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EU-BRAZIL FACT SHEET

A strategic partnership

The EU-Brazil strategic partnership was established in 2007, in recognition of both sides' political and economic importance. Regular high level visits, cooperation in a wide range of areas and consultations in the margins of major multilateral events make for dynamic and strong relations.

An EU-Brazil joint action plan underpins the strategic partnership. It identifies five priority areas for cooperation: peace and security through an effective multilateral system; sustainable development; regional cooperation; science, technology and innovation; people-to-people contacts and cultural exchanges.

Summits are held annually and focus on key global challenges such as the maintenance of peace and security, climate change, energy, developments in the international economy as well as the analysis of the respective regional situations and human rights.

Trade relations

The EU remains Brazil's main trading partner: the EU is the destination number one of Brazil's exports and imports. More than 20% of Brazil's exports go to the EU. And more than 21% of Brazil imports come from the EU. Brazil represents 2.2% of EU trade with the world and is ranked 8th among EU trade partners, immediately after Japan and above India.

Trade data for 2013 indicate a slight growth of EU exports to Brazil, from €39.7 bn in 2012 to €40.1 bn in 2013. Notably, the EU recorded for the first time in 2012 an overall trade surplus in goods with Brazil of €2.3 bn (the deficit in 2011 was of €3.3 bn) and increased it in 2013 to € 7.1 bn, due to a decrease of Brazilian exports to the EU, from € 37.4 bn in 2012 to € 33 bn in 2013. Since 2000, the EU had always had deficits in trade in goods with Brazil.

In terms of trade composition, around 90% of EU27 exports to Brazil in 2013 were manufactured goods (automotive, aircraft, chemicals, and other machinery), while primary products such as food and drink and raw materials (soy beans, oilcake, iron ore, coffee and crude oil) accounted for more than 70% of imports.

Brazilian Foreign Direct Investment (FDI) flows into EU27 decreased from €13 bn in 2011 to €2.2 bn in 2012; and EU28 FDI flows into Brazil decreased from €30.4 bn in 2011 to €22.4 bn in 2012. Nonetheless, the EU remains the biggest foreign investor in Brazil with more than 45% of the total stock of FDI in the country in 2012 (€247 bn, more than double of EU FDI stocks in China). The EU has overtaken the US as the first investor in Brazil in the last few years, but with growing importance of China in Brazil confirming a general trend in Latin America. Equally, the EU is the first receiver of Brazilian FDI.

Sectorial dialogues and exchanges

Around 30 political dialogues have been established so far in a wide range of policy areas, including human rights, energy, climate change, environment, information society, regional development, science and technology, social policy, culture, education, air transport, economic affairs, financial services, tourism and agriculture.

Human rights issues are addressed at the EU-Brazil Human Rights Dialogue held annually in Brasilia and in regular meetings in the margins of the Human Rights Council in Geneva and of the UN General Assembly. The main issues broached are human rights in the multilateral framework as well as in the EU and in Brazil.

From 2013 to 2015, Brazil is a member of the Human Rights Council in Geneva. The EU and Brazil are like-minded on many issues such as death penalty, protection of human rights defenders, children's rights, discrimination and freedom of religion or belief and have agreed to join forces to advance them at the UN.

A horizontal and an air safety agreement were signed at the summit in July 2010. A comprehensive air transport agreement (open-skies agreement) was initialled in March 2011, and is currently being re-negotiated by both parties. The agreement would open markets, create new investment opportunities as well as improve the commercial and operational environment for carriers.

Research and innovation

EU-Brazil cooperation in science, technology and innovation is very solid. In the 7th research framework programme (FP7), Brazil ranks sixth among participating third countries. The EU contribution to Brazil is also sixth out of all third countries at almost €26 million of EU funding for Brazilian participation. The main areas of cooperation include mainly in information and communication technologies, food, agriculture and fisheries, biotechnology, transport and health.

The new EU Framework Programme for Research and Innovation, "Horizon 2020" (2014-2020, budget exceeding € 80 billion) is fully open to international cooperation and offers new opportunities for enhanced cooperation. Partners from BRIC countries will fund their own participation like other major economies. Besides, over 40 Marie Skłodowska-Curie researcher mobility actions are in place, funding a period of research abroad.

The implementation of the Agreement signed on 24 January 2013 concerning cooperation between the Commission's Joint Research Centre and the Brazilian Ministry of Science, Technology and Innovation is progressing. In addition, a co-operation agreement between Euratom and Brazil in the field of fusion energy research signed in Brasilia in November 2009 is in force since January 2013, following completion of the ratification process in Brazil. Brazil is one of the first non-ITER¹ parties with which Euratom has signed a bilateral cooperation agreement in fusion energy research.

¹ International Thermo Experimental Reactor: international nuclear fusion research project funded and run by 7 members: the EU, India, Japan, China, Russia, South Korea and the US.

EU-Brazil development cooperation

Between 2007 and 2013, the EU provided €61 million in grants to Brazil. Bilateral, thematic and regional programs were implemented in the areas of: environment and climate change, higher education (such as Erasmus Mundus, to facilitate education exchanges between Brazil and the EU, and the Europe – Brazil Institute), human rights – focussing on the fight against violence, Civil society organisations, migration and the promotion of Small and Medium Enterprises (SMEs).

Brazil has also benefitted from the Latin American Investment Facility (LAIF) through the "Improving service delivery and investment planning in the power sector in Brazil" project (which helped to increase the quality and efficiency of the power distribution service to the population); totalling an investment of €214 million in the energy sector.

In human rights, another project supports a citizens' network for the defence of children in Itabuna; helping to promote a culture of respect of the rights of children and adolescents, improving their living conditions and reducing the violence which they sometimes suffer. An information campaign will raise the awareness of more than 15,000 citizens to the dramatic consequences of sexual exploitation and violence for young victims. The project accommodates 1,120 children and adolescents in day care or residential facilities.

In the 2014-2020 period the EU is devoting some €805 million development cooperation for the Latin America region to support: social cohesion, a sustainable environment, education, and an inclusive economic growth in a secure development environment.

The strategic partnership provides for cooperation between the EU and Brazil in the area of development through better coordination within relevant international fora and through trilateral cooperation (i.e. cooperation among developing countries (partner and beneficiary) with the participation of a third partner (donor)). Promoting triangular cooperation with Brazil in developing countries (notably Portuguese-speaking Africa and Timor-Leste) has been agreed, in sectors like health, energy, agriculture, education, justice, and security sector reforms.

Brazil and Mercosur

The Common Market of the South (Mercosur) was founded in 1991 by the Treaty of Asuncion, which provided for the progressive establishment of a common market and a customs union. Mercosur brings together Argentina, Brazil, Paraguay, Uruguay, and most recently Venezuela, which officially joined in July 2012. Bolivia is in the process of becoming a full member while Chile, Colombia, Ecuador and Peru are associated. Brazil represents over 70% of Mercosur's GDP and 80% of its population.

Mercosur is a large market with considerable growth potential. It is the fourth largest economic grouping in the world (after the EU, NAFTA and ASEAN). Total GDP of the region reaches €1800 billion, more than South Korea, India or Russia. Average annual GDP growth in the block exceeded 5% over the past 7 years. In terms of EU exports, Mercosur ranks on par with India and ahead of both Canada and Korea. EU investments in Mercosur amount to more than €285 billion in 2012, more than EU investments in China, India and Russia combined.

The EU is currently negotiating with Mercosur for an Association Agreement. Talks started in 2000 and, although suspended in 2004, the process was re-launched in May 2010 at the EU-LAC summit. Nine rounds of negotiations have been held since then, most recently in October 2012. At the Ministerial meeting held in Santiago de Chile on 26 January 2013, the EU and Mercosur countries agreed that the next step in the negotiations would be an exchange of market access offers on good, services and establishment and government procurement. This would be the first exchange since 2004.

This agreement would boost exports and growth and strengthen EU-Mercosur cooperation in international fora, including on the reforms of global economic governance and the international financial institutions, climate change, G20, human rights and the fight against poverty.