti bowl', describing the high number of regional and integration organizations, although having emerged already few decades ago, together with a launch of several regional integration initiatives in Latin America, it is still valid when considering a lack of the single voice in the regional integration agenda and its external perception beyond Latin America. Brazil being involved in the activities of organizations such as Mercosur, Unasur or CLACS, depending on the setting, may seek to achieve various objectives. Although the successful signing of the SPA with the EU should be perceived as an appreciation of Brazil's efforts to become a leading power in the region, it has triggered some confusion with regards to the role of Brazil within the regional talks.<sup>29</sup>

Finally, since regional organizations in Latin America failed to create a structure framework, which could be perceived as a normative power of the region, it does not follow the regional concept implemented in Europe and consequently, from the diplomatic perspective, may also question the

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<sup>27</sup> M. Saraiva, *The Brazil-European...*, op.cit.

<sup>28</sup> Ibidem.

<sup>29</sup> A. Staden, *Subsidiarity in Regional Integration Regimes in Latin America and Africa*, "Law and Contemporary Problems" 2016, pp. 27–52.

normative power from the EU side.<sup>30</sup> Moreover, recent stumbles of the EU (among others: migration crisis, lack of single voice within the EU with regards to the future of the organizations, Brexit) have been perceived rather as a warning, that the creation of an effective regional organization, which will sustain its values and concept over time, is rather difficult to achieve.

When Michel Temer took over Brazilian presidential seat in 2016, his activities have been strongly influenced by the difficult internal economic situation, which also had an impact on the foreign affairs priorities. However, under Temer's presidency, Brazilian activities in the international area seem to reflect the continuation of the path commenced by Lula at the beginning of 2000s.<sup>31</sup> Although it is still too early to assess a real impact of Temer's administration on the EU, some positives signs might be already observed. The tenth anniversary of the SPA signing between the EU and Brazil, which took place in July 2017, was a good chance to reconfirm the mutual interests. Although the official release was rather general, it highlighted the economic progress and investment inflows coming from both sides, as well as the importance of Brazil in the region, especially in the context of future cooperation between the EU and Mercosur.<sup>32</sup>

**Table 2. Summary of historical perspective of bilateral cooperation between the EU (formerly EC) and Brazil**

Year	Event influencing the framework of relations
1960	Brazil and the European Communities establish formal diplomatic relations.
1986	Portugal and Spain (with major historical ties and interests in Latin America), join the EC.
1991	Mercosur, sub-regional block aiming to foster economic cooperation in Latin America, is formed. Four countries join the organization: Brazil, Argentina, Paraguay, Uruguay (since 2012, Venezuela became member state country).
2003	Luiz Inácio Lula da Silva becomes the president of Brazil. Strengthening of diplomatic activity, which aims to place Brazil as the major global actor in the area of economy and politics.
2007	Strategic Partnership agreement between the EU and Brazil is signed.

<sup>30</sup> E. Lazarou, *Brazil and Regional Integration in South America: Lessons from the EU's Crisis*, "Contexto Internacional" 2013.

<sup>31</sup> R. Patrício, *The Relationship between Brazil and the European Union: Converging Interests and Divergent Strategies – the Stagnation of the Strategic Partnership*, "Journal of Education & Social Policy", Vol. 4/2017.

<sup>32</sup> *Brazil–European Union Joint Statement – Ten years of the Strategic Partnership*, <http://www.itamaraty.gov.br/en/press-releases/16749-brazil-european-union-joint-statement-ten-years-of-the-strategic-partnership> (last visited 8.12.2017).

2008	Economic crises emerges, which highly influences worldwide trend of bilateral agreements, among others the SPA between the EU and Brazil.
2011	Dilma Rousseff replaces Lula as the president of Brazil. Internal economic problems of Brazil emerge, shifting its focus from the external politics to internal affairs.
2016	Michel Temer becomes the president of Brazil. Country is recovering from the economic crises, Brazil seem to follow the activities in the international area commenced under Lula's presidency.
2017	After more than 20 years of talks about the Inter-regional Association Agreement between the EU and Mercosur, negotiations seem to come to the final stage.

Source: own elaboration.

### **Future Possibilities of Cooperation Between the European Union and Brazil**

While discussing the future possible scenarios of the cooperation between the EU and Brazil, it is reasonable to add a third party to the list: Mercosur. As indicated several times in the article, negotiations in the area of inter-regional agreement between Mercosur and the EU have been always appearing in the background of the partnership between the EU and Brazil. In fact, one of the key milestones set in the SPA was to progress the negotiations with Mercosur. It reaffirms the scenario of adding that party in the outcome of future evolution of the EU partnership activities in Latin America. At the very early stage of the SPA cooperation between both partners, several scenarios assuming the development of the relations the EU – Brazil – Mercosur were developed by academia.<sup>33</sup> Looking at these scenarios from the ten-years perspective, we are able to conclude which direction was effectively followed within this phase of the bilateral cooperation, and to draw some extension of scenarios of possible upcoming developments.

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<sup>33</sup> A.C. Lessa, *op.cit.*, pp. 51–52.

**Table 3. Possible scenarios of relationship between the EU and Brazil and its influence on Mercosur**

Scenario	Possible influence on Brazil	Possible influence on the EU
<b>Stagnation:</b> no progress in the EU-Brazil relations nor in the EU-Mercosur relations.	Weakening of Brazilian leadership in global and regional setting.	Loss of political and economic influence both in Brazil and Latin America.
<b>Bilateralism:</b> Brazil advances as strategic partner of the EU.	Strengthening of global position of Brazil, with the simultaneous weakening of regional activities within Latin America. Brazilian hegemony in the region.	Loss of credibility as the protagonist of inter-regional integration with Latin America.
<b>Bilateralism and inter-regionalism:</b> Brazil advances with strategic political relationship with the EU and complements it with the EU – Mercosur association agreement.	Strengthening of global and regional leadership of Brazil, based on the “soft cooperation”.	Regain of credibility across other Mercosur countries, particularly Argentina, and privileged dialog with Brazil and Mercosur.

Source: own elaboration based on: A.C. Lessa, *Brasil, Uniao Europeia, America do sul: anos 2010–2020 (Europea Union, South America: years 2010-2020)*, Fundacao Konrad Adenauer, Rio de Janeiro 2009, pp. 51–52.

Based on the observations from the past ten years, and discussed literature review on that topic, it can be concluded that none of the scenarios have been fully observed throughout the first decade of the SPA in force. Nevertheless, although partnership agreement between the EU and Brazil received some critics, presented in the herein paper, defining it as a stagnation state would be a harmful assessment, since the activities undertaken (e.g. sector dialogues, annual meetings) did deepen the relationship between both partners. On the other hand, due to the fact that the inter-regional agreement between the EU and Mercosur has not been concluded so far, the third scenario (most optimistic) is also to be rejected. However, due to the fact the both partners (the EU and Mercosur) confirmed the large advancement of the talks and expect to formalize the framework of the cooperation in the coming months, the most suitable assessment is described by second (middle) scenario.

When adding some drop of optimism to the external actions of the EU and Mercosur, we could claim that after concluding the interregional agreement between both partners, the third scenario with the bilateralism and interregional approach might be fully feasible. When being the strategic partner of the EU, Brazil could act as a privileged partner of the EU and a gateway to Mercosur in the context of cooperation with European partners.

## **Conclusions**

Ten years after signing the SPA between the EU and Brazil, we have observed several challenges that both parties have been facing. Undoubtedly, these challenges undermined the importance of the SPA, as well as highlighted that the bilateral strategic agreements signed by the EU are rather intangible frameworks, which are difficult to execute and measure unambiguously. Even if we allow for certain doze of criticism, it is worth indicating that the analysed SPA itself has indeed reconfirmed the mutual importance of both the EU and Brazil to each other, and is perceived as a positive outcome of the bilateral collaboration.

However, if we consider a complexity of regional cooperation setting, which is the case for Latin America, the SPA may turn to be a sensitive area, which on one hand enhances the development of interregional discussions, but on the other, may create tensions and rivalry among Latin American regional partners. Nevertheless, after ten years of stronger cooperation ties between the EU and Brazil, a long lasting talks between the EU and Mercosur are closer to positive outcome than ever before. In light of such scenario, it might be interesting to look at the role of Brazilian diplomacy to see to what extent its expertise from the SPA with the EU is shared with regional counterparts of Mercosur. In fact, it could be perceived as a solid ground for the interregional agreement. Presumptively, coming months should show us, whether this scenario can materialize.

Moreover, while analysing the external relations of the EU, there seem to be one more party involved. Since Brexit decision was made by the UK (June 2016), the relationship between the EU and NATO became more important for security reasons. The formal agreements established before Brexit had always been embracing the UK as the EU leader of NATO. Currently, where the shape of a future of the EU excluding the UK is still an unknown, the EU may seek some more formal agreements with new partners within military dimensions. That might mean that there will be a role to be played by Brazil and Mercosur.

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**Key words:** the European Union, Brazil, Strategic Partnership Agreement, Mercosur, Bilateral Agreements, Interregional Agreements, Latin America

### **Abstract**

The aim of this article is to discuss the historical relations of the European Union (EU) and Brazil and to draw possible scenarios of the future cooperation between both partners. Since the very beginning of the formation of the European Communities (EC), Brazil has been perceived as an important trade partner for the EC. During recent decades, the importance of Brazil as an economic and political leader of Latin America has emerged, and the EU recognized such position through establishment of more formal ties with Brazil. The Strategic Partnership Agreement (SPA) signed in 2007 was the reflection of the increasing importance of Brazil in the international area, and aimed to commence a closer formalized cooperation between both partners. However, due to some internal and external factors, discussed throughout this article, ten years after signing of the SPA, its outcome is much more often criticised, than praised. The article analyses the reasons for inefficiency of this SPA, and demonstrates some possible scenarios of further economic and political relations between the EU and Brazil. The role of Mercosur, and its long lasting talks with the EU with regard to the inter-regional agreement, has been also reflected in the discussion, and indicated as a significant consideration in the future relations between Brazil and the EU.