



Delegation for relations with the Federative Republic of Brazil

3.10.2023

MISSION REPORT

following the mission of the Delegation for relations with the Federative Republic of Brazil to Brasília and São Paulo from 14 to 18 May 2023

Delegation for relations with the Federative Republic of Brazil

Members of the mission:

| | |
|------------------------|-------------------------------|
| José Manuel Fernandes | (PPE) (Leader of the mission) |
| João Albuquerque | (S&D) |
| Anna Cavazzini | (Verts/ALE) |
| Herbert Dorfmann | (PPE) |
| Ibán García Del Blanco | (S&D) |
| César Luena | (S&D) |
| Elżbieta Rafalska | (ECR) |
| Enikő Győri | (NI) |

Introduction

An eight Member delegation of the Delegation for relations with the Federative Republic of Brazil (“D-BR”) visited Brazil (Brasília and São Paulo) from 14 to 18 May 2023. It was the first visit of D-BR to Brazil since 2017 and the first in this parliamentary term, due to restrictions during the Covid-19 pandemic and a breakdown of bilateral relations under the Bolsonaro government. The visit allowed the Delegation Members to get a comprehensive picture about Brazil’s current political, economic and social situation four and a half months after the inauguration of President Lula da Silva’s government.

The Delegation met high-ranking government representatives, among them Vice-President and Minister of Development, Industry and Foreign Trade, Geraldo Alckmin, Minister of the Environment and Climate Change, Marina Silva, the Secretary for Europe and North America in the Foreign Affairs Ministry, Maria Luisa Escorel de Moraes, the Minister for Human Rights Sérgio Almeida, the Executive-Secretary of the Ministry of the Indigenous People Eloy Terena, and the Secretary for Communication, Presidency of the Republic João Brant.

On the inter-parliamentary level, D-BR met with the President of the Federal Senate, Rodrigo Pacheco, and held the Fifth EU-Brazil Inter-Parliamentary Meeting with the Committee on Foreign Affairs and National Defence of the Chamber of Deputies chaired by President Paulo Alexandre Barbosa.

In São Paulo the Delegation met with the Secretary for International Affairs, Mr. Lucas Ferraz. The Delegation had also meeting with representatives of civil society, the indigenous people, the business community (FIESP in São Paulo) and think tanks (Dharma and Eurasia in Brasilia and Fundação Gétúlio Vargas in Sao Paulo).

The Committee on International Trade (“INTA”) visited Brazil during the same dates as D-BR and part of the official programme was held together for both EP bodies.

Summary account of meetings

Political situation

The Delegation observed a certain normalisation of the political life in Brazil after the massive attack on the Brazilian democracy on 8 January. On that day, rioters’ stormed Congress, the Presidential Palace and the Supreme Court of Justice, in an attempt to overthrow the government of President Lula da Silva. The attack was successfully repelled and the next day all 27 state governors attended a meeting in Brasilia declaring their support for democracy. The international community condemned the unrest. Think tanks confirmed that the unwavering support of the EU and the USA had been essential to preserving democracy in Brazil.

The Delegation noted that Brazil’s democratic institutions actually appear to have emerged stronger from this confrontation. However, the country remains highly polarised. According to think tanks, 20% of the Members in the Chamber of Deputies support the riots of 8 January 2023.

In many meetings, it was pointed out that President Lula, who took office on 1 January 2023, faces an enormous reconstruction task. His predecessor dismantled state agencies for

environmental protection and the protection of the indigenous population and has systematically attacked the social protection system.

According to political analysts, Congress has steadily gained more power under the last three presidents (Dilma Rousseff, Michel Temer, and Jair Bolsonaro) but is handling it pragmatically. The government has no majority in Congress, which is Brazil's most right-wing parliament since democracy was restored in 1985. President Lula has to find a majority for his laws on a case-by-case basis, negotiating with the so-called "Centrão" a group of independent parties in Congress.

The President of the Senate, Rodrigo Pacheco, announced a reform of the Brazilian Congress and the electoral law, aimed at reducing the numbers of parties represented in Congress thus improving the ability to govern. Currently, there are 16 parties represented in Congress, the reform should reduce this number to 9-10 parties.

An example for the delicate power balance in Congress was the vote on the "Freedom, Accountability and Transparency on the Internet" draft law also known as the "Fake News" Bill). The vote scheduled for 2 May in the Brazilian Chamber of deputies had to be postponed, when it became clear that the draft law would not muster the necessary votes for its approval. The postponement of the voting was considered a significant setback for the Lula's government, which promoted actively the initiative, mostly after the riots of 8 January 2023 (considered to have been facilitated by social media).

Both, Government representatives and Congress Members underlined the importance of completing the tax reform, which will simplify the tax system. A new fiscal stability framework to replace Brazil's so-called spending cap rule should also be approved as soon as possible. The adoption of these two laws would give President Lula's ambitious government programme a solid economic footing.

EU-Mercosur Association Agreement

In all talks with the Delegation, Brazilian Government representatives as well as Congress Members underlined their commitment to finalising the negotiations of the EU- Mercosur Association Agreement in the second half of this year under the Brazilian Mercosur and the Spanish EU Presidencies. Congress Member said that the Agreement is an excellent platform for modernising the economies of all countries involved. Both sides underlined that the Association Agreement is much more than a mere trade agreement and creates a win-win situation under the current geopolitical situation, with the EU-Mercosur area accounting for 25 % of global GDP.

However, the Brazilian side is very concerned about the "additional instrument" or "side-letter" (as the Brazilians prefer to call it) proposed by the EU Commission in March. They say the side letter is adding new elements to the treaty thereby making the agreement unbalanced. Their main concerns are that the side letter would introduce sanctions, excessively liberalise public procurement and hamper Brazil's re-industrialisation-strategy, a core piece of the government's economic policy. Moreover, the Brazilian interlocutors say that the EU's concerns are purely ecological and therefore they want to add a social and economic dimension in their response. The Brazilian government told the delegation that they were working on a counterproposal and were examining all aspects of the "side-letter". This would take some time, since all ministries concerned are being consulted as well as the other

Mercosur countries.

The EU ambassadors in Brasilia urged a stronger interaction with Brazil to conclude the Association Agreement. They underlined the utmost strategic importance of this Agreement under the current global situation. The ambassadors as many other interlocutors stressed that it will need flexibility on both sides to reach an agreement.

In addition, parts of the Government, Congress and the business community expressed their concern about the EU's new environmental legislation (deforestation, due diligence, Carbon Border Adjustment Mechanism, biofuels), which they fear could hamper their exports to the EU. They consider them to be unilateral measures, which "shift the goal posts". The Minister for the Environment saw positive effects of the EU legislation as it could help to combat illegal activities in the Amazon, such as illegal gold mining.

Foreign Affairs including the Russian war against Ukraine

The Secretary for Europe and North America, Ms Maria Luisa Escorel de Moraes said that with the new government under President Lula Brazil had returned to the international arena ("Brazil is back!"). She underlined the will of the government to strengthen the EU-Brazil Strategic Partnership established in 2014 on well-defined priorities.

The Delegation Members conveyed to all interlocutors their deep concern about the Russian war of aggression against Ukraine, which is ultimately a war of dictatorships against democracies. All Brazilian institutions reiterated their condemnation of the Russian invasion of Ukraine and the support of the concept of territorial integrity of all countries. They emphasised that Brazil had supported all UN General Assembly resolutions on the subject. At the same time, they stressed the need to negotiate a peace agreement as soon as possible. In the talks, it became clear that Brazil has its own, rather neutral, position on the Russian war against Ukraine, which is shared by most of the political spectrum. They exclude any arms deliveries to Ukraine.

Under Lula, the country is positioning itself as one of the leading powers of the Global South and pursuing a non-alliance strategy that has ancient historical roots. EU ambassadors in Brasilia pointed to the rapid increase of relations with China, which has become Brazil's biggest trade partner in 2009, before the USA and the European Union. Today, China is heavily investing in Brazil's car production and is the biggest market for its agricultural exports. However, the European Union is still the biggest investor in Brazil with 50 % of Foreign Direct Investment (FDI). Generally, the EU is much less visible in Brazil than the USA or China. In their talks, D-BR Members underlined the importance of strengthening cooperation between Brazil and the European Union in all fields.

The Amazon, Deforestation and the protection of indigenous people

The new Brazilian government is strongly committed to halting deforestation, stopping climate change and protecting indigenous communities. The aim is to reach zero deforestation by 2030 and uptake the demarcation of indigenous land, stalled under former President Bolsonaro. The appointment of Marina Silva as environment minister was seen as a strong

signal for the commitment of the government to stop deforestation.

In her meeting with the delegation, Environment Minister Marina Silva said that the government is rebuilding what had been destroyed in the Bolsonaro years. They were creating a prevention plan for deforestation in the Amazon. Further priorities of the Ministry are the implementation of the Paris Agreement and food security, since 55 million Brazilian suffer from food insecurity.

In April 2023, deforestation in the Amazon dropped by 63 % compared to April 2022, apparently confirming the effectiveness of Brazil's anti-deforestation measures. However, the Environment Minister stressed that Brazilian legislation on deforestation, which clearly distinguishes between legal and illegal deforestation, must be respected. Marina Silva said that countries that do not want to buy illegally produced goods, help Brazil protect the environment, for example regarding illegal gold mining.

Interlocutors stressed that 80 % of the Amazon is protected and only 20% can be used for productive purposes. Brazil's energy matrix is very favourable with 85 % of the energy coming from renewable sources (hydroelectric, wind, solar and the use of ethanol and biodiesel for transport).

The Brazilian side highlighted the importance of the Amazon fund for the preservation of the Amazon forest. The Amazon Fund supports rainforest conservation projects with donations from Germany, Norway, the UK and the USA and was frozen under Bolsonaro. For the time being, the fund has donations worth USD 1.1 billion, but this is little given the fact that that preserving the Amazon requires USD 8 billion in funding per year. The government informed D-BR Members that they plan to hold a summit of all Amazon countries, to which also France will be invited since French Guyana also belongs to the region.

The fight against climate change is a key priority for the new government. The Brazilian authorities signalled that the EU's support for Brazil's bid to hold the UN Climate Conference COP30 in Belem in 2025 would be welcome. They underlined the importance of the appointment of the Brazilian Thelma Krug as Vice-Chair of the UN Intergovernmental Panel on Climate Change (IPPC). She is the first woman and the first Latin American to hold this position.

In order to advance and protect the interests of the Indigenous people of Brazil, President Lula created for the first time in Brazil's history a Ministry of the Indigenous People, headed by Sônia Guajajara, an indigenous politician. The Delegation met with Eloy Terena, the Executive-Secretary of the Ministry of the Indigenous People Eloy. He declared that the main task of the Ministry is to restore the institutions for the protection of the Indigenous population, massively weakened under President Bolsonaro, and to go ahead with the demarcation of indigenous lands. Mr Terena said that the found the institution for the protection of the indigenous population, the National Indian Foundation (FUNAI) destroyed by the Bolsonaro government. The government plans now to open 502 new posts in the foundation. Regarding demarcation, the government plans to hand over 14 indigenous lands, President Lula has already approved six demarcations with eight more to follow.

The Indigenous NGOs underlined the importance of an upcoming ruling by the Supreme Court of Justice on the so-called "marco temporal" (time marker) thesis restricting Indigenous land claims. The "marco temporal" is an agribusiness-backed attempt to prevent Indigenous communities claiming land they did not physically occupy in 1988, the year the constitution enshrining indigenous land rights was promulgated.

Conclusions

After the 8 January riots, which were successfully repelled, the country is seeing a normalisation of the political life. Nevertheless, a strong polarization persists, which was also being felt in the meeting with the deputies from the Committee for external relations and national defence (CRDNE) at the Chamber of Deputies.

With the election of Lula da Silva as President of Brazil, EU-Brazil relations, which had reached a low point under the Bolsonaro Presidency were vigorously relaunched as shown by many visits by EU Commissioners and parliamentary delegations to the country in the first half of this year.

The Brazilian government is committed to stop deforestation in the Amazon and has already success with its action plan: deforestation fell by 63% in April 2023 compared to April 2022.

Brazil condemned the Russian war against Ukraine, but apparently does not fully understand the importance of Ukraine for the European Union. There is a need for ongoing dialogue with the Brazilian government and Congress to explain the EU's position.

Proposals for follow-up

The EU-Brazil Strategic Partnership launched in 2014 should be fostered by a far reaching cooperation programme in many areas such as the digital agenda, cyber security, artificial intelligence, green transition, fight against climate change, green hydrogen, raw materials and so on.

The European Parliament should continue monitoring the negotiations on the EU-Mercosul agreement with a view to a possible consent procedure before the end of the current legislative term.

Brazil will hold important presidencies such as Mercosul (second half of 2023) and G20 (2023/2024). The Brazilians plan to have a G20 interparliamentary meeting in Rio de Janeiro in autumn 2024 and the European Parliament should begin to prepare its participation in good time.

The Delegation for relations with Federal Republic of Brazil would like to take this opportunity to thank the head of the EU delegations in Brazil and their staff for their outstanding efforts before and during the European Parliament's mission to Brazil and for their support to the participants throughout the mission. This contributed to the success of the mission, and represented yet another example of the excellent work carried out by EU delegations around the world.

Annex 1: Final programme of the mission

Annex 2: List of participants



Delegation for relations with the Federative Republic of Brazil

Visit to the Federative Republic of Brazil

14 -17 May 2023

Brasília and São Paulo

Final programme

| Sunday 14 May | | Brasília |
|----------------------|---|-----------------|
| 18.00-19.00 | Meeting with the EU Ambassador to the Federative Republic of Brazil on the EU-BR relations and political situation in Brazil | |
| Monday 15 May | | Brasília |
| 08:00 – 09:30 | Meeting with EU Ambassador of the EU to Brazil and with the EU Member States Heads of Missions accredited in the Federative Republic of Brazil | |

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| 10:00-10:45 | Meeting with H.E. Eloy Terena, Executive-Secretary of the Ministry of the Indigenous People |
| 11:00–12:00 | Meeting with think-tanks representatives (Dharma and Eurasia) on political situation in Brazil |
| 12:30–14:30 | Lunch with civil society organizations representatives |
| 15:00 – 15:50 | Meeting with H.E. Sérgio Almeida, Minister for Human Rights |
| 16:00 – 17.00 | Meeting with the Secretary for Europe and North America Maria Luisa Escorel de Moraes |
| 17.30 – 18.30 | Meeting with João Brant, Secretary for Communication, Presidency of the Republic |

Tuesday 16 May

Brasília

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|---------------|--|
| 09-00 - 10.15 | Meeting with the President of the Federal Senate, Rodrigo Pacheco |
| 11:00 – 12:00 | Meeting with Vice-President, Minister of Development, Industry and Foreign Trade, Geraldo Alckmin |
| 14.00-14.45 | Meeting with H.E. Marina Silva, Ministry of the Environment and Climate Change |
| 15.00 - 18.00 | Fifth Inter-parliamentary meeting EU-Brazil , Meeting with Committee on Foreign Affairs and National Defence of Lower House - President Deputy Paulo Alexandre Barbosa |
| | <i>Transfer to São Paulo</i> |

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| 08.00-08.45 | Interview of the D-BR Chair José Manuel Fernandes with “Folha de São Paulo” |
| 09:00 – 11:30 | Meeting at the Fundação Getúlio Vargas – with the Brazilian think tanks on “The situation of Brazil and Latin America in the current context” |
| 12:00 – 13:00 | Meeting with Secretary for International Affairs, Mr. Lucas Ferraz |
| 13:30 – 15:30 | Working lunch with business community (FIESP) in São Paulo |
| 16:30 – 17:30 | <i>Debriefing with EU Delegation</i> |
| 17:30 | <i>End of programme</i> |



Delegation for relations with the Federative Republic of Brazil

**Visit to the Federative Republic of Brazil
14-18 May 2023**

Final list of participants

EP Members

Mr José Manuel FERNANDES (EPP, Portugal), Chair

Mr João ALBUQUERQUE (S&D, Portugal, 1st Vice-Chair

Ms Anna CAVAZZINI (Greens/EFA, Germany), 2nd Vice-Chair

Mr Herbert DORFMANN (EPP, Italy)

Mr César LUENA (S&D, Spain)

Mr Ibán GARCÍA DEL BLANCO (S&D, Spain)

Ms Elzbieta RAFALSKA (ECR, Poland)

Eniko GYORI (NI, Hungary)

Political advisors (2)

Secretariat (2)

Interpreters (10)