

Analysis on Bilateral Relations between Brazil and the EU from the Soft Balancing Perspective

**Análisis sobre las relaciones bilaterales entre Brasil y la UE
desde la perspectiva de equilibrio suave**

Chung-hung Cho*

— (Abstract) —

Brazil's traditional diplomatic strategy is "balancing the US position and bandwagoning the EU". However, these realistic views, namely, balancing and bandwagoning, have not explained the strategic choice of Brazil. This paper discusses the evolution of the relationship between Brazil and the EU and attempts to redefine their bilateral relation. Three current situations and hypothetical developments are used as the main axis of the structure of the article: the economic alliance between Brazil and the EU, a multilateral strategic partnership between both parties and bilateral relations as both a partnership and a competition. The relations between both parties have shown a strategic alliance formed by the link of the issue, which excludes the cooperation on hard military issues and selects the alliance on soft issues. The concept with both balancing and bandwagoning is adopted to reach a diplomatic

* Graduate Institute of European Studies at Tamkang University

consensus that provides compromise without the loss of autonomy to construct the Brazil's diplomatic strategy of "soft balancing".

Key Words: Balancing, Bandwagoning, Soft Balancing, Brazil and the EU, Strategic Partnership

I . Introduction

Soft balancing, which had been discussed since the collapse of the Soviet Union and the end of the Cold War, explores the manner in which second-tier great powers respond to the domination and heading of an international system by the United States (US). On one hand, the traditional theory of hard balancing focuses on the equilibrium relationship from the military strategy of powers. On the other hand, soft balancing concentrates on how second-tier great powers become strategically interested in countering the super powers by means other than military power.

In this paper, soft balancing is used to explain the core of power conversion, taking the strategic partnership between Brazil and the European Union (EU) as a case study. Strategic partnership is a form of soft balancing and is not a formal alliance to counter the military threat from the US. However, strategic partnership aims to constrain and offset the strong military and economic power of the US through economic, cultural, and institutional power (Ferguson 2012, 199). The EU and its strategic partners established a strategic alliance formed by the link of an issue. Brazil is strongly autonomous and does not always have the same side with

the EU on different issues. Both parties agree on the development of cooperation, climate change, and other issues, with significant differences in market access, security, and other affairs. Their bilateral relations have shown a strategic alliance formed by the link of an issue which excludes the cooperation on hard military issues and selects the coalition on soft issues to construct a basic strategy of soft balancing.

From the historical and cultural perspectives, Brazil was deeply influenced by the traditional power of Europe, and it is one of the most pro-European countries in Latin America. Brazil is politically influenced by the third wave of democratization in the Southern European countries. When the Brazilian military government stepped down in 1985 and the power was returned to the civilian government, Brazil entered into the *Nova República*. Brazil gradually turned away from the alternate stage of populism and authoritarianism toward the steady development of democracy. Until 2011, the EU has been the main source of investment and export market of Brazil and the latter has become the only strategic partner of the EU in South America. As the largest country in South America, Brazil is ranked the seventh largest economy in the world, also an important member of MERCOSUR (el Mercado Común del Sur; the Southern Common Market) and one of the emerging BRICS countries (BRICS: Brazil, Russia, India, China, South Africa).

The rise of Brazil caused it to rethink its national strategy. Brazil's basic diplomatic strategy in Latin America is to compete with the US. However, the EU is not the only entity that Brazil wants to attract. Brazil's strategy is now geared toward multi-oriented development and alliance. This study

paper adopts the concept of soft balancing to analyze how Brazil can maintain its stable development with powers. First of all, the concept of soft balancing will be analyzed. Secondly, it will be addressed what the factors cause Brazil to adopt a balancing, bandwagoning, or another strategy? The third part discusses the differences in the bilateral position between Brazil and the EU in terms of trade, development, environmental change, and security. The fourth explains how Brazil maintains its independent diplomatic policy considering its competition and cooperation with the EU? And the final part concludes the debates.

II . Soft Balancing

Soft balancing is established on traditional power balance theory. Waltz's structural balance of power focuses on the structure of the system, and the main reason for international stability is the balance of interaction in the level of systems. Excessive concentration of power is prevented through power distribution to maintain the stability of the international community and regional security (Waltz 1979, Chapter 6). Such a self-help system urges national behavior to lean toward power balancing. Hegemony, as defined by Waltz, is having power without an apparent opponent. Secondary hegemony attempts to balance the supremacy. When a part of the international system is in a state of anarchy, the sovereign states attempt to strengthen and safeguard their interests by expanding their power for them to survive. One method to expand their power is to enhance their strength and effectively use domestic resource allocation, which will improve the

domestic economy and enrich their arms. Another method is to seek an alliance with other countries to counter or weaken each other. Walt further explained the alliance behavior and believed that alliance plays an important role in the power balancing system, which in turn, has an effect of balancing and bandwagoning (Walt 1987, 110 - 117). Balancing and bandwagoning are related; the latter is a type of balance of power, where small countries accept the dominant position of hegemony, then, take unilateral restrictions on domestic policies to meet the preferences of the dominant power to maintain the relationship with the hegemony.

Walt and Waltz believed that balancing possesses more common effects than bandwagoning. For example, the balance system formed by the European countries since the Peace of Westphalia is widespread (Walt 1987, 7-114). Some countries play the role of the balancer in certain regions or in the world to counter strong countries or powerful alliances. Examples are Britain in Europe, China in the Cold War Era, and Brazil in America. These countries attempted to play the role of the balancer. However, not all countries want to be a balancer. Some small countries often join strong countries that are under the umbrella of a big country. After the two World Wars, the US became more powerful than the Soviet Union. However, Western European countries did not choose to fight the US. Instead, they became the US's allies against the Soviet Union. The difference is that the threat of the Soviet Union on Western Europe and Japan is higher than on the US. After the Cold War, Western European allies encountered more contradictions with the US in the open market and in the reduction of the greenhouse effect. Until the 911tragedy, terrorism brought a common threat

to the powers. The powers were briefly united because of these occurrences (Ou Xinhong and Hu Zhuqing 2012, 63).

The first correction shows a shift in balancing strategy. Traditional power balance focuses on balancing the power size. The corrected power balance shifts to the attention to their intentions and focuses on the balance of countries with threat intention. The corrected power balance is not simply against the power. Thus, balance theory of threats raised by Stephen Walt was formed (Yang Sanyi 2013, 166). Walt emphasized that aside from the power of hegemony, a country's intention must be considered. In particular, behavior is the basis for secondary hegemony to decide if it should be balanced. The point of both power balances is that balance is based on the motivation of the system, rather than on specific events.

The second correction is a shift in the means of balance. The study on power has been the core idea of realism. Carr divided the international power into three types, namely, military force, economic power, and the power dominating other opinions. Six principles of political realism raised by Morgenthau (1978, 4 - 21) defined interests by power. Moreover, the pursuit of power has become the goal of all countries.

Traditional power balance theory focuses on the hard balancing relationship among powers produced through military means and adopted to safeguard the interests of military strategy (Gan Yihua 2008, 2). Hard balancing is associated with the power having tangible indicators in the classification of power. The tangible indicators include geographical position (existence of a natural barrier, strategic location, or proximity to greater powers), population quality and structure, social demand level, food

supplies and natural resources (coal, iron, petroleum, and the strategic resources associated with national defense industry), economy, and military force. The power is simplified as a tangible and measurable resource and disregards other categories of power indicators. Therefore, such an analysis of the national power factor will easily produce misleading results. Power resource is a tangible or intangible tool that is relative to the relationship with the power. Whether a particular resource can produce the desired outcome depends on the intention of the actor. Resources are transformed to powers to achieve desired results. The transformation of power, that is, transforming resources into results, has become the critical intervening variable. Therefore, the key is not the kind of power resource to have, but on the ways to use it to effectively transform power resource into the strategy (Li Jingyi 2011, 30 - 31).

In this paper, the correction of the balancing strategy and balance means constitute the concept of soft balancing. The existing international relation shows a 3D chess game (Li Jingyi 2011, 30 - 31). With the military field being the top layer of the board, the US enjoys a unipolar advantage; with the economic field in the second layer of the board, a multipolar situation is observed. The US, Japan, the EU, and BRICS play important roles. The overall economic scale of the EU is greater than that of the US. With their rapidly growing population, economy, and resources, China, India, Brazil, and other emerging economies become increasingly important. Meanwhile, the lower layer of the board shows a power deconcentration that crosses national boundaries. An increasing number of affairs have gone beyond the scope of government control. These affairs include all kinds of non-state

actors, and transnational challenges derived from globalization, such as water pollution, diseases, climate change, and other issues of this kind.

Scholars are evaluating the lack of military alliance against the US (hard power). However, they should be thinking on how to use the (soft) force besides military power to counter the hegemony of the US in the international system (Whitaker 2010, 1 - 110). In the Introduction, soft balancing is not intended to directly challenge the military advantages of the US. Instead, it uses non-military tools to delay, frustrate, and undermine unilateral acts of aggression by the US in the military. This process can be achieved by regional or international multilateral institutions, economic strategies, and diplomatic arrangements (2005, 10). Other scholars raised similar observations. Paul believed that the secondary power gradually uses the soft balancing strategy to counter unilateral acts of aggression of the US military after the Cold War. However, these acts do not harm the economic interests of the secondary power and the US (2005, 70). Soft balancing, as defined by Ferguson, includes the non-military alliance of both countries to reduce or remove the military behavior and the external influence of foreign powers in particular regions (2012, 200). Whitaker believed that for weak countries, when any military action is taken against the foreign force to reduce its influence, or when cooperation is taken as the response to security threats, these actions are all expressions of soft balancing (2010, 110).

Globalization further diversified the definition of the relevant issues of the interests of power. Therefore, the dominance of the military and the economy is no longer overwhelming; the state no longer has a unique role

in the global affairs; security is not the only goal that the country should pursue; force is not the only choice to achieve the goal (Keohane and Nye 1989, 27-28). Soft balancing focuses on non-military means, particularly diplomacy and construction, in which super powers and secondary powers can expand the bargaining space through different policies. These policies may ease the threats on the existing situation that the conflict of interests among powers may bring. If secondary powers can integrate their policies against super powers, then the costs of unilateral acts of super powers will be increased, the dominant advantage of super powers will be eroded, and the dictatorial power imposed on other roles will be weakened.

III. Construction of Brazil's Soft Balancing

Before discussing Brazil's national strategy, the relative position of the country in the world and in Latin America must be clarified. Brazil and Mexico are known as the two biggest countries in Latin America. However, the relations of these countries to the US are different. Mexico refused to join the Central American community (changed to Central American Common Market, CACM) in the 1960s, which led the countries in Central America to compete with the US. Instead, Mexico chose to join the Northern powers, forming the North American Free Trade Area (NAFTA) with the US and Canada. Compared with Mexico's method of bandwagoning with the US, Brazil's traditional diplomatic strategy is "balancing the US position and bandwagoning the EU" (Gratius 2012, 7).

The definitions of balancing and bandwagoning explain the basic coping approach between the US and the EU with Brazil. Brazil knows that resisting the US is difficult because of its strength. However, Brazil does not want to ally with the US, but instead wants to draw the attractive EU to itself. On one hand, Brazil effectively utilizes its national resources and its own strengths in specific areas to establish its regional influence. On the other hand, Brazil shows its relative power and confidence to enhance its national autonomy and expand its power in international politics.

First of all, in terms of territory and population, Brazil is slightly less than the United States, Russia, and China. However, on the influence of global affairs and the degree of involvement, Brazil is far less engaged than the aforementioned countries. Brazil has the largest military budget in South America, and it ranks as the 10th military power in the world. However, Brazil still needs to prove they can become a military power. Brazil has the largest economy in South America, but it is not the richest country. Argentina and Chile have a higher personal income and human development index than Brazil. With a surging wealth gap, the development assistance to neighbors or other developing countries in South America is not high. Brazil has rich, raw materials, mineral resources, and a vast market, and it is a big, agricultural exporting country, which attracts more foreign investments. Brazil has an effective bargaining chip in international negotiations, but no economic leverage exists to make this country become a regional leader.

On Brazil's foreign policy, Brazil was influenced by the Portuguese colonial tradition. Thus, its historical background, culture, and religion are

similar to the values of Europe. Politically, Brazil agrees with democratic rule, social welfare system, and the integration model of European countries. Economically, Brazil is closely related to the EU, particularly Spain and Portugal, and experienced an aggravated, complicated situation after joining the EU in 1986 (Bizzozero 2004, 101). These special relations entrusted to the EU by Brazil established the understanding and mutual trust of partnership, and laid a solid foundation for bilateral political and economic relations. However, compared with the pro-West countries, Brazil's traditional diplomatic orientation is to compete with the US, bandwagon with the EU, and remain partial to anti-American and pro-European ideology (Gratius 2012, 7). For example, Brazil boycotts the Free Trade Area of the Americas promoted by the US; the Free Trade Area was formed by the US and Central America by merging with the Free Trade Zone established by South American countries (Faust 2004, 56; Teló 2007, 138); Brazil boycotts many proposals of the US in the United Union (refer to cases in Chapter 4 of this paper), excludes Mexico - Latin America's major competitors, entices Latin American countries with similar anti-American ideologies, and combines the third forces of the EU to counter the US. In other words, excluding the US as the main force, Brazil chose an alliance with the EU and other South American countries to diversify its national economy and diplomacy. These choices highlight the heterogeneity of the status of the Western identity of the country (Malamud 2011, 6).

The second identity is embodied in the regional integration in South America to construct a space that combines geopolitics and geoeconomics

through Brazil's promotion. For Brazil, South America is not merely a geographical region, but a highly autonomous political and economic region. This feature reduces the external influence of the US. Meanwhile, this identity can be used to enhance Brazil's power. The important indicators of which are the reconciliation between Brazil and Argentina and the establishment of MERCOSUR in 1994. MERCOSUR originated from the concept of the security community that refers to the two big countries in the region, Brazil and Argentina, which established reconciliation and mutual trust, abandoned the development of nuclear weapons program, and reached a mutual non-aggression agreement (Bizzozero 2004, 101). Another indicator is the South America Community (changed to Union of South American Nations, UNASUR) established in 2004, with the purpose of drawing the Andean group and the South American Market under these two regional organizations, together with Chile, Guyana, Suriname, and other countries. With the dominance of Brazil, UNASUR focuses on the development, anti-imperialism, nationalism, and formation of the state alliance with a leftist ideology. Brazil pushes MERCOSUR to develop as the core of the UNASUR, without taking further risks. Meanwhile, the leading position of Brazil in South America is stable (Malamud 2011, 6 - 7).

The third identity is embodied in the South - South Cooperation Strategy promoted by Brazil. Brazil along with China and India intends to establish a multilateral multipolarity against hegemony based on political realism and the national power balance system. The concept of multilateral multipolarity against hegemony popularized in this country comes from its active cooperation with developing countries. On one hand, it emphasizes the

development of friendly relationship with its neighbors in South America and strengthens regional cooperation. On the other hand, it turns to the members of BRICS, such as The India, Brazil, South Africa Dialogue Forum (IBSA) formed with India and South Africa, and becomes a member of G8+G5 under The Organization for Economic Cooperation and Development (OECD) with the five BRICS countries.¹⁾ By forming alliances with China, India, South Africa, and other developing countries, Brazil strengthens the South - South Cooperation, instead of the traditional pattern of South - North Alliance (Gratius 2012, 9). The practical strategy adopted by Brazil helps it to reach the third road in foreign relations. Since 2011, Asia has become the major source of investment and export market of Brazil, followed by the EU, and the US. Politically, the traditional pro-EU is changed and the Western identity is no longer seen as the only option in the development of foreign relations. The economic bandwagoning with the EU and US in the past gradually changed and is now geared toward China and India in Asia. By enhancing the integration of the South American market, the situation of the four divisions, namely, Asia, the EU, the US, and South America, is formed (Gratius 2012, 7).

The three identities constitute the diplomatic characteristics of soft balancing emphasized by Brazil in which it positions itself as a medium or regional power. With the social influence, medium power can be recognized by other countries. This social power is based on three kinds of

1) The eight big industrial countries in the world are listed, consisting of China, India, Brazil, South Africa, and Mexico, together with five developing countries, for the original purpose of stimulating economy and solving the global warming issue. In 2007, institutionalization was suggested in the eight big industrial countries summit in Heiligendamm, Germany and it became a fixed internal forum of OECD.

influence: economically, physically or politically coercive means; these include persuasiveness and ideological norms (Malamud 2011, 3). The first two kinds of influence are regarded as one and are generally defined as hard power, which uses economic or military force to influence the behaviors or interests of other countries. The third kind of influence is soft power, which tends to reach national targets through cooperation and attraction, rather than through sanctions and threats. As Brazil lacks the means for hard power, under the condition of having no sticks and carrots, Brazil concentrates its resources on the use of normative power (Malamud 2011, 5; Wang Huiling 2013). This kind of development is seen as follows. As a founding member of the United Nations (UN), Brazil is one of the major budget contributing countries. In 1992 and 2012, it hosted the Global Sustainability Summit, which focuses on global greenhouse effect and sustainable development. Under the framework of the World Trade Organization (WTO), Brazil plays the major role of Doha round of negotiations, and Roberto Azevedo from Brazil is currently the WTO Secretary General (Bourcier 2013). Together with Germany, India, and Japan, Brazil actively seeks to be added as a permanent member of the UN Security Council. However, this move was opposed by Mexico and Argentina, which are associated with Italy and South Korea. Brazil plays an important role in the construction of a multilateral equilibrium in international affairs, which is the basic strategy of Brazil in seeking an independent foreign policy.

IV. Multilateral and Bilateral Strategy of Brazil and the EU

The great part of the relationship between Brazil and the EU is pressed in the framework of MERCOSUR. As its name implies, MERCOSUR aims to establish a single, internal market. Brazil, Argentina, Paraguay, and Uruguay are the four countries that agreed to remove tariffs and non-tariff barriers in the transition period from 1991 to 1994; and the countries reached an agreement on the common external tariff (Bizzozero 2004, 101; Faust 2004, 45-50). In December 1994, these countries signed the Protocol of Ouro Preto in Brazil. The countries developed an organizational structure and gave the international legal status to MERCOSUR to open the inter-regional negotiation with the EU. In 1995, MERCOSUR signed the third-generation cooperation agreement with the EU to replace the first- and second-generation cooperation agreement that was dubbed as empty shell (Santander, 2005: 291). Both parties developed relations in trade, cooperation, and political dialogue to reach a consensus on the development of cooperation that drives the economy and trade. The political dialogue resolved the economic and trade disputes to establish the basis for future bilateral negotiations on the Association Agreement. Since 2006, the trade policy of the EU emphasized a double-track development in Asia and Latin America (European Commission 2006, 2). In Latin America, the EU signed the Free Trade Agreement with six Central American countries, Columbia, and Peru, respectively (2010)(European Commission 2013a). The analysis on the subsequent effects of these free trade

agreements helped extend the trade negotiations of the EU with other South American countries (Briceño Ruiz 2006). In addition to economic and trade relations, the EU has established a strategic partnership with big countries in Latin America, such as Brazil and Mexico (European Commission 2013b), to individually develop bilateral relations with the two countries (Renard 2011, 1-23). The differences in the bilateral position between Brazil and the EU are discussed from four aspects, namely, trade, development, environmental change, and security.

1. Trade

Trade is the main axis of the relationship between the EU and Brazil. From the angle of competition, MERCOSUR countries with an approximate 240 million consumer population and having rich mineral resources belong to the alliance pattern of developing countries. The development characteristics are not limited to the cooperation of member states in the region. MERCOSUR extended its relations with countries outside the region since the formal operation of MERCOSUR in 1995. Chile (1996), Bolivia (1997), Mexico (2002), Peru (2003), Columbia and Ecuador (2004) became associate members of MERCOSUR. The integral relationship between MERCOSUR and the Latin American countries and the geographical distance causes MERCOSUR and the EU to have no strategic conflict; MERCOSUR became the first entity that the EU wanted to attract in Latin America (Marina Valle 2008, 10 and Table 2). However, MERCOSUR, which was headed by Brazil, chose to maintain its good relations with European countries to counter the US. The major cause was that the leftist party

member countries of MERCOSUR came to power going into the 21st century, and formed a MERCOSUR that is completely composed of governments leaning toward the centre left.²⁾ With an anti-American political ideology and the recovery of economic nationalism of MERCOSUR countries, the US's promotion plan of free trade in South America was blocked. Brazil fought for a seat as a part of the non-permanent members of UN Security Council when President Lula was in power (Luiz Inacio Lula da Silva 2003, 2011) and pushed the regional integration dominated by Brazil in Latin America. The regional integration was planned to combine all South American countries and to establish the South American Free Trade Zone, which will compete with the NAFTA and the Central American Free Trade Zone dominated by the US (Faust 2004, 56; Teló 2007, 138). Thus, as one of big trade countries in South America, Brazil wanted to balance the dominant advantages of the US in Latin America, with the strength of the EU joining the competition.

Whether in the early stage of contact between the EU and MERCOSUR, or in the Doha round of negotiations, or when both parties were recovering from the inter-regional trade negotiations in 2010, bilateral disputes have always been greater than the consensus because the degrees of openness of the agricultural products of both parties are different. Under

2) The left-wing powers among the member countries of MERCOSUR are: presidents of Brazil Lula da Silva (2003-2010) and his successor Dilma Rousseff (2010 to August 2016); presidents of Argentina Néstor Carlos Kirchner (2003-2007), Cristina Fernandez de Kirchner (2007 to 2015); presidents of Uruguay Tabaré Vázquez (2005-2010) and José Mujica (2010 to 2015); president of Paraguay Fernando Lugo (came to power in 2008, stepped down in June 2012 because of senate impeachment); and the former president of Venezuela Hugo Rafael Chavez Frias (1999-2013).

the common agricultural policy of the EU, a single pocket policy is used for agricultural products of MERCOSUR, and the quota limit of 50% of agricultural products is immediately cancelled. The controversial remaining 50% of agricultural products are put into the Doha round negotiations of WTO to be solved, where agricultural problems are attempted to be solved through bilateral and multilateral negotiations (Schneider 2006, 1-6 ; Hardacre 2010, 200). However, the products that the EU maintained in a high tariff, including meat, sugar, grain, and cheese products, are the industries with competitive advantages in MERCOSUR (Hardacre 2010, 201). The position of the MERCOSUR is not only limited to the tariff reduction agreement. MERCOSUR asked the EU to abolish its subsidies to agriculture, open the European agricultural products market, and remove the non-tariff barriers and other demands. Brazil and Argentina are among the world's agricultural exporting countries. Facing the external pressure from the EU, they united against the external force. An obvious example is when Brazil and Argentina signed a bilateral strategic agricultural cooperation agreement that can be used to coordinate the common position of the two countries in international negotiations, strengthen the cooperation on the agricultural technology improvement of both parties, and enhance the agricultural exports of both parties (Chen Yijie 2010). Another dispute is that Brazil does not want to reduce its tariff protection measures in the information, automobile, and service sector. Under the condition that the agricultural and industrial sectors insisted on, the negotiation process was delayed (Maihold 2008, 1-6). Thus, bilateral economic and trade negotiations are largely affected by the interests of different countries. Agriculture is the core of the

comparative advantage of MERCOSUR countries and is the focus of EU trade protection. Bilateral trade negotiations were terminated in 2004 because of divergent views. Although contact was renewed in 2010, deadlock in the opening of agricultural market and industrial protection cannot be broken. The EU promised to complete the agricultural reform in 2013, but some countries in the EU fell into the debt crisis and the rise of national protectionism prevented the reform from being implemented as scheduled. With the case of the Spain Repsol Petrol Company,³⁾the EU experienced apprehension with the formation of neo-populism in South America; thus, the EU did not speed up the pace of negotiations.

Moreover, as an emerging economy, Brazil wants to develop bilateral relations with the EU to avoid the restrictions of the negotiation progress of MERCOSUR. However, early in the EU and MERCOSUR, during the Bilateral Regional Negotiation Committee Conference in 2001, the EU emphasized that if the negotiation with MERCOSUR does not push through; it would not sign a trade agreement with any member state and would reject the possibility of Brazil's independent development of EU relations (Santander 2005, 297). Since then, the EU has not mentioned giving up its region-to-region negotiations and evaluated the possibility of individual development of bilateral relations with Brazil. If the negotiation between the EU and the Andean group failed, then the signing of the free trade agreement with Columbia and Peru will be changed. If the negotiation

3) In April 2012, the Argentina government broke the international business rules and ordered to levy the biggest petrol company of this country (Repsol YPF). The company is composed of the YPF Company of Argentina held by the Repsol Energy Group of Spain, which accounts for 57.4% of the shares.

between the EU and Southeast Asian countries reaches a deadlock, then the negotiations will be with Singapore, Vietnam, and other countries because the opening of the MERCOSUR trade is significantly affected by Brazil. The data show that the trade volume between Brazil and the EU accounts for 37% of total trade volume between the EU and Latin America, and 75% of the overall economy of MERCOSUR; and the controversial, sensitive, agricultural products account for 41% of Brazil products exported to the EU (DG Trade of European Commission 2013). In August 2012, Brazil again proposed to MERCOSUR, which allowed Brazil to sign a free trade agreement with the EU in advance. Brazil wanted to break the trade deadlock with the EU (Liao Binqing 2013). This point may help both parties settle their differences.

2. Development assistance

The EU is currently the main contributor to global development assistance. The world OECD classified Brazil as an upper middle-income country, and discontinued its development assistance to Brazil since 2014. Brazil has transited from a past beneficiary of assistance to a present contributor. Brazil's expenditure in the development of cooperative projects is not high; its expenditure is not more than 0.02% of the GDP in recent years. Brazil's participation in the assistance scheme is limited.⁴⁾ Brazil and the European Commission, with its member countries (Germany, Spain, and

4) Please refer to the Global Humanitarian Assistance official website:
<http://www.globalhumanitarianassistance.org/countryprofile/brazil>, latest update 20 September 2016.

Britain) began the three-side cooperation agreement in 2007, which provides assistance schemes to Haiti, Central America, and Portuguese-speaking African countries. This agreement is the South – North Cooperation Model, which provides cases of three-side cooperation among Europe, Africa, and Latin America countries (Schläger 2007, 7). Brazil can afford to assist countries through lessons by using its development experience to enhance national sales, rather than the traditional model of providing assistance. However, Brazil's development model is largely based on the social welfare model of the EU, which is consistent with the vision of the EU, with a difference in the method (Gratius 2012, 16). With the help of the EU, the EU and Brazil promoted the progress of democratization and the social model as a regional paradigm. The promotion plan of the regional and global development cooperation of both parties in Africa and Latin America helps in settling the disputes in bilateral relations because of trade.

3. Climate change

On the issue of climate change, both parties have the same opinion but belong to different groups. Brazil belongs to the group of developing countries (G-77) and is part of BASIC (Brazil, South Africa, India, and China). Meanwhile, EU has its particular features, as it includes the group of developed industrial countries (Gratius 2012, 16). Both parties will face different problems because of their varied economic development. The EU focuses on reducing the demand for fossil fuels and is seeking alternative sources of energy to reduce greenhouse gas emission. Brazil is facing the dilemma of Amazon deforestation and economic development. Brazil

successfully hosted the Global Sustainable Development Summit of the UN in 1992 and 2012 to appeal for dealing with global warming issues. Brazil allied with the EU to support the Kyoto protocol to reach an agreement on greenhouse gas emission reduction. At present, both parties in the Dubai meeting reached a preliminary consensus on the negotiations of greenhouse gas emission reduction in Kyoto Protocol on 2015.

4. Security

The EU and Brazil resolve their conflicts and strengthen their security and development in a diplomatic way, excluding force as the means of resolving problems as much as possible. At present, a total of 27 sectoral dialogues have been conducted between Brazil and the EU, including an annual bilateral summit, IBRI America Summit, multi-round trade negotiations between the EU and MERCOSUR, and irregular meetings of the chamber of commerce and civil society groups. However, bilateral dialogue is excessively concentrated in the market; thus, the lack in security strategy. For example, in the development of nuclear weapons in Iran, Germany, France, and Britain support the US. They gave restrictions on the development of nuclear weapons in Iran, and sanctions are taken, if necessary. Brazil supports Turkey as it proposes to have a dialogue with Iran. Each country has the right to deal with its nuclear policy. After the event, both countries signed an agreement to establish a mutual trust between the two countries and Iran to transport part of the reprocessed enriched uranium of Iran to outside Iran to avoid falling into nuclear weapons programs. Brazil opposed to the military intervention in Syria and

Libya under the framework of the UN and believed that Western countries excessively abused the authorization of the UN (Burnett 2013).

From these international issues, the relationship between Brazil and the EU is in a contradicting complexity with both its partners and competitors. Both parties sometimes have the same or different position on issues. On one hand, Brazil and the EU have the same position on human rights, democracy, social justice, sustainable development, and other issues. This niche can easily find the meeting point as the EU and Brazil are facing socio-economic relations and problems. The niche is also an integrated element to strengthen bilateral cooperation in the future, where climate change, sustainable development, and economic and environmental challenges will be faced. Meanwhile, the partnership between Brazil and the EU aims to construct a regional and global security network in compliance with the logic of common interests to extend and institutionalize bilateral relations. With the difficulty of contending with the hard power of the US and the unwillingness of Brazil to ally with the US, Brazil developed a set of norms and mechanisms to guarantee its own advantages.

V. Evaluation: Closer partner ?

Three diplomatic identities of Brazil and four international issues are used to construct the bilateral relations between Brazil and the EU. These identities are reflected in the triple status of Brazil's foreign relations. First, Brazil is attempting to become the leader of South America. Second, Brazil is an emerging economy. Third, Brazil is a pro-West/Europe Latin American

country (Gratius 2012, 11). The triple status interactively influences the orientation of Brazil's foreign relations.

Wu Yushan formed several conclusions by examining the relationships among the 14 republics of the former Soviet Union and Russia (1997a, 76 - 78). Foreign policy is achieved through political wrangling among the political groups that advocate balance or claims counter and the transformation of leadership; for neighbors facing power, balancing (countering) and bandwagoning (retaining) is the only choice, without mutually equal relations. Deciding which kind of policy to use depends on the dependency level of economic development; if the dependency level is low, the country is more able to adopt a counter policy. Foreign aid becomes an important factor in formulating the national policy. If allies have more parties, they can counter more powers. These conditions are also applicable in examining the transformation of relations between Brazil and the EU.

One condition is the intention of leaders. MERCOSUR was established after the Treaty of Asunción was signed in the period of President Collor (Fernando Collor 1990-1992). During the period of President Cardoso (Fernando Henrique Cardoso 1995-2003), Brazil was regarded as a medium country that allies with developing countries and adopts a collective leadership style to push regional diplomacy to consolidate the leadership of Brazil in South America. This conceptual change came from the pragmatic and diversified foreign policy that had been pursued since President Lula (2003-2011) came to power. The transformation seeks opportunities for international power expansion. However, with the strong competition

among neighboring countries, maintaining a peaceful and stable development with its strong neighbors has become a problem that Brazil cannot ignore. With the dominance of the US, Latin American countries can only choose between balancing and bandwagoning. The mutually equal relations exist. The US possesses uncontroverted strengths in national power. Thus, the decision of the US to consider the neighboring countries as its sphere of influence is natural. However, the rise of Brazil makes breaks the balance of the power situation in America, and Brazil wants to develop equal relations with the EU and the US. Brazil is reluctant to ally with the US; thus, it began to counter the US by allying with a foreign power—the EU. Meanwhile, the EU signed a connection agreement with Chile, Peru, and Columbia. The trade negotiations with MERCOSUR reflect the attempt of the EU to generate cooperation in intensive regions in South America and to expand their relations with South American countries. EU is now a big competitor of the US in Latin America; thus, Brazil is given a chance to choose. In particular, Brazil has been trying to diversify its foreign economic relations to maintain an independent diplomatic space. The attempt of Brazil to ally with the EU is obviously a response to the NAFTA and the Central American Free Trade Area. It intends to reduce the influence of the US in the Southern hemisphere (Rüland 2002, 4). The triangular interaction among the EU, South America, and the US led to the following results. The US dominated the NAFTA and the Central American Free Trade Area. The EU pushed free trade with MERCOSUR. MERCOSUR, which is headed by Brazil, plays the role of being an inter-regional link. Thus, an excessive, non-equilateral triangle will not be formed (Hardacre

2010, 89-90; Santander 2005, 293; Söderbaum et al. 2005, 374).

Such inter-regional interaction implies competitive pressure. The interaction allows national or regional actors to compensate for their deficiency in international influence or increase their political forces through alliances. Such a political motivation to expand its influence often goes beyond free trade agreement and is purely in consideration of commerce. However, the political dialogue and partnership between Brazil and the EU does not reflect the same prospects of both parties. Brazil's international position has changed, but the established concepts and paradigms still dominate the bilateral relations. Brazil is still positioned as a Southern country. For example, for immigration, peace, climate change issues, the EU still regards Brazil as a developing country, like in the traditional asymmetric North - South Relations.

Second, the international environment is simply combined with economic factors. Raw materials and energy are the major variables of global economic development. Western industrial powers pay more attention to emerging countries again. Brazil made full use of its natural resources and its advantages with the development of biomass energy. Thus, it generated an excellent economic growth data. Therefore, the differences between the degree of economic development and the degree of economic dependence must be emphasized. Brazil will have difficulty to be in line with the global trading system. First, the rise of Brazil's economy did not reduce the country's dependence on foreign investment and trade. Second, Brazil still maintains a high protectionism for products, which is the highest among BRICS countries. With Brazil's low manufacturing export ratio, it highly

depends on basic commodities. In 2011, the export ratio of primary necessities accounted for 65% of total exports (Gros et al. 2013, 2-3). Brazil's economy is easily affected by raw materials and energy prices in the international market, which is the main cause of Brazil's economic slowdown in recent years.

The basic policy orientation of this kind of economy is not improved after economic integration of South America. For example, the two big countries of MERCOSUR, Brazil and Argentina, have differences because of the trade barrier of both parties over the recent years; Argentina implemented the protection measure of non-automatic import licensing, and in turn, Brazil was limited to the import of Argentina's food, including apples, raisins, potatoes, flour, and wine in May 2012(Xiang Jun 2013). However, this pattern of economic development determines Brazil's attitude toward the US and the EU by drawing the EU to enter the European market to compete with the US.

The third condition is whether external support is available. Brazil often maintains close ties with European countries because of geography, culture, race, among other reasons. European countries can provide an effective assistance to the US. However, if the interest front of the US and the EU are different because of Latin America, then getting the support of the EU will be changed as it counters the pressure from the US. This condition will vary the factors. Another support is from the alliance of Brazil and emerging countries like China, which has become the main export market of raw materials and agricultural products of Brazil. In the early 21st century, the trade between Brazil with its rich natural resources, and China,

which is in urgent need of raw materials, grew rapidly. With a new market in China, Brazil reduced its export dependence on European market. Brazil has also established cooperative relations with Russia and India, and built a three-country forum with India and South Africa. With the expansion of ties with the Southern states, Brazil will have more room to take a balancing strategy.

VI. Conclusion

This paper discusses the differences in the bilateral position between Brazil and the EU in terms of international issues, namely, trade, development, environmental change, and security. Both parties use normative power to restrain to offset the strong military and economic capacity that the US demonstrates. This move becomes an opportunity for the alliance. By understanding the role and function of the normative power in a global unipolar system, the use of soft balancing as the demonstration of the bilateral strategic partnership between Brazil and the EU may be a more apt explanation.

Second, this paper explains the transition of the relationship between Brazil and the EU in terms of the formation of leader concept, the construction of system, and power orientation. The failure of the negotiation on free trade between the EU and MERCOSUR led Brazil to transit to the South - South political development and traverse the EU, South America, Asia, and the main camps to flexibly use the alliance, to balance the development of all powers, and to maximize the national interest. The

deadlock of free trade negotiations between the EU and MERCOSUR is surmountable. Both parties have a similar concept a common vision, and goal. The key is whether the EU is willing to give up the region-to-region negotiation strategy with MERCOSUR, which will be replaced by bilateral trade negotiations. The experiences of trade negotiations among the EU and Central America, Columbia, Peru, and India help both parties to seek a model which will not only strengthen their respective external influence, but will also promote their mutual interests. One factor is the interaction among the EU, China, and India. The second factor is the development of bilateral relations between the EU and Brazil. The relation is divided into two entities that are sometimes cooperative and other times, competitive. For example, Brazil agreed with the EU in the development and climate change issues, but did not concur in the practice of anti-Western political and military interventions on security issues.

After the abovementioned concept is used to explain inter-regional interaction between Brazil and the EU, findings show that if regional interdependence degree is higher, then willingness for inter-regional cooperation is higher. This form of inter-regional cooperation is subject to mutual competition among regions, and the perception of threats from the outside, which deepens inter-regional power-balanced development and cooperation. The logic of soft balancing is used to show the characteristics of a strategic alliance that is formed because of different issues.

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<Resumen>

La estrategia diplomática tradicional de Brasil es “equilibrar la posición de Estados Unidos y bandwanging la Unión Europea”. Sin embargo, este punto de vista ya no se puede explicar la opción estratégica de Brasil. En este artículo se analiza la evolución de la relación entre Brasil y la UE e intenta a redefinir su relación bilateral. Tres situaciones actuales se utilizan como el eje principal del artículo: la alianza económica entre Brasil y la UE, una alianza estratégica multilateral entre ambas partes y las relaciones bilaterales. Las relaciones entre ambas partes han mostrado una alianza estratégica formada por el enlace de problemas, que excluye la cooperación en militares duros y selecciona la alianza en temas suaves. El concepto de equilibrio y bandwagoning se implica un consenso diplomático que proporciona compromiso sin perjuicio de autonomía con el fin de la construcción de la estrategia diplomática de “equilibrio suave” del Brasil.

Palabras Clave: Equilibrio, Bandwagoning, Equilibrio suva; Brasil y la UE,
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