



European Economic and Social Committee

REX/257
EU-Brazil relations

Brussels, 22 October 2008

OPINION

of the
European Economic and Social Committee
on
EU-Brazil relations
(own-initiative opinion)

At its plenary session of 16 January 2008 the European Economic and Social Committee, acting under Rule 29(2) of its Rules of Procedure, decided to draw up an own-initiative opinion on

EU-Brazil relations.

The Section for External Relations, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 30 September 2008. The rapporteur was Mr Barros Vale and the co-rapporteur was Mr Iuliano.

At its 448th plenary session, held on 22 and 23 October 2008 (meeting of 22 October), the European Economic and Social Committee adopted the following opinion by 116 votes to none, with 1 abstention.

*

* *

1. Summary

- 1.1 This opinion takes a look at developments in EU-Brazil relations and at Brazil's new-found political and economic role, which is becoming increasingly prominent on the international stage.
- 1.2 In 2007 the new EU-Brazil Strategic Partnership¹ was adopted, and led to the First EU-Brazil Summit of Heads of State and Government on 4 July 2007. In this opinion, the EESC puts forward its recommendations concerning the proposals set out in the Joint Action Plan, which builds on the content of the Strategic Partnership, including: participation and economic and social cohesion, economic and trade cooperation, education, research and development, social dialogue, the environment, climate change, biofuels and immigration.
- 1.3 With regard to the EESC's role, the opinion proposes establishing an EU-Brazil civil society round table, along the lines of those it already holds with India and China. Its counterpart in this new body would be Brazil's Council for Economic and Social Development, an equivalent Brazilian institution set up by Lula da Silva in 2003. The opinion puts forward proposals on the future membership and workings of the round table and details the issues which, in its view, should feature on its agenda and which cover economic, social and

¹ Commission Communication to the European Parliament and the Council entitled "Towards an EU-Brazil Strategic Partnership", COM(2007) 281 final, 30.5.2007.

environmental issues, multilateral relations, tripartite EU-Brazil relations with third countries and Brazil's role in Mercosur integration and in EU-Mercosur relations.

2. **Purpose of the opinion**

- 2.1 The purpose of the present opinion is to prepare for the establishment of an EU-Brazil civil society round table, as previously done for China and India, setting out the EESC's position regarding the round table itself.
- 2.2 It should be noted that the round table under consideration forms part of a broader EU strategy that has produced the EU-Brazil Strategic Partnership, clearly featuring in the conclusions of the EU Brazil summit held in Lisbon, which encouraged cooperation between the European Economic and Social Committee and Brazil's Council for Economic and Social Development (CDES), as part of the institutional framework for relations between the two parties².
- 2.3 The opinion looks at the current state of EU-Brazil relations, together with the historical background and future prospects, highlighting Brazil's stance vis-à-vis Mercosur and the international community and focusing on issues that directly or indirectly affect or shape the full range of its relations with the EU.
- 2.4 This EESC initiative is designed to outline the way the round table will operate and the main issues affecting it and its activities; the initiative will serve as European civil society's contribution to the EU-Brazil summit in December 2008. It is hoped there will be political support at the summit for the creation of this round table.

3. **Framework for action**

3.1 **Background**

- 3.1.1 Since the end of the colonial period, Brazil has to this day retained a heritage of good relations with all European countries. The only novel element in the idea of structuring EU-Brazil relations is therefore the EU itself, which embodies, values and wishes to further develop the systematic and on-going organisation of long-standing cooperation between the two areas.
- 3.1.2 Several initiatives have sought to formalise these close links at all levels, as shown, with regard to organised civil society, by the Interinstitutional Agreement signed in July 2003 between the EESC and the CDES, preceded by the Framework Agreement for Cooperation between the European Economic Community and the Federative Republic of Brazil in 1992.

²

EU-Brazil Summit, Lisbon, 4 July 2007 – Point 16 of the Joint Statement – PR 11531/07 (Press 162).

The CDES, with which the EESC enjoys close links, was set up in May 2003, and is currently chaired by the President of the Republic. It has 102 members³.

- 3.1.3 In spite of the commitment shown by both sides, the relationship – particularly in economic and social terms – has not developed as had been hoped, although all the signs are that relations were reinvigorated in 2007, particularly in non-trade-related areas. A range of initiatives⁴ was launched, and work will be further stepped up in 2008 as part of the building of a strategic partnership between the EU and Brazil, as urged by the Communication from the Commission of May 2007. There is however a disparity between the intensity with which Member States are pursuing bilateral integration with Brazil in the economic and business fields, and the slow pace of cooperation, both broadly and in specific areas, between the EU and Brazil. Investment from European countries in Brazil, trade and industrial cooperation, development aid and the dialogue between social actors are all positive forerunners that justify a clearer and stronger role for civil society in providing a social dimension to the economic and social relations that are to be stepped up.
- 3.1.4 The Lisbon Summit of 4 July 2007 finally laid down a solid foundation for an official bilateral relationship at the highest political level, introducing mechanisms for dialogue that will be sustainable over time and raising hopes of a new and productive phase in the relationship. This new phase is taking shape in more robust sectoral policy dialogues, a response to the various global challenges, present and future, the broadening and deepening of trade and economic relations, and closer links between the peoples of Europe and Brazil.
- 3.1.5 As stated in the Commission communication, the EU-Brazil Strategic Partnership could provide Brazil with considerable support in the process of exercising positive leadership, both globally and regionally. In this sense, the strategic partnership is intended to complement and boost the processes of regional integration, especially as regards Mercosur and its negotiations with the European Union to secure a bi-regional partnership agreement and in relation to the movement promoted by the Union of South American Nations (UNASUR).

3.2 Context

- 3.2.1 Brazil's size (it has borders with nearly every country in South America), population and economy make it one of the leading actors on the international scene. It has a key role to play in developing Mercosur, as well as more broadly in Latin America and, increasingly, in the negotiations on world trade rules. At the beginning of a new century, it can be seen as one of

³ The social partners make up approximately one half of the CDES. Members also come from the ranks of private foundations, NGOs, both secular and religious, associations representing people with disabilities, workers' and cooperative movements, student organisations and university rectors, in addition to study and research centres specialising in social studies, economics, statistics, etc.

⁴ Where civil society is concerned, the following in particular merit attention: a joint (CDES-CESE) seminar in July in Brasilia, on *The EU and Mercosur: how can civil society institutions contribute to national and regional development?* and the signing by the EESC and the CDES of a Joint Declaration stating the parties' intention to intensify EU-Brazil relations.

the emerging major world players ("BRICs"⁵). Brazil, which has developed its model with a close eye on the experience of European economic and social development, has also played a leading role in promoting the political and social dimension in Mercosur strategies, which are in fact very similar to those adopted by the Community integration model.

- 3.2.2 Given the ambitious nature of the aims of EU-Brazil relations, particularly concerning economic and social integration, there is a need to strengthen the Brazilian institutional structure acting as an interface between the two sides, in order to maximise the efficiency and results of the strategic partnership both sides seek.
- 3.2.3 Brazil's relations with the EU currently hinge upon trade and economic aspects, as in the case of biofuels, tripartite cooperation (EU-Brazil-developing countries), its stance and action "alongside" the EU on climate change, and in the sphere of science and technology.
- 3.2.4 As a result of Brazil's prominent position in the world, its bilateral relations with the EU Member States extend far beyond economic and trade relations, and are closely linked to the presence in Brazil of enormous communities of various European origins and to the significant Brazilian migrant communities in many European countries. A two-way flow of people has been in existence for centuries, forging close links between Brazil and many EU Member States.
- 3.2.5 The next EU-Brazil summit will be held in Rio de Janeiro in December 2008, and will mark a new phase, regardless of what progress may have been made on the agreement between the EU and Mercosur. The EU has proposed a series of objectives which are intended to underpin a joint action plan that can be framed and adopted at the latest at this year's summit: preparation of a joint agenda, with reinforced multilateralism, enhanced human rights, democratic and governance standards, promotion of social and human development, environmental protection, energy security, stability and prosperity in Latin America, stronger economic and trade ties (focusing on financial market issues), the information society, air and sea transport, scientific and technological cooperation, promoting peace and educational, cultural and civil society exchanges between the two sides.
- 3.2.6 While it is important to put in place a clear framework for EU-Brazil relations, it is clear that day-to-day relations are forged primarily not by the so-called "political representatives", but rather through the myriad aspects of civil society. The real driving force behind this relationship is provided by businesses, non-profit institutions in all their forms, and citizens both individually and collectively. The trade unions and employers' associations, for example, have been and remain crucial to reform in the country: in its general report on the Americas (2006) the ILO singled out Brazil for having improved healthcare and job security and because the unions and businesses in that country have understood the importance of prioritising workers' integrity, which is not just about making wage demands. NGOs have also played a

⁵ Brazil, Russia, India, China.

role in the national effort to redistribute resources, starting with social policies and in the poorest areas. This has not only involved work to combat poverty; another factor has been the promotion of social and economic cohesion, which has benefited from the involvement of the social partners, cooperatives and NGO networks from the entire region. This is a highly successful development model, involving much of civil society and recognised by the UNDP, which managed to conduct its human development index monitoring in all of the 5 000 Brazilian municipalities, with the active collaboration of society at large. Further, the European Commission states that in 2005, the EU carried out 37 projects, at a total cost of EUR 24 million, with the support of local NGOs. The Commission⁶ points out that the partners involved in these projects are responsible, competent and capable of meeting the challenges they face and of adapting to change.

- 3.2.7 Relations between the EU and Brazil at a number of levels have not been helped by the lack of a clear policy to promote the Portuguese language and the absence of mechanisms to disseminate the language.
- 3.2.8 Given the size of each party's markets and their specific characteristics, the EU's tourism potential is still not adequately promoted in Brazil and the same applies to the promotion of Brazil's tourism potential in the EU.

3.3 **Future prospects**

- 3.3.1 **The participatory dimension and economic and social cohesion.** For Brazil's political scene, development and democratic consolidation are priorities. The political aspect of this process essentially revolves around strengthening participatory democracy. The latter is based on the Brazilian constitution, and various mechanisms for participation have been put in place. Organised civil society and the CDES in particular attach considerable importance to these channels which allow the public to express its views.

Brazil is carrying out a participatory experiment organised at different levels, in order to implement the main programmes for redistributing resources and improving social conditions. For its part, the EU has for several decades been operating a similar system putting into practice its economic and social cohesion policy. These experiences may profitably be compared, especially given that regional disparities in Brazil remain significant, in spite of an improvement in the Gini index⁷. It should be stressed that these forms of participation bring together the social partners' organisations (trade unions and employers), NGOs, and national, regional and local authorities, thus building up stakeholder networks that are jointly responsible for development and fairness policies.

⁶ Brazil – Country Strategy Paper, 2007-2013.

⁷ This is a measure commonly used to calculate inequality in income distribution, giving a graphical representation of population numbers on the vertical axis and income on the horizontal axis.

- 3.3.2 **Economic and trade cooperation and the issue of land.** Strategies and instruments must be put in place to support the development of increasingly extensive economic and trade integration, starting in the sectors of strategic importance in which Brazil and the EU are key players at the global level; there is also a need to set up bodies, involving organised civil society, to monitor investment trends and the results of cooperation. Brazil is already one of the world's largest exporters of food products, and believes that it can match the increased global demand in this domain if it receives the necessary investment from abroad to do so. The increase in Brazilian agricultural output has been achieved more by boosting productivity than by expanding the surface area of cultivated land, which could be a major factor in reducing deforestation in the Amazon. The difficulties that have arisen at the WTO (Doha negotiations and progress at the G20 meeting) concerning the debate on subsidies for farmers and customs tariffs on products reflect the differences in the EU and Brazil's interests. The CAP reform should be geared to greater justice and a better balance in agricultural trade. It is also important to make the market more transparent and improve food safety and animal health, in order to strengthen consumer confidence.
- 3.3.3 **Cooperation in the education sector.** This question should be a priority for the round table, and is one of the priorities selected by the Commission. The EESC recommends that this priority be maintained, with a special focus on the European experience of lifelong learning, supported by the European social players as part of the social dialogue and Luxembourg strategy to promote employment. This could be presented as European good practice, also useful for Brazil. It is right to support the Country Strategy Paper's focus on higher education, but the challenges faced by Brazil at the primary and secondary levels of education are crucial. Brazil and the EU could be brought closer together considerably through exchanges between educational establishments at different levels, and particularly with the involvement of students and teachers. The EU's own experience of student exchanges should offer a starting point for similar schemes covering the EU and Brazil, in addition to the Erasmus Mundus scheme (which is inevitably of limited scale) already planned in the Country Strategy Paper 2007-2013, forging even closer links and greater mutual knowledge for the future.
- 3.3.4 **Cooperation in the research and development sector.** Major areas of complementarity and synergy could result from the different specific approaches taken by the respective science and technology communities, and the priorities linked to the choices made by the two economies and cultures. The EU should, in particular, study the possibility of adopting a fast track procedure for Brazilian researchers under the EU's Seventh Framework Programme for research and technology development.
- 3.3.5 **Social dialogue in European multinationals operating in Brazil.** The experience of the European trade union committees, an instrument for informing and consulting with workers in European multinationals, is another example of European good practice that could be extended – either voluntarily, or under the corporate social responsibility banner – to European multinationals operating in Brazil.

3.3.6 The environment, climate change and bio-fuels. Now that steps to counter climate change and the search for sustainable energy sources are top priorities on the international agenda, Brazil can be a key partner for Europe and the world as a whole, also for supplying bio-fuels, especially bio-ethanol; major progress has recently been made in this sector. Moreover, Europe and Brazil can work together to set up cooperation with Africa with a view to exporting Brazilian technology and know-how for establishing bio-ethanol production there, thus promoting development there through a new generation of tripartite political cooperation.

One area important for European and world interests is the preservation of the Amazonian forest⁸. To protect it, international partnerships should be set up, involving public and/or private bodies in this major undertaking, constantly bearing in mind the limits imposed by the sovereignty of Brazil's legislation and State regarding this world heritage. Public opinion and the Brazilian authorities are extremely sensitive about this subject, but the current state of the world and its foreseeable development make this an absolutely essential priority for cooperation between Brazil and Europe.

It is important to point out that formal dialogue was in fact launched three years ago, entitled "EU-Brazil dialogue for sustainable development and climate change", although its activities have to date been confined to meetings for establishing an agenda with a view to both parties adopting a stance on the topics up for discussion.

3.3.7 Poverty and social problems. In 2007, Brazil ranked 70th on the United Nations' Human Development Index: a rather modest position when compared with countries that have similar levels of economic and technological development. According to the UN data, between 2003 and 2005 the number of Brazilians living below the poverty line fell by 19.3%; today, they account for 22.8% of the population (or 43 million people). The social programmes implemented by the Lula government have managed to achieve a number of small but useful steps towards combating poverty and inequality⁹. Brazil remains, however, one of the countries with the greatest internal inequalities: the poorest 20% receives 4.2% of national resources, mainly in the North-east region of the country. Access to education has improved in recent years, but inequalities still exist at the regional level, in particular in higher education. The literacy rate is quite high (93.6%) amongst young people (15-24 year-olds), whilst adult illiteracy remains high (12%). Health indicators have also improved, and Brazil spends 7.9% of its GDP on health (the OECD average is 8.72%). Social policies have had an impact on reducing the infant mortality rate (36 per 1000), but much more work still needs to be done in

⁸ The Brazilian government is now implementing a "Sustainable Amazon Plan" (PAS) which covers strategies, expectations and measures for the Amazon, and is designed to set up public measures for, amongst other things, combating deforestation, not as an exclusively environmental question but as an integrated issue for government. There is also a fund, to which everyone can contribute, for supporting the reduction of emissions in Amazonia; it is designed to provide support for tried and tested measures, rather than experimental or pilot projects.

⁹ See in particular the innovative "Bolsa Familia" programme (BRL 2.38 billion), from which 8.7 million families have benefited (data from end 2007).

this field, especially in the North and North-east regions of the country. According to UNAIDS, some 650 000 Brazilians live with the HIV virus: through national legislation, Brazil guarantees universal access to medical treatment, including anti-retrovirals. Unemployment fell from 12.3% to 8.4% in the 2004-2006 period. Youth unemployment (affecting 18-24 year-olds) also fell but remains high. Job creation is therefore a priority for the government, as is combating child and forced labour¹⁰. Access to land ownership is a highly sensitive issue: it is estimated that 1% of landowners control half of all fertile land. Land reform is on the government's agenda, and it aims to redistribute land to 430 000 peasant families. This process should have taken place by 2007, but is a long way behind schedule¹¹. Much also remains to be done about the serious housing problem, as a consequence of which millions of Brazilians still live in shanty towns.

3.3.8 **Migratory flows.** Migratory flows between Europe and Brazil have for a number of years been a constant and two-way phenomenon. [Note: throughout the 20th century, migratory flows from Europe to Brazil involved mainly people from Italy and Germany, followed, in numerical order of numbers, by Portugal, Spain and Poland. This explains why Brazil today has more than 30 million people of Italian descent and 8 million with a German background.] Migration-related issues should today be included amongst the EU's initiatives and proposals on immigration from third countries, taking account of the need to combat illegal immigration, but especially to encourage forms of migration that benefit both parties concerned¹². EU governments should acknowledge the fact that Europe is clearly in demographic decline, whilst some parts of Brazil show prospects for growth¹³. Because the prospect of a strategic partnership between the EU and Brazil is so important, issues concerning migratory flows from and to Brazil should be addressed in line with specific criteria: the two parties concerned should focus on simplifying visa and residence procedures, providing more and better information on opportunities for legal migration and prioritising student and research exchanges, without encouraging a brain-drain. Arrangements must also be established jointly for the mutual recognition of qualifications, skills and experience and for the portability of pensions.

3.3.9 **"Bringing Our People Together".** The importance of this issue for the governments of the two blocs was reflected in the Lisbon summit, warranting a mention in point 16 of the

10 Children are particularly affected: according to the ILO, in 2002 some 450 000 minors were forced into domestic work, farm labour or work in the sex industry.

11 The peasants' movement "Movimento dos Sem Terra" (1.5 million members) calls for radical land reform. It is not yet part of the CDES.

12 With regard to the EU's immigration package, the EESC's analyses and suggestions have been fully documented in a series of opinions on the proposed measures and in own-initiative and exploratory opinions.

13 In 2006, Brazil's average fertility rate was 2 births per woman, according to research carried out by Brazil's PNAD (National Household Survey), 2006.

summit's conclusions¹⁴. Separated by the Atlantic but united by a common history, Brazil and Europe can and must foster exchanges and learn about each other's societies, nature and environment, art, culture and sciences. Civil society provides an excellent vehicle for such activities, promoting cultural and sporting events, and other events that enable the peoples of Brazil and Europe to get to know each other better, developing regular joint events.

3.3.10 **Economic relations.** Trade between Brazil and the EU is clearly on the increase, as demonstrated by the data from the Brazilian government covering the period January-May 2008: Brazilian exports to the EU increased by 19% over the same period in the previous year. The EU is the main destination for Brazilian exports, after LAIA (the Latin American Integration Association), Asia and the USA. The EU is Brazil's second largest trading partner, after Asia. If this trend in bilateral trade continues in 2008, it could equal the record of USD 84 billion (a 25% increase over 2007)¹⁵. Trade between the EU and Brazil could potentially aim even higher, but for this to happen, procedures must be simplified, red tape cut and respect ensured for standards and for intellectual property rules. The Brazilian government must also review the duties it imposes on the import of certain products, as this is a factor hampering the entry of European products into Brazil.

4. **The EU-Brazil round table**

4.1 **Organisation and workings**

- 4.1.1 Setting up an EU-Brazil round table will in itself send a clear signal of the importance both sides attach to their future relations.
- 4.1.2 The EESC believes that the round table should meet twice a year, once in Brazil and once in Europe, in order to broaden and develop the role of civil society in the EU-Brazil partnership.
- 4.1.3 Participation in the round table should be balanced, with equal numbers of representatives from the EESC and the CDES. Each delegation could reasonably comprise twelve members.
- 4.1.4 The round table itself should discuss and determine its own working arrangements, in order to ensure balance and consistent working rules.
- 4.1.5 The EESC feels that it would be most suitable and useful to create a page on the EESC's website dedicated to the EU-Brazil Round Table, the purpose of which would be to encourage input from civil society.

14 http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/er/95167.pdf.

15 For more information on this subject, see the financial appendices.

4.2 **Proposed topics for a future dialogue agenda**

The added value that the round table could bring to the developing strategic partnership clearly depends largely on the importance of the priority issues it discusses. In consequence, the EESC considers that the following thematic areas should be priorities for discussion¹⁶:

4.2.1 **Economic and social issues**

- economic cooperation, bilateral trade and investment;
- the effects of globalisation, reducing its negative impact and maximising the benefits;
- assessing social models, swapping experiences and drafting policy proposals in this area, with a view to the role of civil society and promoting effective and efficient action on its part;
- monitoring the progress of WTO proposals, models and measures;
- analysis of migration movements and cooperation on the rights of European emigrants in Brazil and Brazilian immigrants in Europe, with the aim of fully integrating them as citizens in their countries of destination;
- pooling experiences in the field of social and labour relations and more specifically the role of the social partners in balanced national development, employer-employee relations, the organisation and membership of trade union bodies, labour legislation, and collective bargaining;
- discussion of issues of food and plant health, and concerning the operation of agricultural markets and trade between them, promoting sharing of experiences and best practices, with a view to sustained development in this sector;
- debating information society questions and the role of ITC in the present context of sustained national development;
- promoting debate on corporate social responsibility, and conducting awareness-raising campaigns among the various stakeholders, so that the business community can rapidly and effectively adopt appropriate systems;
- debating and promoting initiatives in favour of mainstreaming concepts regarding gender equality, equal opportunities and the rights of ethnic and social minorities;
- infrastructure and services – discussion of this issue, focusing on subjects such as developing road networks and setting up energy consortia;
- exchanging experiences in the field of Core Labour Standards;
- discussing public-private partnerships' potential for achieving public objectives and also the possible constraints inherent in such partnerships.

¹⁶

The list of proposed topics takes account of the stipulations of the Lisbon Strategy, because this is a strategic instrument of enormous importance to the EU. Consequently, when drawing up these proposals, the EESC cannot stray too far from the guidelines, concepts and aims contained in that document.

4.2.2 **Political and diplomatic issues and development support**

- tripartite cooperation between the EU, Brazil and third countries, analysing the current situation and existing initiatives, and also consulting on future initiatives and actions;
- monitoring the progress of the EU and Mercosur integration process;
- using the strategic partnership between the EU and Brazil as a means of facilitating regional integration and the development of Mercosur and its relations with Europe.

4.2.3 **The environment and energy**

- evaluation and action on environmental protection and sustainable development, as a foundation for national growth and global development;
- assessment of energy challenges, alternative sources of energy and cooperation in this area, as urgent and decisive issues for the future of individuals, countries, and the planet. This issue should place particular emphasis on biofuels and the need to establish rules and standards for marketing them.

4.2.4 **Research and development and intellectual property**

- reciprocal protection of intellectual property rights;
- development of scientific and technological cooperation arrangements, in order to promote research that boosts mutual advances.

4.2.5 **Education**

- promoting school and university exchanges by setting up student and teacher exchange schemes, training periods and other ways of furthering knowledge and development in the academic sector;
- discussing and analysing education and training issues as a lifelong process that is key to individual and collective development.

4.2.6 Cultural exchange and tourism

- promoting cultural exchanges and awareness of history and the current situation, thereby contributing to better mutual knowledge and understanding; and
- analysing and verifying the role of tourism in bringing the EU and Brazil closer together, and devising strategies to boost tourism in a balanced, sustainable manner.

Brussels, 22 October 2008.

The President
of the
European Economic and Social Committee

The Secretary-General
of the
European Economic and Social Committee

Mario Sepi

Martin Westlake
