



**Promoting biofuels in developing countries  
through trilateral cooperation: Brazilian  
perceptions of the European Union and the  
United States in biofuels governance**

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# **Promoting biofuels in developing countries through trilateral cooperation: Brazilian perceptions of the European Union and the United States in biofuels governance**

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## **Abstract**

Traditional powers like the European Union (EU) and the United States (US) are seeing the rise of emerging powers as prospective cooperation partners. Examining how these traditional actors are perceived by their emerging counterparts offers critical insights to the prerequisites for effective and durable partnerships. While the literature on external perceptions has expanded considerably over the past decade, a comparative perspective on how emerging powers perceive the policies of the two transatlantic powers in issue-specific areas is lacking. This paper examines Brazil's endeavours to promote biofuels in African, Central American and Caribbean countries through trilateral partnerships involving the EU and the US. Interview data show that the trilateral partnership with the US has progressed, with several countries using the opportunity to explore their biofuels potential. Brazil's partnership involving the EU, however, has struggled to advance. We find the US is perceived positively by Brazilians on biofuels cooperation, while partnership with the EU is depicted as fraught with tensions. Different rationales as to the role biofuels are expected to play in the EU and the US help explain Brazil's antithetical perceptions. Our paper contributes to debates on the perceptions of third states on the international role and collaborative posture of the EU and the US, and provides policy recommendations for the fruitful conduct of trilateral partnerships.

**Keywords:** Bioethanol; Trilateral partnerships; Latin America; perceptions; Sustainability; South-South coalitions.

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## 1. Introduction

Brazil has a long tradition with bioethanol as a renewable energy source for transport. Indicatively, the share of biofuel energy in Brazil's road transport exceeds 20 percent, far outstripping that of other countries (IEA, 2011). Brazil is also the world's largest bioethanol exporter; a competitive advantage its government has capitalized upon by pursuing policies aiming to transform the country into a global bioenergy leader. Brazil's primary objective has been to foster a global biofuels market and substantially scale-up bioethanol's international deployment and trade. The prerequisite for biofuels to develop into a globally-traded commodity is a market with a constellation of countries not only consuming, but also producing, biofuels (Dalgaard, 2012).

Brazil has simultaneously fostered bilateral, trilateral and multilateral initiatives to incorporate third countries into its policies for biofuels expansion. Brazil has signed bilateral Memorandums of Understandings (MOUs) on technical cooperation with more than seventy countries<sup>1</sup>, including multiple African nations due to their vast tracts of land into which to expand biofuel production (Dalgaard, 2012). Brazil also has multilateral agreements with institutions like the Economic Community of West African States (ECOWAS), and actively participates in the International Biofuels Forum (IBF), which seeks to develop common technical standards on biofuels and ensure their sustainable and viable global commoditization (Bastos Lima and Gupta, 2013).

This paper focuses on trilateral cooperation or North-South-South partnerships, which involve a Northern partner teaming up with Brazil to pursue biofuels project(s) in a third developing country. While trilateral partnerships have received far less attention in the literature than other forms of partnerships, for Brazil such institutional arrangements account for about one-fifth of total technical cooperation projects (Amanor, 2013). Northern partners involved in such Brazilian-led trilateral partnerships on biofuels to date are the EU and the US. Under the 2007 MOU with the US, trilateral cooperation aims to foster biofuel production and consumption in selected African, Central American and Caribbean countries through feasibility studies and technical assistance on the development of regulatory frameworks. In trilateral cooperation with the EU, the Strategic Partnership Agreement signed in 2007 and extended in 2009 included specific focus on bioenergy cooperation with developing countries in Africa. The similar objectives of the two undertakings present a useful

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<sup>1</sup> Interview #14.

opportunity for a comparative study on the perceptions of the EU and the US among Brazilian policymakers in the issue-specific area of biofuels cooperation.

Studies of external perceptions and images first emerged at the beginning of the millennium. While a significant corpus of research has since developed, many authors have stressed the need to expand the analytical focus. The academic literature largely relates to perceptions of the EU, with few articles considering perceptions of other countries and regional blocs. Focus is primarily on high-profile arenas, like foreign and economic policy (Chaban *et al.*, 2013), while a comparative perspective on how policies are perceived with respect to those of another actor is also sorely lacking (Chaban and Elgström, 2014; Chaban *et al.*, 2013).

<b>Table 1 (Interviews)</b>				
<b>No.</b>	<b>Date</b>	<b>City</b>	<b>Mode</b>	<b>Actor</b>
1	October 2011	Brussels	FtF	Brazilian Delegation to the EU
2	April 2013	Brussels	FtF	UNICA
3	September 2013		Telephone	DG Trade
4	September 2013	Brussels	FtF	Brazilian Delegation to the EU
5	October 2013	Brussels	FtF	DG Energy
6	October 2013	Brussels	FtF	UNICA
7	October 2013		Telephone	European Union Delegation to Mozambique
8	October 2013		Telephone	European Union Delegation to Kenya
9	July 2014	Dar es Salaam	FtF	Embassy of Brazil to Tanzania
10	August 2014	São Paulo	FtF	University of São Paulo
11	August 2014	São Paulo	FtF	Getúlio Vargas Foundation (FGV)
12	August 2014	Rio de Janeiro	FtF	BNDES
13	September 2014	Brasília	FtF	Brazilian Ministry of Agriculture
14	September 2014	Brasília	FtF	Brazilian Ministry of External Relations
15	September 2014	Brasília	FtF	Brazilian Ministry of Mining & Energy
16	September 2014	Brasília	FtF	Getúlio Vargas Foundation (FGV)
17	September 2014	Brasília	FtF	European Union Delegation to Brazil
18	September 2014		Telephone	GranBio (Alagoas)
19	September 2014	Brasília	FtF	Embassy of the United States to Brazil
20	November 2014	London	FtF	Embassy of Brazil to the United Kingdom

This paper targets these gaps, providing a comparative analysis of Brazil's perceptions of the two transatlantic powers in the issue-specific area of biofuels. It also examines trilateral cooperation involving the US, the EU, Brazil, plus African and Central American countries, which has so far received no empirical evaluation regarding how it has played out in practice. We use secondary data from government documents, published reports and scientific studies, as well as interviews and personal communications with Brazilian and EU officials. Primary data were gathered through twenty semi-structured interviews carried out across Brazil (August-September 2014), EU headquarters in Brussels (October 2011 and 2013) and Africa (October 2013 and July 2014). Purposive and snowballing approaches

were used to identify respondents. Interviewees included Brazilian line ministries, the US embassy in Brasilia, the EU Delegation to Brazil, the European Commission in Brussels, EU Delegations to Kenya and Mozambique, and the Brazilian Delegation to Brussels (see Table 1). Interviews were recorded, transcribed and then analysed using thematic analysis.

## **2. External perceptions of the two transatlantic powers**

### **2.1. Perceptions of the United States**

Surveys on perceptions of the US abroad span several decades, with the US State Department, the US Information Agency and international pollsters, like Gallup and the Eurobarometer, undertaking extensive data collection throughout the Cold War era (Holsti, 2008). More recently, the US-led invasions of Afghanistan and Iraq have stimulated surveys which have generated a wealth of data on global public perceptions of what the US is and what it does.

Starting with the former, focus has been on the growing scepticism over the US's ability to maintain its leadership and superpower status. Although still perceived as a military colossus, its economic position behind China has fuelled a widely-held perception of the US as a great power in decline that will sooner or later cede supremacy to its Asian rival (Pew Center, 2011). Surveys of public opinions on what the US is have explored multiple parameters. Holsti (2008) outlines diverse polls investigating respondents' perceptions of whether or not the US is *inter alia* a technological powerhouse, a force for good, democratic, religious, arrogant, nationalistic and materialistic.

It is what the US does that most powerfully impacts how it is perceived abroad. Opinions have been primarily shaped in response to US conduct of its foreign and security policies. The 2001 World Trade Center attacks initially triggered global sympathy and support, but such sentiments were short-lived. The subsequent War on Terror, epitomised by the US-led invasions of Afghanistan and Iraq, soon alienated global public opinion, generating widespread anti-Americanism which persisted throughout the Bush Administration (Pew Center, 2011). With Barack Obama's presidency, the US's image improved overwhelmingly. While Obama has been credited for his approach to tackling the global economic recession, his popularity has nevertheless declined over time, largely due to his handling of crises in Afghanistan, the Middle East and North Africa (Pew Center, 2011).



Trade policy has also affected US perceptions abroad. A burgeoning literature has emerged on US involvement in World Trade Organization (WTO) negotiations or US bilateral trade undertakings (see e.g. Lee and Wilkinson, 2007), but focus has primarily been on the dynamics of the negotiations. A perceptions lens on how the US is viewed by its negotiating counterparts is largely absent. In a comparison of EU and US negotiating behaviours in international trade and environmental negotiations, Elgström (2007: 962) and Chaban *et al.* (2006) note that the EU enjoys a better image in the eyes of developing countries, while the US has been characterized as conformational, less accommodating and less civilized. Similarly, in a study of transatlantic approaches to the conclusion of bilateral trade agreements with Mexico and Chile, Behrens and Janusch (2012) highlighted perceptions of the EU's polite and cooperative style being at odds with the competitive and rival style of the US. Other studies reveal developing countries' discontent with the traditionally US-dominated WTO decision-making structures from which they were largely excluded until the early 2000s (Hopewell, 2015). Finally, perceptions have been shaped as a result of US agriculture tariffs and subsidies which have provoked bitter disputes with developing countries over decades (Hakim, 2014).

## ***2.2 Perceptions of the European Union***

The EU is widely considered a progressive international player, whose foreign policy is guided by norms and principles with universal applicability, like democracy, the rule of law, human rights and fundamental freedoms. It has thus been described as a civilian power, a soft power and a normative power in international relations (Afionis and Stringer, 2012), presenting the EU as a qualitatively unique international actor that differs from traditional powers because it advances its interests almost exclusively by non-military and 'soft' means. The EU has been quick to capitalise on this image and present itself as a 'force for good' in world politics (Wood, 2009: 113). Indeed, EU political elites often refer to the EU's foreign and security policies as genuinely 'ethical' (Hyde-Price 2008: 30).

Alignment of the way the EU represents itself and how the academic literature has mirrored that has created what Lucarelli and Fioramonti (2010: 3) call a 'self-referential attitude' in EU public debate. At the turn of the century this was identified as a lacuna in the literature that merited critical scrutiny. Substantial research has since emerged that examines the perceptions of the EU outside its borders. Similar to the work on the US, the literature again focuses on what the EU is (i.e. perceptions of its international identity and image) and what it does (i.e. perceptions of its negotiating behaviour).

In terms of image in multilateral fora, studies have mainly scrutinized perceptions of EU leadership and power, especially in the context of the climate change regime (see e.g. Karlsson *et al.*, 2011). Elgström (2007) compared external perceptions of the EU in the WTO, the United Nations Forum on Forests (UNFF) and the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). While the EU was considered among the most powerful actors in all three contexts due to its economic muscle, it was seldom perceived as providing visionary leadership or guidance due to its bureaucratic bottlenecks and inconsistent policy behaviour.

A subset of studies on image has examined perceptions of the EU by various agents (media, public opinion, elites and civil society) in different countries. Overall, dispositions towards the image of the EU in global affairs are positive. Irrespective of the country and agent, typical attributes associated with the EU include democracy and human rights, an agent of peace, a multilateral actor or a successful model of regional integration (Lucarelli, 2014; Carta, 2010). Yet, when perceptions of leadership and power came into the fore, regional and issue-specific variations were again discerned. While the EU was acknowledged as an economic powerhouse, perceptions of its capacities as a great player in the international community were less emphatic, being largely viewed as a power in decline (Chaban and Elgström, 2014).

Considering what the EU does, scholars have viewed the EU as a Janus-faced actor, especially when it comes to economic/trade policy. The EU has a perceived inability to express common and reliable positions, while its regulatory processes are considered overly opaque (Carta, 2010). In terms of EU attitude perceptions, Elgström (2007: 962) reports in the context of WTO negotiations concurrent developing country perceptions of the EU as 'considerate' and 'compassionate' on the one hand, and 'arrogant', 'patronising' and 'confrontational' on the other. The negative behaviour perceptions have nevertheless become more dominant in the literature. Elgström (2010), in the context of negotiations between the EU and the group of African, Caribbean and Pacific (ACP) countries for the conclusion of Economic Partnership Agreements in the late 2000s, highlights the latter's overwhelmingly negative sentiments about the treatment received from the European Commission. 'Patronising', 'paternalistic', 'disrespectful', 'rude', 'intimidating' and 'harsh' were commonly employed to describe EU behaviour (Elgström, 2010: 143).

Apart from attitudes, EU negotiating tactics have also been poorly received. Again in negotiations with ACP countries, the EU is perceived as largely uncompromising, capitalizing on its structural might: 'there are no free lunches; we've cooked up a deal, take it or leave it'

(Bretherton and Vogler 2006: 34). The EU is also often accused of insensitivity to ACP demands and interests, imposing its preferences without concern for its 'weaker' negotiating partners (Hettne and Söderbaum 2005).

Finally, EU motives have not escaped widespread criticism, as evidenced by accusations of double-standards, contradictions and inconsistencies. Brazil has been quite critical in this respect, pointing out, for instance, that high tariff and non-tariff barriers contradict the EU's rhetorical commitment to free trade and the market economy (Afionis and Stringer, 2014). Such protectionism is perceived as hypocritical, as it distorts international competition at the expense of the developing world (Lucarelli, 2014; Chaban *et al.*, 2006). Such perceptions have had wide-ranging spillover effects, with EU efforts to protect the environment, e.g. by adopting certification rules for biofuels, being suspiciously treated by Brazilian policymakers as a veiled attempt to further its own commercial interests (Afionis and Stringer, 2014).

This section has highlighted several gaps in the literature on perceptions of the US and the EU abroad. First in the US case, much of the information available is in the form of polls, while the EU has arguably attracted greater academic attention. Second, academic scholarship has focused primarily on high-profile areas, like foreign policy or trade relations, with only minor attention being paid to other policy fields. Finally, comparative studies that could offer important insights are largely lacking in all of the aforementioned fields. This paper targets these gaps, focusing on trilateral biofuels cooperation between Brazil, the two transatlantic powers and developing countries in the African and American continents.

### **3. Trilateral biofuels cooperation**

The initial stimulus for developed countries to promulgate biofuel policies was to foster energy independence and stabilize the global climate. Developing countries largely viewed biofuels as a development tool through which to create jobs and foster economic growth (Favretto *et al.*, 2014). Biofuels nevertheless became quickly embroiled in highly contentious international debates. Aside from concerns over their climate change mitigation efficacy, links to food insecurity render biofuels an inefficacious approach to the problems facing developing nations, like high unemployment rates and energy supply shortages. Actors like Brazil, wishing to promote bioethanol in third countries, have had to condition the establishment of sugarcane plantations for bioethanol production on the proviso that they go hand-in-hand with productivity gains in food crops, and only take place in countries with sufficient land suitable for arable production (Patriota and Pierri, 2013).

To this end, the first phase in trilateral promotion activities involves various agencies and research institutions working on the ground in developing countries to ensure that investment processes reconcile ethanol production and food production. Feasibility studies in African, Latin American and Caribbean countries that have expressed interest in engaging with biofuels have been conducted by Winrock International, a US non-profit organisation, and the Getúlio Vargas Foundation (Fundação Getúlio Vargas – FGV), a Brazilian consultancy firm. These studies have been sponsored by the respective governments, and institutions like the International Development Bank (IDB) or Brazil's National Development Bank (BNDES).

Taking the example of FGV-conducted studies, these are based on the same methodology irrespective of the target country, and assess the feasibility of producing biofuels in an environmentally, socially and economically sustainable fashion (FGV, 2009). Local stakeholders, like family growers, are explicitly involved from the outset.<sup>2</sup> Once a feasibility study concludes, results are communicated to the developing country's national authorities. If investment projects are recommended, the country judges whether or not to proceed. If the decision is to move ahead, the subsequent phase involves roadshows to attract global investors and raise the required capital. If successful, the final phase moves ahead with project(s) implementation.

### **3.1. *Brazil's trilateral cooperation with the United States***

Under Brazil's MOU with the US, a subset of activities is directed to stimulate private sector biofuels investment in third countries. Initially, focus was exclusively on Central American and Caribbean countries, but later expanded to include African nations. Technical assistance aims to strengthen policy frameworks, implement blending laws, and develop domestic biofuels production capabilities.<sup>3</sup> As of September 2014, the US and Brazil have cooperated with nine countries: seven in Central America and the Caribbean (Saint Kitts and Nevis, Guatemala, El Salvador, Honduras, Haiti, the Dominican Republic and Jamaica), and two in Africa (Senegal and Guinea-Bissau). Honduras and the Dominican Republic have been identified as holding the greatest potential. The Dominican Republic is already producing some ethanol, but the government is considering constructing a fully-dedicated distillery and using the produced fuel for domestic blending, as well as utilizing its preferential access and exporting the remainder to the US.<sup>4</sup> Honduras, with support from the Organization of

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<sup>2</sup> Interview #11.

<sup>3</sup> Interview #19.

<sup>4</sup> Interview #14.

American States (OAS) and the governments of Brazil and the US, inaugurated the country's first ethanol pilot plant in Catacamas in July 2014 (OAS, 2014b). The facility was constructed by Brazilian company de Lorenzo – Engineering Training Solutions and is located at the headquarters of the National Agricultural University.

Saint Kitts and Nevis recently opted out, despite initially contemplating investment in biofuels following collapse of its sugar industry resulting from reforms to the EU sugar regime. Haiti has more urgent social and economic problems to address, while the others are still undecided. Jamaica appears committed, already producing sugar and ethanol, but its main concern is food security.<sup>5</sup> Guatemala already produces ethanol and is considering domestic blending, given that currently the entire production is shipped across to the US and EU markets. In August 2014, the OAS, with the support of the US and Brazil, developed a pilot plan to assess the environmental and mechanical performance of vehicles using different percentages of ethanol and petroleum blend fuels (OAS, 2014a). El Salvador is currently idling, despite serving as a pilot country under the US-Brazil MOU and receiving state-of-the-art technology to reinforce its ethanol production capacity (Shah *et al.*, 2014).

Currently, US and Brazilian involvement is confined to information sharing and capacity building.<sup>6</sup> With support from the OAS, a series of seminars has been launched, providing a platform for deliberating issues of regulatory framework formulation, as well as sustainability and food security concerns.<sup>7</sup> In addition, the US and Brazil have purposely involved these countries in international initiatives, inviting them to take part in the 2013 Bioenergy Week in Brasilia, organised under the auspices of the Global Bioenergy Partnership (GBEP).<sup>8</sup>

Turning to US-Brazil trilateral cooperation with African countries, feasibility studies in Senegal and Guinea-Bissau were sponsored by the Brazilian government and FINEP respectively.<sup>9</sup> The Guinea-Bissau study was not presented to the government due to the outbreak of civil war. The Senegal study outlined advantages of projects on sugarcane, cottonseed oil, as well as those on sunflower and soybean oil. Ethanol from sugarcane and biodiesel from cottonseed attracted the attention of Senegalese policymakers, with further project development awaiting governmental approval of the regulatory framework.<sup>10</sup>

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<sup>5</sup> Interview #14.

<sup>6</sup> Interview #14.

<sup>7</sup> In the round of seminars that took place in August 2014, the Food and Agriculture Organization participated, as the topic related to food security.

<sup>8</sup> Interview #14.

<sup>9</sup> FINEP (Financiadora de Estudos e Projetos) is an organization under the Brazilian Ministry of Science and Technology.

<sup>10</sup> Interview #11; Interview #16.

The lack of legal and regulatory frameworks, which can cause market and investor uncertainty, is a commonly cited investment barrier. Most countries in the Americas and Africa lack such frameworks for stimulating domestic blending. Guatemala for instance, never really had to put one in place because it exports its entire production.<sup>11</sup> Civil wars also hinder investments, with Brazil remaining without an ambassador in Guinea-Bissau for about a year.<sup>12</sup> Domestic opposition is another barrier, for example in Guatemala, where the automaker industry is unwilling to provide warranties for blending.<sup>13</sup> Finally, a problem specific to Latin American and Caribbean countries is their limited availability of land, effectively ruling out investments in areas of more than 20,000 hectares.<sup>14</sup>

### **3.2. *Brazil's trilateral cooperation with the European Union***

The current legal and political framework for EU bilateral relations with Brazil is the Strategic Partnership agreement, established in 2007 at the initiative of the EU Portuguese Presidency (Afionis and Stringer, 2014). During the third EU-Brazil Summit in Stockholm in 2009, it was agreed to initiate joint trilateral projects for bioenergy and ethanol production in Africa, with Kenya and Mozambique as pilot countries (Council of the European Union, 2009). Brazil would lead on the Mozambican project; the EU would initiate that in Kenya.

In the case of Kenya, the Brazilian embassy and the EU Delegation to Kenya held initial discussions in 2010, which indicated a divergence in terms of policy outcomes from the project. While both actors underscored the necessity of assisting Kenya to put in place a regulatory framework that would provide for sustainable policies, the EU was sceptical of funding initiatives that would concurrently facilitate Brazil's drive for market and investment expansion in third countries.<sup>15</sup> Another problem was more technical and related to the lack of an institutional mechanism on the part of the EU for co-financing trilateral cooperation undertakings in Kenya that involved private sector investments in biofuels. Parallel co-financing eventually emerged as the optimal way forward, whereby the action is broken down into clearly identifiable sub-actions, each funded by a different co-financing partner. As noted by one interviewee, at summitry level the focus had been on the political and strategic benefits of cooperation, with the implementation aspect being overlooked.<sup>16</sup>

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<sup>11</sup> Interview #14.

<sup>12</sup> Interview #9.

<sup>13</sup> Interview #14.

<sup>14</sup> Interview #11.

<sup>15</sup> Telephone interview #8.

<sup>16</sup> Telephone interview #8.

In 2011, the EU Kenyan Delegation proposed to DG DEVCO (Directorate-General for Development and Cooperation) a scoping study to map out relevant initiatives already underway in Kenya, identify existing regulations and determine the kind of support (and in which areas) the country would require assistance.<sup>17</sup> At this point, the process effectively halted. With growing controversy surrounding biofuels in the European market, the trilateral undertaking in Kenya fell out of favour with EU headquarters in Brussels. The EU ceased considering this project a priority and kept delaying the authorisation to the EU Delegation in Kenya to move forward. When the Brazilian embassy in Kenya enquired about the status of progress, it was requested that their headquarters liaise directly with Brussels. This received an inconclusive reply of 'we are looking into it'.<sup>18</sup> As of early 2014, no further action has been undertaken, indicating unwillingness from the EU to be further associated with this project.

Turning to Mozambique, the local EU Delegation and Brazilian embassy initially discussed the terms of reference for a Brazilian-led study that would analyse biofuels production in Mozambique and serve as a pre-feasibility study for potential investments. The EU emphasised the necessity of considering land grabbing and food security issues, as well as ensuring the involvement of local farmers and Mozambican small and medium enterprises in the production-to-consumption chain.<sup>19</sup> As with Kenya, the lack of specific financial instruments to partner with the Brazilians in order to co-finance trilateral undertakings in Mozambique was highlighted.

The process again halted once the EU was informed that Brazilian company Vale would sponsor the FGV-led feasibility study.<sup>20</sup> EU officials felt this potentially represented a conflict of interest, as Vale was actively investing in biofuels and already exploring options for diversifying its operations into Africa. Complications could not be ruled out, especially as private and public funds were combined through the same channel to finance activities aiming in principle, at advancing Mozambican public well-being.<sup>21</sup> Brazil stressed FGV's impartiality and that apart from ownership of the report remaining with its government, the sheer costs involved in undertaking the study (≈\$1 million) necessitated private sector involvement.<sup>22</sup> Eventually, Brazil proceeded unilaterally with the feasibility study (with Vale input), and is currently analysing the private sector actors that could be involved in its

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<sup>17</sup> Telephone interview #8.

<sup>18</sup> Interview #4.

<sup>19</sup> Telephone interview #7.

<sup>20</sup> Telephone interview #7.

<sup>21</sup> Telephone interview #7.

<sup>22</sup> Telephone interview #7.

operationalization. The EU received a copy of the final study but was not requested to comment. Consequently, the EU cannot be formally associated with this output.

#### **4. Brazilian perceptions towards the US and the EU**

For Brazil, trade access plays an integral role in relation to how their perceptions of traditional actors are formulated. Regarding biofuels, the US, in contrast to the EU, fares much better when it comes to tariff design. Historically, biofuels cooperation with Brazil had been hampered by the \$54-cents/gallon tariff imposed by the US for more than three decades on the bulk of foreign direct ethanol imports (Shah *et al.*, 2014).<sup>23</sup> Yet, bilateral dialogue on this topic according to the Brazilians has been ‘open and clear’, with the US authorities reassuring their counterparts that the tariff would be allowed to expire, which it did in December 2011.<sup>24</sup> While US legislation requires biofuel producers to comply with several sustainability targets, these were not perceived by Brazilians as non-tariff barriers or as a patronizing posture. This was largely due to the transparent legislative processes adopted by the US, and because the new US Renewable Fuel Standard (RFS2) designated sugarcane ethanol as an advanced biofuel with high mitigation potential from the outset, thereby relieving Brazil of responsibility to undertake certification.

Turning to the EU, while the 2007 strategic partnership ‘revolutionized’ overall bilateral relations, biofuels struggled to keep up, with Brazil quick to note many flaws and contradictions in the EU’s policy stance.<sup>25</sup> Europe is largely perceived as an actor with obvious double standards. The EU is vocal in its commitment to free trade and the market economy; its rhetoric based on the assumption that such arrangements will benefit the poorer periphery (Afionis and Stringer, 2014). Yet, the EU maintains a range of high tariff and non-tariff barriers for those agricultural products where Brazil has its greatest competitive advantage, e.g. sugar, meat and cereals.<sup>26</sup> Overall, Brazilian interviewees appeared perplexed by the EU’s stance. They asked: if the EU is genuinely concerned about the sustainability of biofuels and is consequently sceptical about their implications for African countries, why does it have in place a range of tariff and non-tariff barriers whose sole aim is

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<sup>23</sup> This is \$0.14 per litre. It was cancelled in 2011 due, *inter alia*, to high petroleum prices, record US ethanol production, the need to reduce federal tax expenditures, as well as because of reduced Brazilian ethanol production, which had greatly alleviated US competitiveness concerns.

<sup>24</sup> Interview #19; Interview #14.

<sup>25</sup> Interview #1.

<sup>26</sup> Note at this point that according to the WTO, tariff bindings differ depending on whether a product is classified as an agricultural or an industrial good. Whereas ethanol is considered an agricultural product, biodiesel is regarded as industrial, as products are classified based on their chemical composition and not on their potential use.



to protect Europe's uneconomical and energy inefficient domestic biofuels production?<sup>27</sup> Here, the Common Agricultural Policy (CAP) has a particularly negative influence, while EU biofuel-related measures to protect the environment<sup>28</sup> have also been consistently met with suspicion. The latter are readily dismissed as the 'new elephants in the room' or veiled EU attempts to shield domestic production against cheap ethanol imports, mainly from Brazil.<sup>29</sup> Such compliance rules are even perceived as an attempt to raise non-tariff barriers, overcoming which will require establishment of a specialised consultancy and services sector, for which the relevant capacity only exists in developed countries.<sup>30</sup> Overall, European insistence on regulating extraterritorially was perceived as patronizing, with Brazilians arguing that: 'we do not want to be dictated. A real partnership is about exchanging'.<sup>31</sup>

Turning to transparency, the US is often compared favourably to the EU. For example, transparency prompted Brazil to support processes that culminated in similar regulations being promulgated in federal and Californian legislation, despite indirect land-use change (iLUC) values for sugarcane in the latter being less favourable in comparison. Yet, Brazilians commented favourably on the US legislative approach, which allowed Brazilian scientists to freely access, review and comment on the models and input calculations.<sup>32</sup> As one Brazilian interviewee noted, we were at least certain that 'the best science available' had been employed.<sup>33</sup>

In contrast, the EU has been criticised for being overly bureaucratic and not particularly transparent. Brazilian policymakers often complain of not knowing whom to contact when issues arise, and of a lack of explanation of the rationale behind decisions on biofuels that impact them.<sup>34</sup> For instance, in October 2013, the European Commission released its proposed amendments to the 2009 Renewable Energy Directive (RED) which included estimated values on iLUC emissions from biofuel and bioliquid feedstocks (see European Commission, 2012). The value for sugars was 13 gCO<sub>2</sub>eq/MJ, to which the Brazilians argued: 'why 13 grams for ethanol? It is much better!'<sup>35</sup> Consequently, irritation was

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<sup>27</sup> Interview #4.

<sup>28</sup> Reference here is made to the sustainability criteria of the 2009 RED.

<sup>29</sup> Interview #20; Interview #13; Interview #4; Interview #6; Interview #2.

<sup>30</sup> Interview #4.

<sup>31</sup> Interview #4.

<sup>32</sup> Interview #6.

<sup>33</sup> Interview #6.

<sup>34</sup> Interview #4; Interview #14.

<sup>35</sup> Interview #4.

expressed at the constant insertion of new elements in the RED without prior consultation with affected parties, especially at a time Brazil was seeking to generate growth and jobs.<sup>36</sup>

When looking at trilateral cooperation involving developing countries, Brazilian perceptions of the US and the EU follow a similar pattern. The US was perceived as a proactive and pragmatic actor that has clear goals and implementing tools.<sup>37</sup> As noted by one interviewee, the US 'is more proactive, we see a clear intention to go to the next step: implementation'.<sup>38</sup> According to the Brazilians, the two countries shared 'similar views on biofuels and the industry' and did not have to 'fight for the concept', as was the case with the Europeans.<sup>39</sup> When problems emerged, like iLUC or food security, the two partners would not put cooperation undertakings on hold, but instead deliberated the issue, aiming to 'tackle it, minimize it, adapt it'.<sup>40</sup> That several countries in the African, Central American and Caribbean regions were already producing biofuels and had promulgated biofuels mandates was put forward as an indication of the success enjoyed by US-Brazil trilateral cooperation ventures.<sup>41</sup>

Turning to the EU, there was again consensus, but this time on the difficulties faced by Brazilian policymakers when trying to interact and cooperate with their European counterparts. In particular, meetings were perceived as repetitive and that: 'we talk, we talk, but we don't go for concrete actions'.<sup>42</sup> Brazilian policymakers in Brussels argued that DG DEVCO, the provider of funds for development cooperation, was blocking undertakings in Africa involving biofuels on sustainability grounds.<sup>43</sup> This was nevertheless deemed confusing, as other DGs, like Research and Innovation, were engaged in biofuels cooperation with Brazil on other fronts.<sup>44</sup> Consequently, there was a call for the EU Commission to work on its internal consistency. Brazilian policymakers argue that ensuring the sustainable utilisation of biofuels in the continent is key for them too and that depending on the location, there are areas in Africa with suitable conditions for implementation of a modern, sustainable and diverse agro-energy system. Brazilians lamented the 'lost opportunity' of combining European and Brazilian capacities to benefit Africa, but noted that if the EU is not interested then "we (Brazil) are going on our own".<sup>45</sup>

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<sup>36</sup> Interview #4.

<sup>37</sup> Interview #12.

<sup>38</sup> Interview #15.

<sup>39</sup> Interview #14.

<sup>40</sup> Interview #4.

<sup>41</sup> Interview #19.

<sup>42</sup> Interview #15.

<sup>43</sup> Interview #6.

<sup>44</sup> Interview #4.

<sup>45</sup> Interview #4.

## 5. Discussion

The above section has demonstrated that Brazil's positive cooperation experiences with the US have generated trust, goodwill and openness, while its negative experiences with the EU have led to reduced influence, mistrust and resentment. Protectionism, transparency and bureaucracy have been noted to have shaped these perceptions. These, however, should only be viewed as obvious, immediate causes. With respect to protectionism, Brazil's current chastising of the EU is based on argumentation highly reminiscent of that employed during its three-decade long dispute with the US over the latter's ethanol subsidies and tariffs. Such arguments can even be turned around in the sense that, despite the inevitable limitations, EU biofuels policies in the 2000s actually created a market for Brazil where one did not previously exist.<sup>46</sup> When it comes to transparency, biofuels are not the exception in an otherwise rigorous and open EU polity. Critiques that EU governance suffers a "democratic deficit" span many decades, as does political pressure on its institutions to interface with civil society and lobby groups in a more accountable, consistent and transparent fashion (see Jordan and Adelle, 2013). Similarly with bureaucracy, coordinating a plethora of dissonant voices (Member States plus EU institutions) into a harmonious chorus is highly challenging.

Underlying causes that could explain the diametric perceptions of Brazil with respect to the biofuels policies of its transatlantic partners could include the widely agreed-upon adoption by the EU of a more precautionary stance in terms of domestic regulatory politics compared to the US. This thesis nevertheless has two problems. First, cautiousness and scepticism are required when interpreting such rhetoric on precaution. While there are areas in which the EU has adopted a more precautionary stance (e.g. climate change, air toxic substances or genetically modified organisms), there are others in which the US has outpaced the EU (e.g. particulate air pollution, nuclear energy or ozone-depleting substances). Based on longitudinal analysis of nearly 100 risks, Wiener *et al.* (2011) note that over the past four decades neither actor can claim to have been more precautionary across the board. Second, and specifically on biofuels, while interaction with the scientific community did help inform EU decision-making, questions remain on whether the precautionary principle was applied according to best practice standards. The initiation – in the immediate aftermath of its adoption – of still ongoing internal negotiations to amend the 2009 RED represent recognition on the part of EU authorities that the considerable degree of scientific uncertainty with respect to the environmental and social sustainability of biofuels (e.g. regarding indirect

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<sup>46</sup> Telephone interview #3.

land-use change) was not adequately factored into the final policy decision. Sharman and Holmes (2010: 318) argue that the EU practically engaged in “cherry-picking of evidence” in order to gather support for an already pre-determined policy choice. Afionis and Stringer (2012: 120) note that UK climate change envoy J. Ashton pointedly remarked at the time that “the policy on biofuels is currently running ahead of science”.

Having considered the precautionary principle, we argue that divergent norms and logics as to the role biofuels are expected to play in the EU and the US more convincingly explain Brazilian perceptions. Whereas climate change, energy security and rural development are seen by the EU as drivers of biofuels development, the US administration’s predominant interest in biofuels is for energy security. Climate change mitigation is not considered, especially given the poor energy efficiency properties of US corn-based biofuels. This explains the ease with which Brazilians can interact with their US counterparts, and why they share similar views on biofuels and the industry. Fewer complicating factors can derail their bilateral biofuels relations. For the EU, the need to pursue objectives other than those directly linked to climate mitigation culminated in policy confusion. Combining trade, energy, economic and other motivations resulted in inadequate treatment of the climate pillar. Subsequent attempts to rectify the situation by promulgating amendments to deal with iLUC and food insecurity concerns only led to EU infighting and dragging negotiations, which, in essence, nullified conventional biofuels as a long-term EU renewable energy option. Policy interaction with a counterpart fraught with internal dissension and incoherence is undoubtedly cumbersome. The EU’s inability to radiate a clear vision with respect to biofuels is a key driver of Brazil’s negative perceptions.

## **6. Conclusion**

This paper aimed to: a) evaluate current progress and key challenges in Brazil’s efforts to cooperate with the US and the EU in facilitating the spread of biofuels in selected African, Central American and Caribbean countries; and b) draw on insights from the literature on external perceptions to obtain a comparative picture of Brazil’s perceptions on biofuels cooperation with its two transatlantic partners. Findings indicate that the trilateral approach involving the EU has faced several barriers that drastically hampered cooperation, while that involving the US has burgeoned, with several third countries using support tools to explore their biofuels potential. Consequently, Brazil’s perceptions of the two transatlantic partners are contrastingly different, with the US enjoying a far better image in Brasilia than its European counterpart. For the EU to achieve its biofuels goals and effectively cooperate with Brazil on knowledge transfer and bioethanol technological development, success hinges not

only on the substantive merit of its policies, but also on how these policies are perceived abroad. Only if sources of dissonance are adequately identified and tackled with can policy gaps be bridged and cooperation rest on solid foundations. Adopting a clear vision on biofuels as a renewable energy source for transport and ensuring that EU regulatory processes are as open as possible to input from civil society and other interested parties are avenues through which the EU can enhance its image in the eyes of developing country partners. Doing so would also allow the EU to be better placed to take advantage of technological innovations in advanced biofuels that are envisaged to change the tide with respect to biofuels in the international scene.

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