

Brazil as a strategic partner to the Free Trade Agreement between European Union and Mercosul

O Brasil como um parceiro estratégico para o Acordo de Livre Comércio entre a União Europeia e o Mercosul

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ABSTRACT

This article aims to analyze trade relations between Brazil and the European Union as a way of making the Free Trade Agreement with Mercosur viable, with an emphasis on Brazil's role as a strategic partner in this process. This position is both geographic and economic, since Brazil is the largest economy in Mercosur. With its diversity of natural resources, agricultural and industrial production, both sides can benefit significantly from an agreement that promotes the elimination of tariff barriers and access to new markets. Through an analysis using the inductive method, the importance of Brazilian international trade as a whole is demonstrated, the historical and cultural relations between Europe and Brazil are verified (since the predecessors of Mercosur, ALALC and ALADI and also even before the own structuring of the European Union), as well as analyzing recent economic data taken from official Brazilian entities, such as IPEA and the Ministry of Foreign Affairs and the European Commission. The study seeks to demonstrate that the partnership between the two blocs already exists in a solid and robust way, however, this commercial relationship can be improved, as long as there is greater political alignment between the parties involved. Furthermore, the European Union is interested in strengthening its trade relations with countries outside its traditional partnership axis, seeking to further expand its presence in emerging economies, such as Brazil. In the end, it appears that the implementation of this free trade agreement can bring mutual benefits to both regions.

Keywords: Mercosur; European Union; International Law; Free Trade Agreement.

RESUMO

Este artigo tem como objetivo analisar as relações comerciais entre o Brasil e a União Europeia como forma de viabilizar o Acordo de Livre Comércio com o Mercosul, com ênfase no papel do Brasil como um parceiro estratégico nesse processo. Essa posição é tanto geográfica quanto econômica, já que o Brasil é a maior economia do Mercosul. Com sua diversidade de recursos naturais, produção agrícola e industrial, ambos os lados podem se beneficiar significativamente de um acordo que promova a eliminação de barreiras tarifárias e o acesso a novos mercados. Por meio de uma análise pelo método indutivo, demonstra-se a importância do comércio internacional brasileiro como um todo, verificando-se as relações históricas e culturais entre a Europa e o Brasil (desde as predecessoras do Mercosul, ALALC e

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ALADI e também mesmo antes da própria estruturação da União Europeia). Analisam-se também os dados econômicos recentes propiciados por órgãos oficiais brasileiros, como o IPEA e o Ministério das Relações Exteriores e da Comissão Europeia. O estudo busca demonstrar que a parceria entre os dois blocos já existe de forma sólida e robusta, no entanto, essa relação comercial pode ser aprimorada, desde que haja um maior alinhamento político entre as partes envolvidas. Além disso, a União Europeia tem interesse em fortalecer suas relações comerciais com países fora do seu eixo tradicional de parcerias, buscando ampliar, ainda mais, sua presença em economias emergentes, como a brasileira. Ao final, verifica-se que a efetivação desse acordo de livre comércio pode trazer benefícios ~~mútuos~~ para ambas as regiões.

Palavras-chave: Mercosul; União Europeia; Direito Internacional; Acordo De Livre Comércio.

1 A BRIEF HISTORY OF THE RELATIONSHIP BETWEEN MERCOSUL AND EUROPEAN UNION

Brazil and Europe have close historical, cultural, economic and political links. Brazil and the European Union established diplomatic relations in 1960. This was the first significant contact between them which remained a little paralyzed for almost 30 years, each part taking care of their own relationship with closer geographical partners, it means that European Community worried with its consolidation as a common market and Brazil worried with its Latin American partners through the bilateral agreements of ALALC, ALADI, among others.

After the end of Cold War and the establishment of an apparently “multilateral world” the European Community, in the same year of the Maastricht Treaty, created a framework cooperation agreement in 1992. This agreement launched in 1995 profits basis for the Framework Co-operation Agreement with Mercosul. At the same decade, almost in coincident years, Mercosul was also being formed initially between Brazil and Argentina when its presidents Fernando Collor de Mello and Carlos Menem signed a document titled “Ata de Buenos Aires” in 1990. This document established that a common economic space would be created in 4 years since then. In 1991 Uruguay and Paraguay have joined Brazil and Argentina, and all these countries signed the Treaty of Asuncion, which started to produce effects in the same year, creating the Mercosul. In fact, in 1994, the European Union, under a Spanish presidency, gave signs of a serious intention of build an inter-regional association with Mercosul.

It is easy to prospect that Mercosul and European Union are attached to the international development as economic partners aftermath the twilight of Cold War in 1991. This keeps clear that the international politics was changed, and the actors needed to rearrange its allies to face modifications in the global scenario. An important example of the potential of a Treaty between Mercosul and European Union is that in 1994 the United States proposed at the 1st American Cupule the ALCA also known as FTAA (Free Trade Area of the Americas). The US proposal shows that existed a geopolitical and economical dispute surrounding influence specifically in South America. Thus, Mercosul had open negotiations with ALCA and UE at the same time, but it only moved forward with UE.

About the treaty between Mercosul and EU itself, it is necessary to mention that the initial proposal agreement between Mercosul and EU had 3 pillars: first in the commercial field, that previewed a formation of a Free Trade Area, second of economic cooperation and third of a political dialog. At this time, the European Commission noted that would be given a differentiated treatment to agricultural products, when describes the agreement as a zone of free trade in the areas of industry and services, remaining for the agricultural commerce a reciprocal and progressive liberalization taking in consideration the sensibility of certain products.

However, since the signatures of the agreement the implementation of its terms took more time than expected and only in 1999 the conversations took place again with the Rio Summit when was created the Committee for bi-regional negotiations and established three technical groups: 1) for customs issues related with good trade (tariffs, non-tariffs barriers, technical norms, origin rules and antidumping rules); 2) trade of services, intellectual property and measures related with investments; 3) governmental buys, antitrust rules and, disputes settlement system. In July 2001, the European Union presented a list of products for negotiations which continue until now to be discussed between the parts.

In May 2004, European Union and Mercosul made their offers for a trade liberalization between them towards to a Free Trade Agreement in the near future. It was framed an agreement of Co-operation for scientific and technological cooperation. Thus, in 2007 the European Union recommended to launch a strategic partnership to further deepen its ties with Brazil. Since then, the negotiations were undergoing until 2019 in the 38th round of negotiations where EU and Mercosul had become closer to a political agreement under the aegis of the trade.

However, the general opinion about the Mercosul – UE trade agreement has become pessimistic in 2023. The principal claiming and obstacle came from the farmers that felt threatened about agreement terms. Specifically French farmers are the most worried about the agreement terms because they receive many subsidies from the government which shall stop once settled the agreement with Mercosul.

The motivation can be inferred of the Title X of the *EU DRAFT TEXTUAL PROPOSALS RELATED TO AGRICULTURE IN TRADE PART OF EU-MERCOSUR ASSOCIATION AGREEMENT*:

3. The Parties reaffirm their commitment expressed in the 2015 Nairobi Ministerial Declaration on Export Competition to exercise utmost restraint with regard to any recourse to all forms of export subsidies and all export measures with equivalent effect.

4. No Party shall maintain, introduce or reintroduce export subsidies or other measures with equivalent effect on an agricultural good that is exported or incorporated in a product that is exported to the territory of the other Party or the territory of a non-Party with which both Parties will have concluded a preferential trade agreement or arrangement by the time of entry of this Agreement into force or at any time thereafter, and where the non-Party will have granted preferences on that agricultural good for the benefit of both Parties. This paragraph shall not apply to export financing support as referred to in paragraph 5 and for which paragraphs 5 to 7 apply.

So, we can see that those countries that heavily subsidize agriculture will have to limit financial assistance to fulfill their commitment with the MERCOSUL -UE trade. The French president Emmanuel Macron, during his visit to Brazil at March of 2024, said that:

« Bâtissons un nouvel accord (...) qui soit responsable [en matière] de développement, de climat et de biodiversité », a-t-il enchaîné. « Un accord de nouvelle génération avec des clauses miroirs qui facilitera l'accès au marché européen de vos entreprises (...) et qui sera plus exigeant de part et d'autre avec nos agriculteurs, nos industriels », a-t-il dit.²

By his words and all the context surrounding the French farmers last year becomes clear that agriculture is the key point blocking the effective process of ratification, since negotiations about EU-Mercosul trade-agreement are settled. Now, 20 years since the beginning of negotiations, the diplomatic

² 2 "Let's build a new agreement (...) that is responsible in terms of development, climate, and biodiversity," he continued. "A next-generation agreement with mirror clauses that will facilitate access to the European market for your companies (...) and that will be more demanding on both sides with our farmers, our industries," he said. (free translation)

efforts must work to rebuild the confidence in the Mercosul-EU trade agreement. In summary, UE and Mercosul are facing a crucial impasse that hinders the effective ratification of the agreement, highlighting the importance of rebuilding trust and overcoming obstacles to advance negotiations.

2 EUROPEAN UNION AND BRAZIL: A STRATEGIC PARTNERSHIP

The first ever summit between Brazil and European Union happened in July 2007, in Lisbon, the same year of the Lisbon Treaty which provided international capacity to the European Union. Some important topics were discussed such as: multilateralism, climate change, sustainable energy, the fight against poverty, the integration of Mercosul and the Latin America prosperity and political stability. Some authorities considered that this new relationship puts Brazil, Mercosul and South America in the top of political relations of the European Union.

In the official site of European Union the actual president of EU said:

Brazil is an important partner for the EU. We not only share close historic and cultural ties, values and a strong commitment to multilateral institutions, we also share a capacity to make a difference in multilateralism, human rights and others. By proposing stronger ties, we are acknowledging Brazil's qualification as a 'Key player' to join the restricted club of our strategic partners.

Also, the Commissioner Ferrero Waldner said:

There is a huge potential to unlock in our relationship with Brazil at the multilateral, regional and bilateral level. This Strategic partnership will allow us to further develop our co-operation in key sectors such as energy, maritime transport and regional development, and to build new and long-lasting links between our people. And I believe that by activating dialogue we will motivate Brazil to move forward towards more regional integration in Mercosul and encourage them to be more open in our negotiations.

Finally, the press who released that notice said the partnership:

Noting that Brazil is the most important market for the EU in Latin America, the Commission proposes to address trade and investment issues of specific bilateral relevance that complement EU-Mercosul discussions and suggests to enhance co-operation in sectors and areas of mutual interest such as economic and financial, issues, information society, air transport, maritime transport, science and technology, satellite navigation, social matters and regional development.

This strategic position of Brazil is seen in the executive summary of the official document "Country Strategy Paper 2007-2013", which noted that this is a result of the past cooperation between the parts, whereas the European Community has supported a wide range of projects in many different sectors. This bilateral cooperation can be represented by the 64 million euros allocated in the period of 2002-2006. 20,3% of the budget had been allocated to projects on tax and public administration reform and human rights before the EC cooperation strategy was adopted in August 2002. This strategy allocated an additional 51 million euros to three priority sectors: 1) economic reform (30 million euros or 47% of the indicative budget; 2) social development (15 million euros or 23%) and 3) the environment (6 million or 9%). However, the cooperation of this period was very difficult to be implemented caused by severe administrative constraints arising from conflicts between the EU's and Brazil's legal and regulatory frameworks for management of bilateral cooperation projects, which were

exacerbated by the entry into force of the new EU Financial Regulation in 2003 and the change in Brazil's procedures for managing projects financed by external sources in 2004. Because of these regulatory incompatibilities, which took until mid-2005 to solve the approval and implementation of new projects therefore suffered long delays.

Above all, the huge differences and characteristics of each part demanded for a different approach in the cooperation, whereas the impacts of some projects, given the magnitude of the problems tackled in Brazil. Therefore a new approach had to be focused on the allocation of the funds in projects that have the possibility to multiply the effects of the cooperation on effective poverty reduction and on the economic, political and environmental situations.

On the basis of this new approach, the first priority is to stimulate exchanges, contacts and transfer of know-how between the European Union and Brazil, creating an input for improving social inclusion and achieving greater equality, improving mutual knowledge in a number of areas of specific interest and to enhance bilateral EU-Brazil relations. Another important new approach is facing the cooperation in the sustainable development in Brazil, preferably in coordination with other donors to maximize their impact.

The document presented the table below as an indicative budget for the whole period (2007-2013):

		In million €		
CSP 2007-2013	%	2007-2010	2011-2013	TOTAL
Priority 1—enhancing bilateral relations	70			42,7
<i>Action 1: facility to support sectoral dialogues</i>	15	6,1	3,05	9,15
<i>Action 2: higher education programme</i>	50	18,605	11,895	30,5
<i>Action 3: European Studies Institute</i>	5	3,05		3,05
Priority 2 – promoting the environmental dimension of sustainable development	30	11,895	6,405	18,3
TOTAL	100	39,65	21,35	61

Resource: www.europa.eu.int

3 WHY BRAZIL?

First, Brazil has an important geopolitical importance in South America. Geographically it has 8.511.965 km². A population of 212,6 million in 2024. It has land frontiers with 10 countries as follows:

1.	Argentina	9.665 km
2.	Bolivia	6.473 km
3	Colombia	6.004 km
4	Peru	5.536 km
5	Venezuela	4.993 km
6	Paraguay	3.920 km
7	Guiana	2.462 km
8	French Guyana	2.010 km

9	Suriname	1.707 km
10	Uruguay	1.564 km

Resource: www.mre.gov.br

Ecuador and Chile are the only two countries of continental South America that do not share a border with Brazil.

Brazil is the largest of the Latin American countries. Covering nearly half (47.3 percent) of the continent of South America, it occupies an area of 3,286,470 sq. miles (8,511,965 sq. km). It is the fifth largest country in the world after the Russian Federation, Canada, China, and the United States. Except for a small number of islands, Brazil consists of a single, unbroken land mass. The Equator line passes through the north of the country near Macapá; and the Tropic of Capricorn passes through the south near São Paulo, which gives the country a very stable and warm climate.

Although 90 percent of the country is within the tropical zone, more than 60 percent of the population live in areas where altitude, sea winds, or cold polar fronts moderate the temperature. There are five climatic regions in Brazil: equatorial, tropical, semi-arid, highland tropical, and subtropical. Plateau cities such as São Paulo, Brasília, and Belo Horizonte have very mild climates averaging 66°F (19°C). Rio de Janeiro, Recife, and Salvador on the coast have warm climates balanced by the constancy of the Trade Winds. In the southern Brazilian cities of Porto Alegre and Curitiba, the subtropical climate is similar to parts of the U.S. and Europe with frosts occurring with some frequency. In this region temperatures in winter can fall below freezing.

Despite the popular image of the Amazon as a region of blistering heat, temperatures of more than 90°F (32°C) are rarely experienced there. In fact, the annual average temperature in the Amazon region is in the range of 72-79°F (22-26°C), with only a very small seasonal variation between the warmest and the coldest months. The hottest part of Brazil is the northeast where, during the dry season, between May and November, temperatures of more than 100°F (38°C) are recorded frequently. The northeast has greater seasonal variation in temperatures than does the Amazon region. Along the Atlantic coast from Recife to Rio de Janeiro, mean temperatures range from 73°F to 81°F (23-27°C). Inland, on higher ground, temperatures are lower, ranging from 64°F to 70°F (18-21°C). South of Rio, the seasons are more noticeable and the annual range of temperature greater. The average temperature for this part of the country is in the range between 63°F to 66°F (17-19°C).

Brazil's greatest width, 2,684 miles (4,319.4 km), is almost the same as its greatest distance from north to south, 2,731 miles (4,394.7 km). The Atlantic Ocean extends along the entire eastern side of the country, giving it a coastline of 4,578 miles (7,367 km).

The landscape of Brazil is dominated by two prominent features, the Amazon River with its surrounding lowland basin of 1,544,400 sq. miles (4,000,000 sq. km) and the Central Highlands, a plateau that rises southward from the great river. Most of the Central Highlands consists of a tableland varying in altitude from 984 to 1,640 feet (300 to 500 meters) above sea level, broken by a number of low mountain ranges and cut by deep valleys. The highlands ascend steeply in the east forming an escarpment, where several peaks attain an altitude of 8,202 feet (2,500 meters) or more, and then drop precipitously to a narrow Atlantic coastal plain. A network of high mountain ranges runs from the south of the country to the northeast forming a continental divide between the Atlantic Ocean and the interior. Brazil's highest peak, Pico da Neblina, reaching 9,888 feet (3,014 meters), is in the north, close to the Venezuelan border.

Brazil has one of the most extensive river systems in the world with eight drainage basins. The Amazon and the Tocantins-Araguaia basins in the north account for 56 percent of

Brazil's total drainage area. The Amazon River, the world's largest river in volume of water and second longest after the Nile, is 4,087 miles (6,577 km) long, of which 2,246 miles (3,615 km) are in Brazilian territory. The river is navigable by ocean steamers as far as 2,414 miles (3,885 km) upstream, reaching Iquitos in Peru. The Paraná-Paraguai river system drains the area from the southwestern portion of the state of Minas Gerais southward until it reaches the Atlantic through the River Plate (Rio da Prata) near Buenos Aires, Argentina. Brazil's two southernmost states are drained through the Uruguay River also into the Prata. The São Francisco River is the largest river wholly within Brazil, flowing for over 1,000 miles (1,609 km) northward before it turns eastward into the Atlantic. It rises, like the Paraná and the Tocantins, in the Central Highlands of the country. The upper river is navigable for shallow draft riverboats in some areas, but only the last 172 miles (277 km) of the lower river is navigable for ocean-going ships. The hydroelectric potential of Brazil, according to the data provided by Eletrobrás in 1994, is of 127,867.6 MW/year of energy. Of this 24.42% is in operation and/or under construction, 35.80% are in inventory and 39.78% are estimated.

Brazil's most intense rainfall is found around the mouth of the Amazon River near the city of Belém, and also in the vast upper regions of Amazônia where more than 78 inches (2,000 millimeters) of rain falls every year. Another important region of heavy rainfall is along the edge of the great escarpment in the state of São Paulo. Most of Brazil, however, has moderate rainfall of between 39 to 59 inches (1,000 to 1,500 millimeters) a year, with most of the rain falling in the summer, between December and April. The winter tends to be dry. The driest part of the country is the northeast, the so called "polygon of drought", encompassing 10 percent of the country's territory. In this region rainfall is undependable and the evaporation rate is very high, making it difficult to raise crops. Along the coastline, south from Recife, the mountains trigger rainfall from the Trade Winds. In some places behind the mountains, such as the region south of Salvador, the hinterland is dry because the rain is dumped on the mountains leaving very little for the area behind. Seasons in Brazil are the reverse of those in the U.S. and Europe:

Spring = September 22 to December 21

Summer = December 22 to March 21

Autumn = March 22 to June 21

Winter = June 22 to September 21

The variety of climates together with soil and drainage conditions are reflected in Brazil's vegetation. In the Amazon Basin and in those places along the Atlantic coast where the rainfall is very heavy, there is tropical rain forest composed of broadleaf evergreen trees growing luxuriantly. The rain forest is made up of a great many different species, as many as 3,000 in a sq. mile (2.6 sq. km). In the lowlands and plateaus of the eastern coast where rainfall is slightly less and the dry season is really dry, there is semi-deciduous forest, where the trees are smaller than in the rain forest and lose their leaves in the dry season. In the semi-arid northeast, the caatinga, a dry bush, predominates. The greater portion of the central part of Brazil is covered with a woodland savanna known as the cerrado. This is a special type of land combining sparse scrub trees and dryness resistant grasses. In the south, needle-leaved pine woods (Paraná-pine or Araucária) cover the highlands; grassland covers the sea-level plains. The Mato Grosso swamplands (Pantanal Mato-grossense), a plain which covers 88,803 sq. miles (230,000 sq. km) in the western portion of the center of the country, is covered in tall grasses, weeds, and widely dispersed trees. Large patches of it are submerged during the rainy season. The Amazon Basin and the Pantanal Mato-Grossense, already much altered by man's actions, constitute two of the world's largest biological reserves.

Of the twelve categories of mammals that inhabit the tropics of the Western Hemisphere, eleven are present in Brazil, representing over 600 species. This includes several

species of the cat family such as the jaguar and smaller cats such as the puma, jaguarundi, and the ocelot. Other mammals include: sloths, anteaters, tapirs, armadillos, marine dolphins, capybaras (a large aquatic rodent, some weighting up to 145 pounds [66 kilograms]), and 30 species of monkeys. Brazil has a larger variety of birds than any other country, with 1,600 species including many varieties of parrot. There are at least 40 species of turtles, 120 lizards, 230 snakes, five species of alligators, 331 species of amphibians, and 1,500 species of freshwater fish. Naturalists have cataloged over 1,000,000 invertebrates in Brazil of which more than 700,000 are insects. A study conducted by the Brazilian Statistical Institute (IBGE) in 1990 identified 303 endangered species and sub-species in Brazil.

The Amazon Forest contains the largest single reserve of biological organisms in the world. No one really knows how many species there are in the Amazon Forest, but scientists estimate that there are between 800,000 and 5 million species living there, amounting to 15 to 30 percent of all the species in the entire world. As naturalists catalogue new species of freshwater fish, their findings suggest that there may be as many as 3,000 kinds of fish in the Amazon's rivers and lakes. Among the specialized fish found in the area are: the pirarucu, said to be the largest freshwater fish in the world with specimens measuring over 6.5 feet (2 meters) in length and weighing 275 pounds (125 kilograms); the tambaqui, a member of the fruit eating characin family which possesses teeth that can crack seeds as hard as those of the rubber tree and the jauari palm; and the piranha. The ferocity of the meat-eating piranha has been exaggerated. Although it is true that some species in rare circumstances have killed large animals and even people, their behavior depends on the state of their habitat. In main river channels and in larger lakes they appear to leave swimmers unmolested. Only when they lack nourishment do they become aggressive.

Brazil is known to possess extremely rich mineral deposits, although the country's resources have yet to be comprehensively surveyed. Brazil has the world's sixth largest reserves of commercially recoverable iron ore, some 20.3 billion tons, 8.6 percent of the world total. The iron content is high, varying from 50 to 70 percent for hematite and itabirite. Most of the deposits - nearly 95 percent - are concentrated in the states of Minas Gerais and Pará with Minas Gerais alone accounting for 75 percent. Brazil's identified deposits are sufficient to supply the world demand for iron (based on current levels and predictable growth) for the next 20 years. In addition to iron ore, Brazil has the world's sixth largest reserves of manganese, with proven deposits of 53.8 billion tons, the world's third largest reserves of bauxite, 3.9 billion tons, and 5.2 percent of the world's reserves of nickel, 8.9 million tons, with the state of Goiás holding 74 percent of Brazil's deposits. The recent confirmation of the existence of large, high-grade (1.3 percent) uranium reserves in the states of Minas Gerais and Goiás is of great significance. Brazil possesses reserves of potassium, phosphate, tungsten (an element used for hardening steel), cassiterite (the chief source of tin), lead, graphite, chrome, gold, zirconium (a strong ductile metallic element with many industrial uses), and the rare mineral, thorium, a radioactive metallic element. Brazil produces 90 percent of the world's supply of gems, such as diamonds, aquamarines, topazes, amethysts, tourmalines, and emeralds.

In the field of international politics Brazil is more and more an international player at the political level. Is now a donor of development aid to Portuguese-speaking countries in Africa (Angola, Mozambique, among others) and to countries such as East Timor and Haiti.

Nevertheless, the foregoing analysis shows that there are still significant gaps in Brazil's development. Despite its stable democracy, some limitations continue to exist such as in terms of human rights and public security and a huge social inequality, despite the improvement of the social indicators.

It is also necessary to improve the environmental dimension of sustainable development, more specifically in the protection of Brazilian forests, prevent loss of biodiversity, reduce carbon emissions due to deforestation, thereby contributing to combat climate change.

4 EUROPEAN UNION – BRAZIL PARTNERSHIP AND THE MERCOSUR

As Brazil is a member of the Mercosur, efforts have been made to guarantee coherence between the EU-Brazil Partnership and the Regional Strategy Paper for Mercosur, which plans to support: 1) institutionalization; 2) deepening the common Market and implementation of the future EU-Mercosur Association Agreement and 3) efforts to strengthen participation by civil society. Also, this partnership demands coherence and complementarity with the Latin American Regional Strategy which consists in: 1) support social cohesion; 2) regional integration and 3) investment in human resources, especially in higher education. The same conclusion was made by Isabella Querci (2017, p. 65):

In other words, the central aspects of the association would be the liberalization of trade, services and capital, embedded in a wider framework of political and institutional coordination within (but not limited to) international fora.

Brazil, with almost half of the European Union commerce destined to the region, is the principal destination of its direct investment when the topic is Latin America. In 2023 the participation of UE in Brazil's exportation is equivalent to 13,63% and the Brazilian importation counts with 18,86% of products coming from UE countries³. The Netherlands are the country which Brazil contributes the most, with 25% of the exportations, and Germany is the country that imports more to Brazil, with the amount of 29%⁴.

So, Brazil is a very important and strategic EU partner in South America. Even when considering partnerships in other areas like energy the potential of bilateralism between Brazil and UE is significant. In a recent study Kitti Füzesi (2020, p. 67), concluded that:

For the EU, which supplies more than half of its energy needs from import, Brazil, with its significant reserves, can also be a promising partner. Renewable energy research, particularly biofuels, will be given high priority in the Joint Action Plans.

Also, the Brazilian efforts to maintain peace with its neighbors, mainly with Bolivia, Ecuador, Venezuela, and Peru is representative. The rule of leadership depends on the availability of Brazil to assume the costs of the regional integration, even through sending peace troops (as in the civil war of Haiti).

Brazil's projection on the international scenario was based on beliefs in autonomy and on advocating for the inclusion of more players in international decision-making organizations, Brazilian diplomatic efforts being geared towards greater projection of the country on the international scenario as a leader of southern nations. (SARAIVA, 2017, p. 6)

At the Mercosul level, Brazil is the most important country in the bloc and has traditionally led the negotiations with Europe to conclude the trade. French president Emmanuel Macron was visiting Brazil in 2024 not without purpose, but to symbolically keep the Mercosul – UE trade topic in discussion. About Mercosul – UE treaty:

Overall, a trade agreement between the EU and Mercosur would help to reduce barriers to trade of any nature, allowing for a more fluid and efficient exchange of goods and services between the regions, since the reduction of tariffs remains the primary goal. (QUERCI, 2017, p. 67)

³ <http://comexstat.mdic.gov.br/pt/comex-vis>

⁴ <http://comexstat.mdic.gov.br/pt/comex-vis>

Since the beginning of the negotiations about the Mercosul-UE trade, Brazil had 3 different presidents. During Lula and Dilma Rousseff government the Brazilian foreign policy pursued similar objectives, such as the cooperation with southern countries. However, the Brazilian foreign policy had changed its priorities during Bolsonaro's government looking to reinforce relations with United States which had Donald Trump defending Bolsonaro's same ideal.

The next election was won by Jair Bolsonaro, who steered Brazil's foreign policy into a different direction once again. While close ties with South American states had played an important role in the Brazilian foreign policy in the past, Bolsonaro sought to strengthen links with the United States. Kitti Füzesi (2020, p. 63)

Even though with Jair Bolsonaro government the essence of negotiations and the importance between the Mercosul-UE trade agreement has never been left behind. As perceived by Kitti Fuzesi (2020, p. 63):

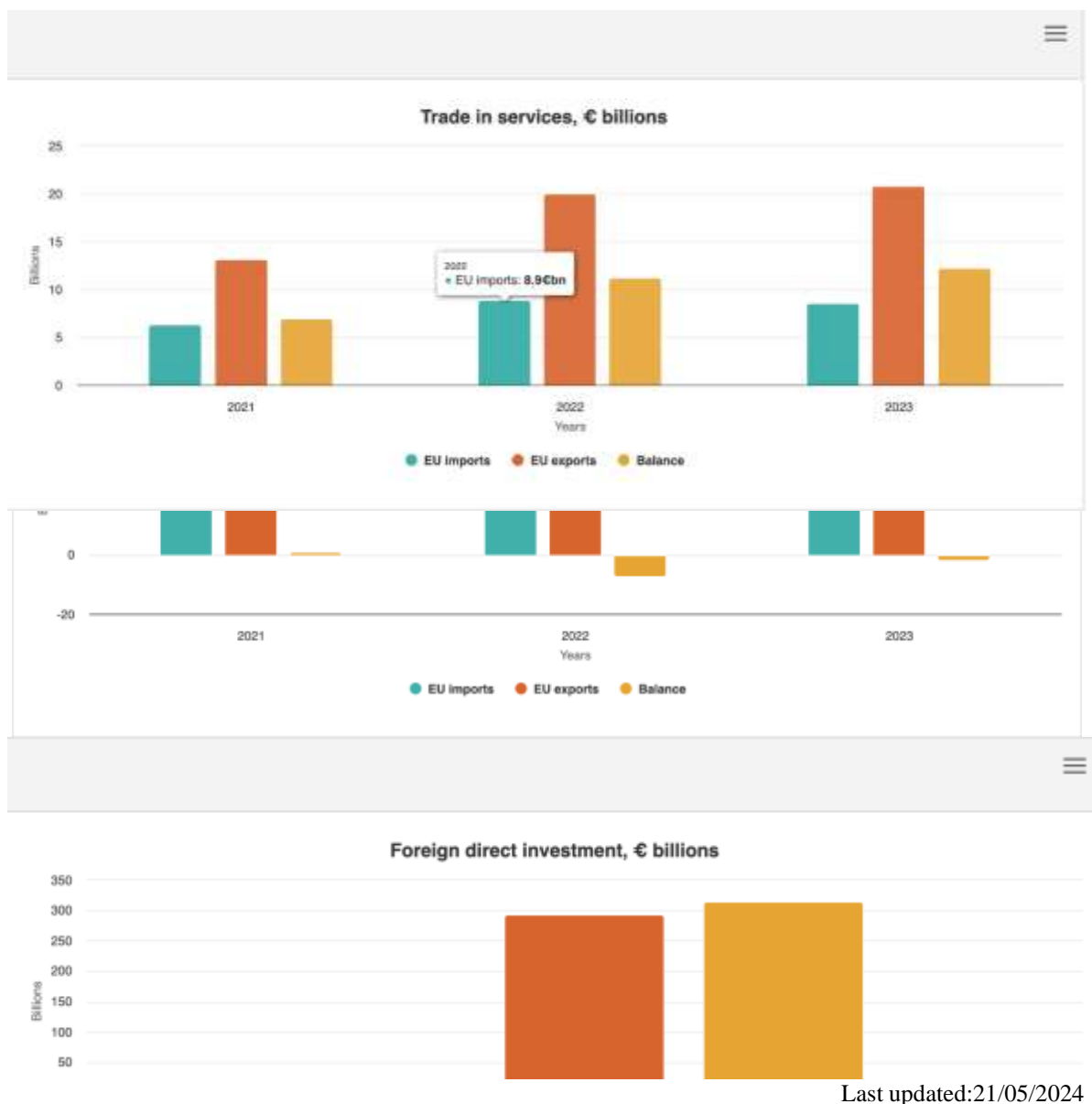
Therefore the most important progress in the EU-Brazil relationship happened in 2019. On 28 June, the European Union signed an agreement with the South American Common Market, which reinforced the close political and economic ties between the two parties.

At the end of 2023, the Brazilian Applied and Economic Institute (IPEA) made a study regarding the advance in negotiations between Mercosul and European Union in 2019. The governmental institute had analyzed a lot of scenarios with the objective of project Trade's economic effects. The tariff was applied starting from the year 2024, and the simulation period was extended until 2040, since there are products where tariff reduction would take up to fifteen years. Consequently, IPEA concluded that:

The simulations show that the agreement would bring positive results for the main macroeconomic variables of the countries involved in the agreement, with Brazil achieving relatively more significant gains compared to the European Union and other Mercosul countries. Between 2024 and 2040, the cumulative increase in GDP compared to the reference scenario would be 0.46%, equivalent to US\$ 9.3 billion at constant 2023 prices. National investment would increase by 1.49%; total exports and imports of the country would both grow by 3.0%; there would also be an increase in real wages of 0.41% and in the level of total utility (proxy for the population's well-being) of 0.18%. (our version)⁵

In the Mercosul, Brazil is the most important partner of European Union as graphics published by the European Commission in 2024 show the trade picture of Brazilian/European Union relationship:

⁵ As simulações mostram que o acordo traria resultados positivos para as principais variáveis macroeconômicas dos países envolvidos no acordo, sendo que o Brasil alcançaria os ganhos relativamente mais expressivos, em comparação à União Europeia e aos demais países do Mercosul. Entre 2024 e 2040, o aumento acumulado do PIB em relação ao cenário de referência seria de 0,46%, o equivalente um montante de US\$ 9,3 bilhões a preços constantes de 2023. O investimento nacional teria aumento de 1,49%; as exportações e as importações totais do país cresceriam ambas 3,0%; e haveria também aumento do salário real de 0,41% e do nível de utilidade total (proxy para o bem-estar da população) de 0,18%. (RIBEIRO, BETARELLI JUNIOR, FARIA, 2023, p. 34)



In conclusion, Mercosur-EU trade agreement stands as a testament to the enduring commitment to cooperation and economic integration between Brazil, Mercosur, and the European Union. Despite changes in political leadership, the significance of this agreement has remained steadfast, culminating in the signing of a landmark pact in 2019. As highlighted by the findings of the Brazilian Applied and Economic Institute (IPEA), this agreement holds immense potential to foster positive economic outcomes for all parties involved, with Brazil poised to reap particularly significant benefits. From projected increases in GDP to advancements in national investment and trade, the agreement promises to be a catalyst for growth and prosperity over the coming decades. By seizing the opportunities presented by this agreement, Brazil and its partners in Mercosur and the European Union can pave the way for a more prosperous and interconnected future, reaffirming their commitment to cooperation and shared prosperity on the global stage.

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