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**Brazilian state-agribusiness relations within global processes  
of regulatory formation below the corporate food regime**

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**BRAZILIAN STATE-AGRIBUSINESS RELATIONS  
WITHIN GLOBAL PROCESSES OF REGULATORY  
FORMATION UNDER THE CORPORATE FOOD  
REGIME**

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## **Resumo**

A tese examina os condicionantes estruturais que moldaram as relações Estado-agronegócio no Brasil contemporâneo, e foca na cooperação conjunta destes atores em diferentes processos globais de formação de regulação na área de agricultura. Com ponto de partida conceitual na literatura de *Food Regime*, a tese inicialmente avalia o impacto da transformação do sistema alimentar global no setor agrícola brasileiro em conjunto com outras mudanças estruturais na economia doméstica até o fim do século XX. A reestruturação setorial e a concomitante cooperação internacional entre instituições públicas e o agronegócio brasileiro são abordadas por meio de análise das transformações econômicas e institucionais neste período. A parte subsequente da tese foca na dimensão de agência, e escrutiniza o engajamento conjunto público-privado em diferentes arenas globais de formação regulatória a partir do começo do novo milênio. Por meio da inclusão de diferentes perspectivas da área geral de Economia Política, esta parte avalia as modalidades de interação entre Estado e agronegócio com o objetivo de aproximar uma concepção abrangente desta relação como parte da inserção do Brasil na economia global contemporânea.

## **Abstract**

The thesis examines the structural conditionings which have given rise to contemporary Brazilian state-agribusiness relations, and focuses on these actors' joint cooperation within different global processes of agricultural regulatory formation. With conceptual point of departure in the Food Regime literature, the thesis initially evaluates the impact of the global food regime transformation upon the Brazilian agricultural sector, in conjunction with other structural changes within the domestic economy towards the end of the 20th century. The sectorial rearrangement and concomitant internationally oriented cooperation between Brazilian public institutions and agribusiness is approached through analysis of the economic and institutional changes in this period. The subsequent part of the thesis focuses on the dimension of agency, and scrutinizes the joint public-private engagement within different global arenas of regulatory formation from the dawn of the new millennium. Through inclusion of different perspectives from within the general field of Political Economy, this part evaluates the interactional modalities between state and agribusiness with the goal of approximating a broader conception of this relationship as part of Brazil's insertion within the contemporary global economy.

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## **List of Abbreviations**

ABAG - Associação Brasileira de Agronegócio

ABCDs - Arthus Daniel Midlands, Bungee, Cargill, Louis Dreyfus

ABEF - Associação Brasileira de Produtores e Exportadores de Frango

ABOIVE - Associação Brasileira de Indústrias de Óleos Vegetais

ABRAPA - Associação Brasileira de Produtores de Algodão

ACP - African, Caribbean, and Pacific Group of States.

ADM - Arthur Daniel Midlands

AMS - Aggregated Measures of Support

ANEC - Associação Nacional de Exportadores de Cereais

AoA - Agreement on Agriculture

APROSOJA - Associação Brasileira de Produtores de Soja

AVEs - Ad-Valorem Equivalents

Câmara - Câmara Temática de Negociações Agrícolas Internacionais

CAMEX - Câmara de Comércio Exterior

CEB - Coalizão Empresarial Brasileira

CGC - Coordenadoria Geral de Contenciosos

CNA - Confederação Nacional de Agricultura

CNI - Confederação Nacional de Indústria

CONAB - Companhia Nacional de Abastecimento

CONTAG - Confederação Nacional de Trabalhadores na Agricultura

COVPA - Contrato de Opções de Venda de Produtos Agrícolas

CO<sub>2</sub> - Carbondioxide

CSR - Corporate Social Responsibility

C4 - The Cotton Four

DG - Development Group

DSB - Dispute Settlement Body

EMBRAPA - Empresa Brasileira de Pesquisa Agropecuária

EU - European Union

EC - European Commission

FAO - Food and Agricultural Organization

FAPRI - The Food and Agricultural Research Institute

FIESP - Federação de Indústrias do Estado de São Paulo

FIP - The Five Interested Parties

FQD - Fuel Quality Directive

FSA - Farm Service Agency

Fórum - Fórum Permanente de Negociações Agrícolas Internacionais

GATT - General Agreement on Tariffs and Trade

GHGs - Greenhouse Gasses

GM - Genetically Modified

GT - Grupo Técnico

G-33 - Group of thirty three

G-20 - Group of Twenty

G-4 - Group of Four

HCFC - Hydrochlorofluorocarbon

HFCs - Hydrofluorocarbonates

IBGE - Instituto Brasileiro de Geografia e Estatística

ICMS - Imposto sobre Circulação de Mercadorias e Serviços

ICONE - Instituto de Estudos de Comércio e Negociações Internacionais

ILUC - Indirect Land Use Change

IR - International Relations

IPCC - Intergovernmental Panel on Climate Change

IPE - International Political Economy

ITC - International Trade Centre

LDCs - Least Developed Countries

MAPA - Ministério de Agricultura, Pecuária e Abastecimento

MEP - Member of the European Parliament

MERCOSUL - Mercado Comum do Sul

MDA - Ministério de Desenvolvimento Agrário

MDIC - Ministério de Desenvolvimento, Indústria e Comércio

NCC - National Cotton Council

NAC - New Agricultural Country

NAMA - Non-agricultural market access

NGO - Non-governmental Organization

OCB - Organização de Cooperativas Brasileiras

OECD - Organization for Economic Cooperation and Development

PIN - Plano de Integração Nacional

PEP - Prêmio de Escoamento de Produtos

PPP - Public-Private Partnership

PROCEDER - Programa de Cooperação Nipo-Brasileira para o Desenvolvimento dos Cerrados

QUAD - Canada, US, Japan , EU

RED - Renewable Energy Directive

RTRS - Roundtable of Responsible Soy

RSB - Roundtable on Sustainable Biofuels

R&D - Research and Development

SSM - Special Safeguard Measures

TNC - Transnational Corporation

TF - Task Force

TFP - Total Factor Productivity

TRQs - Tariff Rate Quotas

UNICA - União de Indústria de Cana-de-Açúcar

UN - United Nations

USDA - United States Department of Agriculture

USTR - United States Trade Representative

WWF - World Wildlife Foundation

WTO - World Trade Organization

## **Chapter 1: Introduction**

In recent decades, the Brazilian state and agribusiness sector have formed a close partnership within the country's foreign engagement. This public-private international cooperation has aimed at influencing a variety of regulatory spheres, so as to enhance the market access of Brazilian agricultural products. A special relationship between Brazilian public institutions and agribusiness has thereby become apparent, which is rooted in the role that agriculture has assumed within the Brazilian economy and export composition in recent decades. This thesis analyses the developments within global and domestic agriculture which have engendered this special relationship, and examines the nature of the contemporary state-agribusiness cooperation within the Brazilian foreign engagement.

The first analytical part focuses on understanding how the transformation of the global food regime, in conjunction with changes within domestic agriculture, have

reshaped the relationship between the Brazilian agribusiness sector and the state in recent decades. The second analytical part examines the motivations, patterns, and strategies within the joint public-private cooperation through case studies of processes of agricultural regulatory formation at different global levels. Decision-making processes unfolding at the level of multilateral trade negotiations, commercial dispute settlements, joint lobbying efforts, and multistakeholder governance initiatives are analyzed in order to examine the international dimension of Brazilian state-agribusiness relations. Perspectives from the Global Food Regime theory, neo-Gramscianism, and State-Business literature are applied as the conceptual framework for the study. In accordance with this theoretical approach, a critical realist standpoint is adopted, which implies a focus upon multilevel causality and on the particular processes and mechanisms, through which systemic transformations are transmitted onto the behavior of actors examined. In line with this explanatory objective, a framework of agency-structure duality is employed in order to connect food system transformations at the structural level with the inception of an internationally oriented agency that came to mark the relationship between the Brazilian state and agribusiness in recent decades. The empirical foundation of the study is constituted by a data triangulation strategy, based upon archival research, semi-structured interviews, analysis of policy documents, statistical data, and secondary literature.

## **1.1 Positioning the research objectives**

The Brazilian public-private participation within processes of agricultural policy- and regulatory formation at the international level has intensified since the turn of the millennium. These processes have materialized in a range of different international and transnational spheres, and have either directly or indirectly come to involve a great variety of actors. While relatively incipient at the end of the 1990s, the internationally focused cooperation between Brazilian public institutions and the country's agribusiness sector has gained momentum throughout recent decades, as Brazil has become an increasingly significant producer and exporter of agricultural commodities. Brazilian actors have thereby obtained a very central position within different governance arenas where the rules for agricultural production and commercialization are defined. The underlying drivers, the functional modality, as well

as the external repercussions of this state-agribusiness relationship thereby constitute a compelling object of scholarly inquiry.

A broad strand of contributions within the field of this thesis has been aimed towards analysis of Brazilian participation within multilateral commercial negotiations. This literature comprises of studies that detect an embryonic shift towards a more offensive Brazilian position during the Uruguay Round (FARIAS 2009 & 2010, MARIANO et al. 2015) and some very incipient joint public-private efforts made to influence the agenda at the Seattle Conference in 1999 (CARVALHO 2003; BERALDO 1999). Yet, the bulk of contributions within the area appears to have been aimed at examining the country's expressive participation within the Doha Negotiations. Attention has thus both been directed towards the domestic determinants of the agenda formation (CARVALHO 2010; HOPEWELL 2013 & 2014; MANCINI 2010; RAMANZINI JÚNIOR & MARIANO 2013) and the processes through which these Brazilian interests have been projected throughout the negotiation arena in cooperation with other developing countries (DOCTOR 2015; EFSTATHOULOPOULOS 2012; HOPEWELL 2016, HURRELL & NARLIKAR 2006; NARLIKAR & TUSSIE 2004; PIMENTA JÚNIOR 2012; RAMANZINI JÚNIOR & VIANA, 2012). Still other contributions within this thematic area have sought to understand the significance of agriculture within the country's engagement in commercial multilateralism, with analytical point of departure in the broader patterns and shifting lines of Brazilian foreign policy (CASON & POWER 2009; CONCEIÇÃO-HELDT 2013; INOCALLA 2013).

Although multilateral trade negotiations have been central sites for defining the institutional structure within which the field of agriculture is treated globally, other regulatory spheres are also important in this respect. The cooperation between Brazilian agribusiness and public institutions has thus also been aimed at diverse arenas at both the international and transnational level. As locus for the interpretation, specification and dissemination of norms and rules which in many instances have come to delineate the patterns of domestic production and global commercialization of agricultural goods, the WTO dispute settlement system has also become focus of concerted public-private engagement by Brazilian stakeholders. Yet, while the legal significance and broader global repercussions of the high-profile disputes which Brazil successfully initiated against developed countries' agricultural support regimes have awoken much scholarly interest (LAKATOS & WALSLEY 2014; CHENG 2009; PEREIRA et al. 2012;



SHAFFER et al. 2010; OLIVEIRA 2010; RIDLEY & DEVADOSS 2012) less attention has been given to the processes whereby the Brazilian private sector exercised influence upon these cases (BAHRI 2016; SCHIMANSKI 2006).

In spite of having reached a high degree of organizational refinement and broad global projection within an array of different spheres of governance, cooperation between the Brazilian agribusiness and public institutions often escapes official - and academic - records. Due to what might be termed as a highly informal *modus operandi*, instances when Brazilian private rural entities make their influence count through lobby activity abroad (COMINI & LORENZO, 2013) thus often go "under the radar". The sphere of advocacy and lobby activity nonetheless constitutes a highly relevant area of study of the more subtle modes of influencing global rule-making within the field of agriculture.

As private governance arrangements have become increasingly significant in terms of molding the general field of global agricultural regulation, new modalities of participation, - often excluding public institutions - have become available for Brazilian agricultural entities to seek to shape the rules within this area. The fluid interactions and absence of formal hierarchies within such transnational spheres further blur the perspective and documentation of the private agency at this level. A number of recent contributions have thus treated Brazilian actors' participation within broader analyses of multistakeholder initiatives (ELGERT 2011 & 2012; GARRET & RAUCH 2016; HOSPES 2014, SCHOUTEN et al. 2012) while a slightly more modest amount of studies specifically have analyzed Brazilian agribusiness' engagement within these (HOSPES et al. 2012; PERALTA 2013; RODRIGUES 2013; TERÀN 2013).

With the important insights of existing studies on the subject matter in mind, it is sustained within the present thesis, that methodological and theoretical reconsiderations of certain approaches and issues might contribute to the field's further development. First, the present study seeks to move beyond analysis of single cases of decision-making processes with a more restricted locus in time and space. While such a focus often yields informative analysis of the particular decision-making process at hand, it might not serve to grasp the broader lines of the international dimension of the relationship between public and private actors. The present study departs from the intention of analyzing the essential characteristics of the Brazilian state-agribusiness relationship as it materializes within the international and/or transnational realm. Thus, a broader universe of cases at different sites of regulatory formation has been

scrutinized with the objective of identifying more profound characteristics of the relationship between the actors in question, and of eventually qualifying the modality of cooperation across different fields of engagement. This also makes it possible to assess the development of state-agribusiness relations over time, from the point at which a joint international orientation became evident, and towards the present day, when experiences have been accumulated and interactional coordination procedures refined.

Secondly, central to the present study is the adoption of an approach which considers the significance of both agency and structure. While many of the studies conducted within this field contain a strong emphasis upon key actors and imply a focus on specific events, the present thesis seeks an understanding of agency which departs from the conditioning structural factors that define its opportunities and limits. State-business relations are thus treated as inherently defined by the domestic institutional context at any given point in history, which itself in turn, is molded by the mode of global insertion of the domestic economy. On the other hand, the collective agency of significant private and public actors also constantly works to rearrange the systemic constraints and possibilities. An analytical approach which considers the duality of structure hereby makes it possible to understand the reciprocal interplay between global political dynamics and trends within agricultural markets on the one hand, and the motivation and interests of Brazilian rural entities and public institutions, on the other. On a theoretical level, the fusion of the Food Regime literature with neo-Gramscian perspectives makes it possible to provide a structurally embedded account of the recent evolution of Brazilian state-agribusiness relations, as the first body of literature provides a useful conceptual base to understand broader developments within global agriculture, while the second critically situates the behavior of economic actors according to their position within the world economy.

Thirdly, another central aspect of this thesis is its emphasis on the significance of ideas. Studies conducted within the area examined often wield a strong focus on either institutional or economic dynamics of change. Existing literature within the field thus appears to be able to benefit from a stronger attention towards the role of ideas and diverse rationalities; not through an analytical approach which is decoupled from more tangible and measurable phenomena, but rather by scrutinizing the causal connections between the ideational, the institutional, and the material dimensions of the object of study. The emphasis upon the significance of ideas is strongly accentuated within the neo-Gramscian perspectives in the field of international relations (APELDOORN et al.

2007 & 2012; BIELER & MORTON 2004; COX 1981 & 1987; GILL 1993a & 1993b; PIJL 1989 & 2001). Attentiveness towards this dimension also holds the potential to lead to some novel perspectives upon the subfield of agricultural political economy and governance. In relation to the specific cases of decision-making studied, international commercial negotiations and private interests representation is also often characterized by an emphasis on economic incentives through a monocausal explanatory logic. This line of thought tends to accentuate the rationality of informed agents as the essential motivation behind action. Such perceptions are particularly deep-rooted within the field of international relations, and in spite of the surge of theories increasingly skeptical towards such assumptions, they remain strongly embedded in the explanations offered of processes of international policy-formation. In the present study, the need to consider the significance of dominant structures of knowledge and collectively held ideas is emphasized, not in isolation from concrete reality, but as mechanisms with an effective causal impact upon the events of interest.

Fourth, the present study also implies a strong accentuation of the need to direct analysis towards processes unfolding within the intermestic space. Works on private interest representation related to foreign policy action or commercial negotiations tend to be characterized by a certain decoupling from domestic dynamics of change. Often, a small bridgehead within the national sphere is delineated around a few significant actors within the foreign policy-making processes, while the bulk of the analysis is directed towards events and the international/transnational level. The initial part of the present study seeks to provide an understanding of how the essential determinants of this international engagement by the central actors examined are formed through a reciprocal interplay between structural conditioning factors at both the domestic and the international level.

Fifth, this thesis departs from a conviction of the importance of examining the interconnections between economic and regulatory developments; modes of accumulation are intrinsically linked to corresponding modes of regulation. The dynamics which define regulatory changes are thereby presumed to be rooted in the constitution of market structures and the power relations that follow from them. In the same manner, regulatory frameworks also shape the market structure, and serve to reproduce existing power relations within this. Emphasis is therefore directed towards the structural-economic root causes of the joint international engagement of Brazilian agribusiness and public institutions, and their attempts to influence agricultural

regulation. The thesis thereby also departs from this focus upon analysis in the space between these two fields of study.

## 1.2 Research questions

This thesis is structured around two main research questions, which are examined in the first and the second analytical part. Research question 1 has been formulated as the following:

**Research question 1: How have food regime transformations in the 1980-1990s defined the joint international regulatory engagement between the Brazilian state and agribusiness, relative to domestically rooted structural transformations within the agricultural sector in this period?**

Research question 1 seeks to assess how structural changes within the global food regime/system from the 1980s, in combination with restructurings of domestic agricultural markets within Brazil, have spurred the joint international engagement between the Brazilian state and agribusiness, with the goal of influencing processes of international agricultural regulatory formation. Liberalization/corporate restructuring constitute central movements and transformational vectors within the global food system, which from this point in time have become manifest within its different dimensions. In this research design, the food regime is treated in a Coxian sense, and is presumed to imply a material, institutional, and ideational dimension. Transformations within these dimensions are therefore treated as the three macro variables within the changes of the global food regime in this period. Below these variables, some more specific central processes of particular relevance to the restructuring of Brazilian agriculture are examined, in order to understand how they have impacted upon the internationalization of Brazilian agriculture.

In the following, some of the central concepts and notions of research question 1 are specified according to the meaning with which they have been attributed in the present study. The concept of the *Global Food Regime* is treated within the Food Regime literature spearheaded by Phillip McMichael and Harriet Friedmann (1989; 1993; 2005; 2009; 2010). The concept of food regime refers both to the global system for organization, production, financing, commercialization and distribution of food, as well as the regulatory and institutionalized arrangements and the normative and

ideational foundations of this system. The notions of "food system" and "food regime" - used interchangeably throughout the thesis - can thereby be perceived as a holistic conceptualization of the general economic, legal, normative, and political structure related to the global production and commercialization of food. Its conceptual roots, partly within World System Theory and the economic Regulationist School, mean that it should be viewed as a historically determined structure, the configuration of which is constantly changing with time. Within this study, the concept is fused with the Gramscian notion of a historical structure, in order to understand its internal processes of transformation and their impact upon Brazilian agriculture.

The notion of *food regime transformation* has been treated by a range of authors as a central development which has unfolded in parallel to the neoliberal turn of the global economy from the 1980s (BAINES, 2015; FRIEDMANN & MCMICHAEL, 1989; FRIEDMANN 2005). Food system transformations in the 1980-1990s are thereby treated as a broad range of dynamics leading towards an increasingly market-oriented system. These dynamics comprise of both specific changes within national and international regulation of food production and commercialization, but also of changes within the market structure, as well as an ideological and institutional development with a significant impact within the field of agriculture.

The joint international reorientation of the Brazilian state and agribusiness is nonetheless difficult to explain purely according to systemic developments within global agricultural markets. It therefore also becomes important to assess a range of *domestically rooted structural transformations within the agricultural sector* as endogenous dynamics related to different economic and institutional changes within Brazilian society, and specifically the agricultural sector, in recent decades. The latter have therefore been treated through analysis of the variables of 1) technical modernization of Brazilian agriculture, 2) domestic agricultural reforms, and 3) the reorientation of the Brazilian model for commercial international insertion.

The notion of *joint international regulatory engagement* refers to the identification of essential interests within the international/transnational sphere by the actors in question, and the subsequent pursuit of those interests at that level through activities meant to influence regulatory formation. Regulation is defined in a broad sense, referring to laws, regimes, accords, and legal decisions that define the general global rule set for agricultural production and commercialization. The international engagement of private entities, - such as those within Brazilian agribusiness - takes

place in conjunction with the internationalization of governmental institutions through a process in which a mutual goal related to competitive international insertion is pursued. These tendencies are described within different branches of neo-Gramscian literature (COX 1987; APELDOORN et al. 2012) and a certain overlap with the notion of "the internationalization of the state" within this perspective can be observed.

The term *Brazilian agribusiness* refers to corporate organizations within the Brazilian agricultural sector, either in the direct production or the initial processing stage. The mixed domestic and foreign ownership structure within certain enterprises and economic groups makes it impossible to completely exclude foreign capital from this definition. The focus of the study is nonetheless directed towards entities with a significant share of domestic ownership, as well as legal registration and operations in Brazil. By their very nature, sectorial organizations represent enterprises operating nationally, and in the case of those analyzed in the present, with significant interests in increased market access beyond Brazil. The sectorial organizations, both covering sub-sectors as well as general confederational organizations, are also implied in the present definition of agribusiness, because they constitute an institutional tool for representing common corporate interests. The specific entities examined vary according to the cases analyzed, but mostly the focus is upon organizations for sectorial representation. The corporate entities analyzed within this study are of a certain economic dimension, which excludes smallholders.

Research question 2, which is explored in the second analytical part, has been formulated in the following manner:

**Research question 2: How has the cooperation between the Brazilian state and agribusiness unfolded through processes of international agricultural regulatory formation within the institutional dimension of the global food regime on the levels of; 1) multilateral commercial negotiations, 2) WTO dispute settlement proceedings, 3) joint lobbying, and 4) deliberate multistakeholder governance?**

Research question 2 is oriented by an exploratory goal of scrutinizing and eventually classifying the central characteristics that have marked the internationally oriented cooperation between Brazilian public institutions and agribusiness. The research objective is pursued through analysis of cases of regulatory formation at different sites at which rules pertaining to the production and commercialization of

agricultural products are defined.

The particular manner in which the joint engagement with *agricultural regulatory formation* between the Brazilian state and agribusiness has materialized is examined through single-case studies at four different levels of international regulatory formation, as this notion has been defined in the foregoing. This implies 1) *multilateral commercial negotiations*, though analysis of the case of the Doha Round from 2001-2008, 2) *dispute settlement proceedings* at the WTO through analysis of the Cotton Dispute between Brazil and the United States from 2003-2005, and 3) *joint lobbying* through analysis of the public-private cooperation through lobbying efforts of the Brazilian state and UNICA<sup>1</sup> in order to influence the EU Renewable Energy Directive, regarding biofuels from 2006-2011, and 4) *multistakeholder governance*, through analysis of the participation of Brazilian agribusiness in the establishment of the Roundtable of Responsible Soy (RTRS) initiative.

The *institutional dimension of the global food regime* refers to the broader framework of international law, legal decisions, private standards, commercial treaties, and regional agreements which either in their entirety, or through a significant part of their statutes, address agricultural regulation beyond the sphere of the nation state. As there is no clearly definable delimitation for the boundaries of the regulatory dimension of the global food regime, the processes analyzed in this thesis have been included according to this aforementioned definition. This implies that these cases have been found to constitute arenas within which the phenomenon of interest of the study has unfolded, independently of their highly varying degree of significance for the regulation of global agriculture. Research question 2 focuses on qualifying the manner in which the joint regulatory cooperation between the Brazilian state and agribusiness has taken place, rather than on the result of this engagement.

The term *international* is used because the processes examined comprise of public and private actors from a broad range of countries. Yet, it should be mentioned that some of the processes also might be said to imply a certain supra-national character, as is the case with the formation of the EU's Renewable Energy Directive, or transnational nature, as is the case with the Roundtable of Responsible Soy initiative.

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<sup>1</sup> The sugarcane producers' sector organization of the state of São Paulo, *União de Indústria de Cana-de-Açúcar* (Port.)

### 1.3 General structure of the thesis

Following this introduction, in which the fundamental object of study has been outlined, gaps in existing research have been identified, and research questions formulated and specified, the thesis proceeds towards sections containing central theoretical and methodological considerations. In chapter 2, the theoretical perspectives applied within the study are reviewed, and central concepts are elaborated with particular emphasis. In chapter 3, the thesis' methodological approach and central research design is treated. This chapter specifies the study's scientific-theoretical standpoint, case selection, inference strategy, hypothesis and sub-question elaboration, and the empirical sources applied. Chapter 4 embarks upon the analysis of how structural transformations within the global food system, as well as domestically within the Brazilian agricultural sector, have spurred the pursuit of the joint international strategy between public institutions and agribusiness. The chapters 5-8 treat the cases in which Brazilian efforts to influence decision-making processes with impact on the structure of international and transnational agricultural regulatory formation have unfolded. Chapter 9 summarizes the findings of previous sections and reflects on their broader implications, while chapter 10 contains the conclusion.



## **Chapter 2: Theoretical perspectives**

The theory applied in the present study comprises of three main branches of contributions from the Food Regime perspective, neo-Gramscianism, and a compound body of literature referred to in the present as "State-Business Theory". The choice of theory has been guided by the nature of the object of the study, in the sense that rather than adhering strictly to, - or seeking to test - any grand theoretical perspectives, the specificness of the processes and problems related to the present queries into state-agribusiness interactions in Brazil have led to a more eclectic selection. Useful conceptualizations and analytical tools related to public-private relations can be found in a variety of literature within the social sciences. The intermestic nature of the present object of study has meant that thinking from both within and outside the confinements of IR theory has been reviewed. The criteria for the inclusion of theory has been related to its capacity to provide a thorough conceptual illustration of the empirical events of

interest.

As the processes examined span from macro-structural dimensions, to the field of agency and incentives, the theoretical platforms relied upon have been included in order to cover either of, - and ideally the connection between - these realms. Another ambition within the present study has been to critically engage with the ideational level, and to treat it as an effective part of social reality with causal impact upon other spheres. Elements of the three general bodies of theory which the study makes use of are therefore sensitive to the significance of ideas, in line with a critical realist standpoint, yet, without entering the realm of constructivism. As the main interest of the present study regards the drivers behind, and within, the processes of public-private cooperation around a joint international political strategy, the parts of the theory included with an emphasis on this phenomenon have been accentuated.

## 2.1 Neo-Gramscian perspectives

The inclusion of the neo-Gramscian perspectives within the present research is mainly minded upon the general analytical framework of a historical structure and historical forces, the process of internationalization of the state, as well as a branch of contributions with focus on corporate agency. This literature wields the potential for critical analysis of structural transformations on different global levels and in different material, institutional, and ideational dimensions, but is also apt to link these systemic changes to the collective agency of public and private actors.

### 2.1.1 Worldview and levels of analysis

In his *prison notebooks*, Antonio Gramsci emphasized the importance of ideas and consciousness, as particularly essential elements within central concepts such as that of "base and superstructure" (GRAMSCI 1999, p.690). Particular to the Gramscian conceptualization of superstructure is its division into political society and civil society; whereas political society refers to the institutional embodiment of governing forces, civil society refers to the social structures actively shaping ethical foundations and societal consensus (MORERA 1990, p.28). In this regard, the conception of base, political superstructure and civil society superstructure, displays some clear similarities

with Robert Cox's notion of the three fundamental different types of historical forces: material capabilities, institutions, and ideas (COX 1981, p.136). Bieler and Morton (2004) observe about the Coxian ontology, that it implies a conception of reality which not only comprises of materialist aspects, but also of "the institutional, moral and ideological context that shapes thoughts and actions." (p.87). Richard Falk, in a similar manner, stresses the scientific realist elements in Cox's conceptualizations of power, by pointing towards the vital character of ideas and culture within it, as opposed to a more strict focus on tangible properties (FALK 1997, p.43). Finally, Joseph (2002) tentatively bridges Gramscian thought with a critical realist worldview, and points towards the strongly transcendental nature of the concept of hegemony, inherent in its attempts to capture a multilevel reality (JOSEPH 2002, p.14). Thus, through neo-Gramscian theorizing spearheaded by Robert Cox, the ideational emphasis of Gramsci has been introduced as a central element within the perspectives upon international relations and International Political Economy, through a largely stratified ontology.

Another important feature of neo-Gramscian theorizing has been the effort to expand the classical Gramscian conceptual scope beyond the nation state. In spite of Gramsci's main attention to domestic power competition, he did hint at a certain interconnection between the national and international levels. This comes both in form of an impact from the international to the national level, as international relations "both passively and actively" shape the evolution of socio-political relations domestically (RUPERT 1995, p.34). Yet, in another passage in *prison notebooks*, Gramsci points towards the reverse relationship, stating that organic innovations in (domestic) social structures modify organic relations at the international level (GRAMSCI 1999, p.398). Such ideas have been profoundly emphasized within neo-Gramscian perspectives, particularly through the focus upon how production structures, as well as the social and institutional ramifications of their evolution, transgress the scope of a particular domestic society.

In his aforementioned 1981 article, Robert Cox displays this relationship through the notion of a historical structure, which is manifest on three levels: 1) the social relations of production, 2) forms of state and, 3) world orders. These levels affect each other, so that changes at one level can produce alterations at the other two, and vice versa. The two triangular conceptualizations of historical structure and historical forces overlap, so that analysis of global developments is directed towards understanding the particular configuration of material, institutional, and ideational historical forces at each

level of the historical structure. (COX 1981, p.38)

Through the elaboration of this analytical apparatus, Cox transgresses the domestic versus international divide, and presents an analytical taxonomy with a potential for intermestic analysis, in which the state occupies a central, but not uniquely preeminent position. This general analytical framework is broadly reflected in neo-Gramscian IR and IPE literature, and thereby provides a theoretical apparatus which both captures dynamics at the system level, but also avoids abstraction from their interconnections with sub-level structures and units, as in Waltz (1979) or Wallerstein (1974). By contrast, the "3 times 3" framework - the three levels of the historical structure and three types of historical forces - may indeed hold certain advantages for capturing causality transcending different analytical levels of a more glocal nature.

### **2.1.2 Internationalization of the state**

The process through which policies of a country have been brought in line with the requirements of global markets and international productive structures is treated by Robert Cox as the "internationalization of the state". Cox notes how the nation state has become integrated with a parallel arrangement of international political institutions (COX 1987, p.253). In his account of the process, Cox seems to primarily emphasize how international pressures provoke a realignment of domestic productive and political structures. This is expressed through an account of how the internationalization of the state reshapes this unit in accordance with its specific position within the global economic division of labour. This happens through a dual process of external pressures and a reorganization of domestic social strata, in order to conform with the exigencies of global markets (Ibid).

The description of internationalization as a mainly externally imposed process, has met some measure of criticism, as is the case with Pinar Bedirhanoglu (2013) who stresses the significance of the transformative potential of internal capitalist structures (BEDIRHANOGLU 2013, p.136-139). In this respect, Cox's depiction of the externally imposed ties between domestic and international capitalist forces holds some clear resemblances to structuralist IPE literature, such as Cardoso & Faletto's characterization of "structural links" (CARDOSO & FALETTO 1979, p.xvi) and Gunder Frank's description of the agency of export-oriented classes (FRANK 1978, p.119), - though it may be claimed that the former authors attribute more importance to the autonomous

agency of internal classes. Yet, more in likeness with these perspectives, Cox accentuates how the internationalization of the state has connected national and international policy networks with business interests, in a triangular relationship. This has shaped an informal corporate structure which favors economic sectors with internationalization potential (COX 1981, p.146). In their illustration of the process of elite consensus formation which Bieler & Morton deem "emulative uniformities" the authors include state officials, along with private business and representatives of international organizations, which serve as a political base for the proliferation of transnational capital (BIELER & MORTON 2004, p.95).

Cox provides a conceptually profound account of the process of internationalization of the state, which he divides into three main points: 1) interstate consensus formation within a general ideological frame related to the exigencies of the world market, 2) a hierarchically structured participation within this consensus formation, and 3) the transformation of the internal governmental structures, so that they are configured towards the national implementation of the global consensus (COX 1987, p.254). Steven Gill addresses this process during the post-Fordist period more directly, as the neoliberal influences on the state structures of major capitalist countries. These have been brought about by the imperatives of integration into a global productive system, in which information and finance are of evermore central significance (GILL 1993b, p.31).

Apeldoorn et al. (2012) provide a layout of the functional features of internationalization, within their notion of "the state-capital nexus" which is defined as the essential internal relationship between the state and capital (APELDOORN 2012, p.475). The authors delineate four main roles of the state within such a market society; 1) *market creation*, which also includes markets for fictitious commodities such as labor, land and money, etc. 2) *market correction* as a process by which the state both upholds the subordination of labor to capital, but at the same time mitigates the most harmful consequences of free markets, 3) *market direction*, implying the supervision and regulation of the process of capital accumulation, when markets fall short of this, and 4) *external representation* of the interests of domestic capital, which may span from economic diplomacy to the application of coercive means (Ibid, p.473).

Bieler and Morton strongly emphasize the importance of the institutional arrangements at the international level, in providing the supportive mechanisms for the internationalization of state structures (BIELER & MORTON, p.93). Rather than

necessarily implying a declining significance of the state, the authors stress that globalization should be seen as a restructuring which is interrelated with an internal struggle between national and international social and economic forces (Ibid, p.102). This viewpoint has also been embraced by Robinson, who emphasizes a general tendency of transnationally oriented groups gaining a foothold within the state, as a ramp for deeper global market integration (ROBINSON 2005, p.5).

The process of transnationalization of society is treated by Kees van der Pijl as another consequence of the internationalization of capital. Apart from exerting influence through states, the author also underlines how the quasi-state structures such as international organizations may serve as a means for the general articulation of collective interests of transnationally oriented capital (PIJL 1989, p.24). The socialization and co-opting of third world elites into the transnational bourgeoisie, Pijl underlines, is also facilitated by international organizations (Ibid p.25). In likeness with earlier mentioned neo-Gramscian theorists, Pijl accentuates the vital role of a national base (the nation state) in making external expansion and surplus appropriation possible for the segments of capital which are engaged beyond the confinements of this unit (PIJL 2001, p. 494-495).

### **2.1.3 Neo-Gramscian perspectives upon private agency**

A series of noticeable contributions that bridge analysis of corporate agency with a more structural critical IPE approach found within neo-Gramscian perspectives have been made by Levy & Egan (2003), Levy & Prakash (2003) and Levy & Newell (2002). Levy & Newell (2002) detect certain lacks in the manner in which much IR theory - including neo-Gramscianism, - tends to perceive private interests as an abstract force, rather than as specific agents with concrete influence in the process of regime construction (LEVY & NEWELL 2002, p. 91). On the other hand, the authors also detect a lack of sensitivity towards the deeper power relations in capitalist societies, within managerial and organizational approaches (Ibid, p. 93). In a similar vein, Levy & Prakash (2003) also accentuate how neo-Gramscian literature has tended to overtly stress the political power of global capital, and to treat it in a relatively diffuse manner (LEVY & PRAKASH 2003, p. 142). Levy & Egan (2003) develop an approach which seeks to analyze corporate political strategy through a combination of Gramscian perspectives with institutional theory, which focuses strongly upon the coordination of

both economic, discursive, and organizational strategies (LEVY & EGAN 2003, p.809). Finally, Levy (2008) accentuates how corporations protect their market positions by seeking to shape their external political environments, so that the separations between economic and political spheres become blurred. Industry strategies thereby often reach beyond the specific production networks in which they are inserted, and become projected outwards with the goal of molding institutional structures at the international level (LEVY 2008, p.955).

The aforementioned perspectives contain a strong attention towards the process of international regime formation and governance. Obtaining hegemonic dominance within these areas is referred to as "field stabilization", and depends on an array of economic, organizational, and ideational resources (LEVY & EGAN 2003, p.810). The diverse corporate strategies to influence international regimes are described by Levy & Newell (2002) in terms of a "war of position" and occurs within different domains:

On the material level, companies develop product and technology strategies to secure existing and future market positions. On the discursive level, companies attempt to challenge the scientific and economic basis for regulation and use public relations to portray themselves and their products as "green," adopting the language of sustainability, stewardship, and corporate citizenship. On the organizational level, companies build issue-specific coalitions that cross sectorial and geographic boundaries and reach into civil society to include labor and other groups. (LEVY & NEWELL 2002, p.95-96)

The diverse nature of the resources required to establish domination within a governance field also means that MNCs, which in most cases possess abundant economic resources, often will need to make alliances with actors that possess a higher degree of discursive or organizational resources (LEVY & PRAKASH 2003, p.143). Corporate actors therefore often seek to engage in coalitions which span over governmental agencies, NGOs, and intellectuals in order to obtain significant influence within an international policy field (LEVY & EGAN 2003, p.810). This also means that soft power within this process of hegemonic struggle becomes related to the capacity to alter participants' structure of preferences by any specific framing of certain issues (LEVY & PRAKASH 2003, p.145). The notion of strategy is central within this perspective, and corporate agency aimed at changing social systems is viewed as an integrative approach, which spans over both market and non-market strategies (LEVY & EGAN 2003, p.824). The bargaining process within the establishment of policy fields is described as a range of micro-processes, which ultimately are constrained by a series of macro-processes of structural character, related to some deeply embedded power

constellations within relations of production and ideological formations. This means that the bargaining process does not in praxis unfold as an equal pluralistic contest, but becomes strongly affected by these asymmetric power relations (LEVY & NEWELL 2002, p.85). The cooption of public institutions within this process is perceived to be grounded in a structural dependence of the state upon a well performing business sector, but also in the internalization of a market-oriented logic of competitiveness (LEVY & EGAN 2003, p.812-813).

## **2.2 Global Food Regime Perspectives**

The Food Regime perspective contains a broad array of analytical tools that are useful to understand the global political economy of food and agriculture in a holistic manner as an interrelated realm. Within this thesis, it constitutes an essential conceptual point of departure and to causally link systemic upheavals to processes at the national and subnational levels. Initial conceptualizations of 'the global food regime' and 'the global food system' have been undertaken by Puchala & Hopkins (1978a; 1978b). While the notion of 'global food system' was related to the interconnected structure for production, distribution and consumption of agricultural products, the concept of a 'global food regime' was established as a reference to the governance dimension of the global food system (in later contributions within the food regime literature, this analytical distinction between food 'system' and 'regime' was dissolved, as these terms became relatively synonymous). Friedmann and McMichael (1989) have further developed the concept of food regime as a description of the interconnection between the international relations of production and consumption of food on one hand, and the specific mode of accumulation and market relations in different historical periods, on the other. The bulk of the literature included in this sub-chapter follows upon the groundbreaking work by Friedmann and McMichael.

### **2.2.1 Analytical focus**

Food regimes and food systems constitute a specific perspective below the general relations of the history of political economy (MCMICHAEL 2005, p.272). Bill Pritchard, who has contributed markedly to the food regime framework, describe them



as "relatively stabilized capital-state formations that allow sustained international expansion of accumulation to occur" and furthermore stresses that this perspective "emphasizes the ways capital- state formations determine the speed and characteristics of globalization and, in so doing, places the restructuring experiences of individual commodity systems within the framework of a generalized restructuring process" (PRITCHARD 1998, p.65). An exact delimitation of the global food system can be difficult to draw up, which is why Morrissey et al. (2014) recommend that a certain margin for flexibility of interpretation is left when considering its outer borders, "The agri-food regime, like most real-world complex systems, is not characterized by neatly defined, easily identifiable boundaries; for analysis purposes, narrowly defined boundaries are likely to underestimate complexity and oversimplify reality" (MORRISSEY et al. 2014, p.285).

Henry Bernstein identifies a range of key elements which both define the constitution of food regimes in the particular historical locus, but also serve as essential vectors for their analysis, which are formulated as; 1) the inter-state system, 2) the international division of labour and trade patterns, 3) the 'rules', ideologies and discursive legitimation, 4) relations between agriculture and industry, including technical and environmental changes in agricultural production methods, 5) dominant forms of capital and modes of accumulation, 6) social forces, 7) tensions and contradictions within food regimes, as well as, 8) food regime transitions (BERNSTEIN 2016, p.614). Bernstein furthermore underlines that factors that determine agrarian change should be identified on the different levels of the 'countryside', the 'national' and the 'external' (world economy), with particular attention to the interconnectedness of these spheres (Ibid. p.642).

### **2.2.2 Historical food regimes**

Food regimes are treated as historical entities in a particular temporal context within which they are intertwined with the broader global economic and political developments. Friedmann and McMichael identify the first food regime from 1870-1914 (FRIEDMANN & MCMICHAEL 1989, p.95) and the second from the post-war years until the 1980's (Ibid, p.103). A range of authors also detect a shift from the second to a third food regime from the 1980s (MCMICHAEL 2009; GIMÉNEZ &

SHATTUCK 2011; PRITCHARD 1998; PECHLANER & OTERO 2008).

The first global food regime was based upon the imports of staple foods such as wheat and grain from land-abundant settler states in temperate zones, to industrial core zones from the 1870s (FRIEDMANN & MCMICHAEL 1989, p.95). This has been interpreted as the first system of international division of labor within agriculture, which under British dominance played a vital role in order to permit the reproduction of the European industrial proletariat (GOLDFARB 2013, p.194). This system was upheld by capital circuits that spurred the internationalization of agricultural trade in the settler territories, which changed during the restructuring crisis of the 1920-1930s (PRITCHARD 1998, p.67). In the second global food regime, which surged in the post-war years, North American wheat exports came to constitute the basis for another capital circuit which was directed at food markets in newly independent countries (FRIEDMANN & MCMICHAEL 1989, p.104; GOLDFARB 2013, p.194). The dynamics of the restructuring of the second food regime had their source in international agro-food capital (Ibid 1989, p.103) which meant that internationalization within agriculture also was partly driven by international agribusiness localizing production behind the tariff barriers of regulated markets (PRITCHARD 1998, p.67). This led to a higher degree of tension between transnational agricultural capital interests and those with a stronger rootedness in national markets (FRIEDMANN & MCMICHAEL 1989, p.103). McMichael emphasizes that within the second global food regime, national regulation became an important factor in governing agricultural markets, that were highly loaded with international political significance, and furthermore were characterized by a range of different public and private actors (MCMICHAEL 2009, p.142).

Authors from the food regime perspective have conceptualized what they perceive to be a change from the second to a third food regime since the 1980s. Friedmann and McMichael detect a transformation in the food system from the late 20th century through which the dominant structuring role shifts away from the state and towards private capital (FRIEDMANN & MCMICHAEL 1989, p.112). McMichael stresses a central feature of this third food regime as the incorporation of new countries and regions within extended agro-food chains (MCMICHAEL 2009, p.142) as well as the increasing preponderance of corporate actors (Ibid pp.150-152). The author refers to this structure as 'the corporate food regime' and emphasizes how it is intertwined with a neo-liberal world order, in effect of which free trade regimes within agriculture are

imposed upon countries in the Global South, while Northern states uphold subsidies (Ibid, p.148). Finally, McMichael also points towards a fundamental deepening of agribusiness leverage favoring emerging states within international trade institutions, which thereby also spills over into changing interstate power relations, different from those upon which the framework of international trade institutions were initially constructed (Ibid p.157).

Giménez & Shattuck also clearly connect the emergence of the third global food regime to the neoliberal currents within global capitalism and to the dismantling of national regulatory structures and to the domestic institutionalization of liberal policies through international institutional vehicles (GIMÉNEZ & SHATTUCK 2011, p.111). These authors ascribe an unprecedented increase in the profitability and power of agro-food corporations, as one of the marked features of the third food regime (Ibid). The dominant presence of agro-food corporations within the vertical commercialization structures from production to retailer, is similarly stressed by Goldfarb as an essential aspect of the contemporary food system. This both becomes manifest as a physical presence, as well as the influence over the production in any particular region (GOLDFARB 2013, p.195).

### **2.2.3 Dynamics of food regime transformation**

McMichael (2009) describes the food regime concept as a historization of the global food system at any given point in time, which rejects any linear accounts of agricultural modernization. Evolutionary dynamics of the food system are rather seen to be strongly embedded in the global political economy. The notion of food regime is furthermore also meant to conceptually illustrate the contradictions which produce crises, leading towards transformation and transitions of different historical food systems. (MCMICHAEL 2009, p.140) Anderson also highlights the interconnectedness of the food system with broader global dynamics and socio-technical spheres, so that drivers that transform the food regime both may originate within this, but also be rooted outside its general confinements. Such transformational dynamics may also cut across the borders of the food system, and result in a feedback loop as events outside impact it, and in turn, become defined by developments within this. (ANDERSON 2015 p.259)

An essential perspective in order to understand the contradictory relations which may alter food regimes, McMichael underlines, can be found in the conception of

"metabolic rift" which refers to the distancing of social production from its biological basis. Within the optics of the food regime, the metabolic rift becomes evident through the segregation of labor from its subsistence foundation. McMichael thus emphasizes how the market comes to organize relations of production and social institutions. He furthermore stresses how the industrialization of agriculture favors capital in relation to landed property. (MCMICHAEL 2010, p.621) The ecological pressures and food quality issues related to the contemporary industrialized food system have, according to Friedmann (2005), given way to the emergence of a corporate-environmental food regime based on private auditing of food chains and new mechanisms for standard setting. This regime is based upon a selective incorporation of food quality, environmental, and social issues, which works by privileging certain consumers ahead of others. Campbell (2009) nonetheless identifies the incorporation of sustainability concerns as a movement towards resilience within the contemporary food system, as new actors such as NGOs and social movements become more active in spurring corporations to adopt standards within their supply chains (CAMPBELL 2009, p.317).

In the analysis of transformations of Brazilian agriculture during the 20th century, Niederle (2017) critically assesses the food regime approach. Although the author detects a range of influences from the historical periodization of the global food regime which become reflected within Brazilian agriculture, Niederle also calls attention to the high degree of heterogeneity which through time has been associated with the social orderings within this realm. Food system transformations in Brazil have thus been marked by the decline of certain types of social orderings, such as the traditional plantation based mode of production, but also by the continuity of an industrialized production system with roots in the green revolution. New orders have also surged, such as the financial order, marked by corporate governance, but also a civic order, with focus on agroecology and participatory certification systems. These social orderings coexist within the Brazilian agricultural landscape, and paint a somewhat polycentric contemporary picture of this realm. (NIEDERLE 2017)

#### **2.2.4 Global agriculture and units of analysis**

A characteristic of what McMichael refers to as *global agriculture*, are the corporate supply chains which increasingly reach into developing countries, where they incorporate a growing proportion of land and the workforce (MCMICHAEL 2005, p.

270). The author emphasizes that the notion of global agriculture is constituted by three central contemporary dynamics: 1) financialization, which leads to a vertical integration of production chains and commercialization on a global scale, 2) reorientation of the state, towards providing favorable conditions for international insertion of competitive sectors, and 3) liberalization policies which imply the abandonment of subsidies and stir incorporation into corporate agriculture (Ibid 2005, p.292). McMichael similarly characterizes significant tendencies within the present food regime, as the incorporation of agricultural frontier lands into animal protein commodity chains, and increasing private centrality in R&D development (Ibid 2009, pp.142 & 150).

The complex transnational networks of production and finance make Friedmann and McMichael question the state a central unit of analysis within the food regime perspective (FRIEDMANN & MCMICHAEL 1989, p.112). McMichael underlines how this tendency also has become evident within the institutional framework governing agriculture, which has changed "from a state-centric to a global social landscape" (MCMICHAEL 2010, p.612). Pritchard et al. (2016) highlight that while food regime scholarship has tended to focus upon the retreat of the state, as it "steps back" as a regulator in accordance with neoliberal prescriptions, this unit has crucially also been "move in" to assume new political responsibilities (PRITCHARD et al. 2016, p. 706). The available room of maneuver for states to politically mold the national sphere of the food system, and to define its ties to global markets, is thus ascribed to changes in structural conditions defined by the predominant mode of capitalist accumulation at any given point in history (Ibid. 694).

Gerardo Otero also adds what is characterized as a friendly amendment to the strong focus upon the level of the world economy within the food regime perspective, by also directing attention towards the national level of analysis (OTERO 2012, p.283). As essential objects of analysis within what he terms as the neoliberal food regime, Otero points towards the state, agribusiness TNC's as well as the dominant technological production system (Ibid, p.290). Otero acknowledges the clear significance of TNC's as the primary economic agents, but nevertheless affirms that the state does have some leverage above them, particularly in cases when more restrictive regulatory measures enjoy a high degree of social support (Ibid, p.291).

Although they accept McMichael's claim that corporate actors have become increasingly prominent within the third food regime, Pechlaner & Otero (2012) nevertheless underline the continued significance of the state. Within a panorama of

neoliberal globalism from the 1980s, this entity should hereby be viewed in effect of its neo-regulatory role. According to these authors, the state thus becomes an active agent in implementing liberal policies within national agriculture, as part of the incorporation below an international regulatory agenda (PECHLANER & OTERO 2008, p.351-352) Lichtenberger also highlights the close connections between government and agribusiness corporations as a significant element within the corporate food regime, thus stressing how this thereby also may be more appropriately thought of as a "late capitalist" food regime (LICHTENBERGER 2014, p.175-176).

Studies with focus on Latin American have similarly identified a strong engagement on behalf of the state in supporting the expansion of elements of the neoliberal food regime, through adherence to a corporate production model, - even in states that have otherwise opted for a post-neoliberal development model, as in Torrado (2016). Cáceres draws a similar conclusion, highlighting how the corporate food regime has become perpetuated through politics of "progressive extractivism" or "neo-extractivism" as redistributive political obligations have generated a structural dependency of the state upon commercial farming, which implies a process of accumulation through dispossession of the *campesino* segments (CÁCERES 2015). Emerging countries which have entered global agricultural commodity chains in a structurally significant manner in recent decades, - particularly within the livestock complex - is described by Friedmann (1992) through the notion of "new agricultural countries" - or "NACs". Friedmann thus also places Brazil within a category of NACs in which the engagement of the state facilitated the advent of a large-scale industrial feedstuff sector, spurring value-added activities (FRIEDMANN 1992, p.378).

Emily Peine presents a layout of the food regime which even transcends the state, institutional and market level of analysis, by focusing upon the perceptions of particular actors within a specific locus in the food system, thereby approximating what she believes to be a more textured understanding of the complexities and tensions within this (PEINE 2009, p.14). Peine also directs focus towards the significance of private actors within the food system, which not necessarily should be evaluated in relation to states, but often becomes manifest through actual regimes of private governance (Ibid, p.139). Finally, Pritchard draws attention towards the relevance of applying a scope comprising of the global, as well as the local level within the food system. The author accentuates the importance of analyzing the process of incorporation of local actors within global networks of the food system. This implies a research

agenda that combines a focus upon agro-food commodity complexes, with an emphasis upon the specific strategies and agency of individual transnational private actors (PRITCHARD 1998, pp.72-73).

### 2.2.5 Regulatory structures of the food regime

As early as in their 1989 article, Friedmann & McMichael questioned the regulatory capacity of states with regards to global agriculture in the late 20th century (FRIEDMANN & MCMICHAEL 1989, p.94). McMichael points to the WTO as the main institutional vehicle for establishment of regulation within the global food regime, but admits that regional trade agreements also are significant (MCMICHAEL 2009, p.153). Particularly the mechanisms for the institutionalization of intellectual property rights regimes are an essential element of the contemporary food regime, in which patented biotechnology constitutes a fundamental pillar (Ibid, p.158). McMichael describes the WTO as a "hangover" from the previous food regime in effect of its mercantilist features, but still underlines how it has come to deepen agribusiness power, in spite of its formally multilateral constitution (MCMICHAEL 2010, p.614). Hawkes & Plahe (2012) nonetheless identify the creation of the WTO and the Agreement on Agriculture as an institutional basis for the corporate food regime, which undercuts the ability of many developing states to uphold social regulation within this field, all the while it exempted the agricultural sector in developing countries, and wielded a negative bias against the former (HAWKES & PLAHE 2012, p.33-34). Jonsson (2016) similarly characterizes the WTO as an intrinsic element of the corporate food regime, which through the logic of enhancing comparative advantages imposes an export-oriented mission on national agricultures. The close productive integration of the global food system leads to processes of economic centralization and concentration, which stimulates the surge of large dominant transnational corporations within the agribusiness sector (JONSSON 2016, p.85). Amongst the main drivers of change from the second to the third food regime, Magnan (2012) highlights the growth of agro-food corporations and their push towards instituting rules for agricultural production and trade beyond the strictly national sphere (MAGNAN 2012, p.380).

The surge of the WTO as an absolutely central site for regulation within the global food system has also been related to the rise of private regulatory standards, which due to increased standardized technical exigencies often have gained a de-facto

mandatory character (BUSCH & BAIN 2004). William Coleman operates with the concept of a "transnational space" for agricultural policy formation (COLEMAN 2003, p.1). This becomes manifest as an epistemic community between significant actors within the area of agriculture, including policy-makers and sector organizations, as well as directly represented agribusiness interests (Ibid, p.3). Coleman emphasizes that this space has been characterized by marked power asymmetries (Ibid, p.13) and that the definition of agricultural policies has assumed an increasingly transnational character (Ibid, p.6). McMichael attributes the state with a significant role as a deregulatory agent, in terms of dismantling national legislative arrangements within the area of agriculture in order to facilitate transnational circuits in factors of production (MCMICHAEL 1993, p.204). Pritchard similarly stresses how the deregulation of agro-food commodity systems provides a broad range of possibilities for mobile capital (PRITCHARD 1998, p.72). The distinction between producers and traders of farm commodities is also highlighted by McMichael as making landed capital more skeptical towards deregulation, as opposed to agricultural traders, to whom the prospects of liberalization present a range of sourcing possibilities (MCMICHAEL 1993, p.201).

## **2.3 State-business theory**

The body of literature on state-business relations stands as a heterogeneous strand of literature, with roots in political science, IPE, public administration and sociology. The choice of contributions included below this general category can be divided into the subcategories of historical institutionalism, neo-pluralism, and management studies. It has also been found necessary to include perspectives with a more specific focus upon the particular nature of state-business relations as they have developed in a Brazilian recent historical context.

### **2.3.1 Historical institutionalism**

A range of perspectives upon state-business relations wield a strong focus upon the manner in which public and private agents' interactions through time give rise to formal and informal institutions, which come to define the course of development. Peter Evans (1995; 1997) emphasizes how the internal organization of both states and



business communities, and above all, their mutual relationship, becomes central in defining the structure of the economy and the prospects for growth. Evans establishes the notion of "embedded autonomy", which refers to an internally coherent bureaucracy in a long-term strategic engagement with the private sector (EVANS 1995; 1997). Institutionalization of ties between the state and business sectors thus provides a manner through which developmental goals can be pursued, as such institutions serve to check the propensities towards short-term gains and rent seeking of private actors (Ibid 1997, p.67-68). Embedded autonomy thereby also refers to the state's involvement in optimizing market conditions and facilitating qualitative upgrading of national enterprises in the competitive conditions of a globalized economy (Ibid 1997, p.75).

Adrian Leftwich (2009; 2010) also departs from a historical institutionalist approach in stressing the importance of being attentive towards the institutional arrangements which structure state-business relations. Leftwich accentuates that the particular expression of these structures is highly contingent upon the country in which these have come to materialize (LEFTWICH 2009, p.4), as well as the significance of taking their particular composition of formal and informal structures into account (Ibid 2009 p.7). These arrangements are described as highly path-dependent and as tending towards changing slowly over time, often as a result of critical junctures (Ibid 2009, p.6). This converges with Pierson (2000), who also points towards the need to apply a temporal perspective in order to understand how present institutional arrangements came in place, which highlights the relevance of looking towards important triggers in the past (PIERSON 2000). Leftwich reiterates how critical junctures which pave the way for institutional change may be both internal, in terms of domestic changes, as well as external, related to global transformations (Ibid 2009, p.10). Leftwich also highlights the significance of agency in terms of collective action, in order to understand how the state-business relations materialize into the specific institutional arrangements that define particular countries' path of development (LEFTWICH 2010, p.95). The focus of analysis is therefore directed towards the agency of elites and bureaucratic entities, and how their joint interactions crystallize into different representations of developmental, or growth, coalitions (Ibid, p.101). Leftwich thus states that:

"it is important to understand that (a) 'it' (the state) is not a single-actor agency but is itself constituted by a range of institutional arrangements, interests and organizations; and (b) that policy outcomes will

increasingly involve complex interactions between parts of the state and non-state elites." (Ibid 2010, p.108).

In their analysis of state-business relations and economic growth, Sen & Te Velde (2009) emphasize the positive effects of institutionalization of state-business relations through umbrella organizations, investment promotion agencies, and formalized dialogues on competition law, etc. Identifying fundamental principles characteristic of good state-business relations, Sen & Te Velde point towards 1) transparency; seen as the flow of reliable information between these two entities, 2) reciprocity; which relies upon a degree of autonomy of public actors to ensure the creation of a beneficial business environment in return for subsidies, and 3) credibility; which has to do with the ability of the state to make reliable commitments (SEN & TE VELDE 2009, p.1269). Qureshi & Te Velde (2013) also emphasize the centrality of business associations through their ability to provide a collective platform to influence policy-making, and thereby organize such demands in a coherent and efficient manner (QURESHI & TE VELDE 2013). Lobbying activity constitutes an important service which such organizations provide to their members (Ibid 2013, p.932).

Moore & Hamalai (1993) adopt a slightly more critical view of business associations in developing countries, highlighting the danger of privileged and unproductive relationships, as well as the pursuit of very particularistic goals (MOORE & HAMALAI 1993, p.1986). The authors accentuate the importance of business associations adopting a broader view upon the nation-wide business climate, rather than the myopic self-interest of a limited array of members (Ibid, p.1907). On the other hand, the authors also stress the significance of a the formally consultative role which business may serve in relation to the state, and of the state's acceptance of the plurality of private sector interests, and concomitant non-discrimination between these (Ibid, pp.1907-1908).

John Lucas (1997) draws attention towards the impact which the globalization of markets has wielded upon the restructuring of public-private relations, and how the relative decline of the state has resulted in more mutualistic character of this relationship. Lucas underscores how the emergence of strong business associations has become evident in many developing countries, where the increased stimulus towards competitive market integration has enhanced the structural power of business groups (LUCAS 1997, p.80). The author stresses business associations' capability to support

their members in terms of, "organizing collective action by setting agendas, mobilizing resources, and formalizing norms and expectations" (Ibid 1997, p.75). Three essential factors are stressed as central to the ability of business associations to perform such core functions; 1) the organization's resource array, particularly its capacity to produce and disseminate information, 2) the organization's autonomy seen as its independence from direct government control, and 3) the level of centralization of the organization, which makes it possible to present strong coherent demands at the highest political level (Ibid).

Through analysis of business-government relations in Latin America, Ben Schneider (2013) emphasizes how influence often is projected through individual and personalized links between public officials and business people (SCHNEIDER 2013, p.44). Schneider stresses that in order for a fruitful public-private dialogue to take place, a strongly institutionalized and well-organized structure for business interest representation becomes central (Ibid, p.2). The benefits from constructive state-business interactions are presented by the author in relation to a certain timeframe where, 1) in the short run, important information can be shared, 2) in the medium term, a higher degree of mutual coordination can be attained, particularly in relation to co-dependent investments, and 3) in the long term, a more profound consensus, relations of reciprocity, collective learning, and mutual confidence may be reached (Ibid 2013, p.8). Trade negotiations are presented as one of the clearest examples of the formal institutionalization of a broad range of mechanisms aimed towards facilitating state-business cooperation (Ibid 2013, p.18).

### **2.3.2 Perspectives on state-business relations in Brazil**

Works on state-business relations in Brazil in recent decades have often been produced in the field marked by the intersection between political science, sociology, and political economy. Contributions within this field are generally characterized by a strong focus on essential contours in the Brazilian social and economic development, and can often be placed within the broader field of historical institutionalism.

The mechanisms which define the reproduction as well as the transformation of the essential public-private relations within Brazil have been extensively treated in the works of Eli Diniz (DINIZ 2000 & 2010) and Renato Boschi (DINIZ & BOSCHI 2003). In this regard, the crisis and ensuring structural transformation of the Brazilian

economy in the 1980s and 1990s has been highlighted by Diniz (2000) as an important turning point which also implied a new modality for interaction between public and private agents. Diniz attributes a high degree of causal significance to the globalization of markets and the proliferation of the liberal global order when explaining the rearrangement of the Brazilian economy and relations of production during this period (DINIZ 2000).

The repercussions of the economic opening in terms of the organizational structure of business sectors and their mode of collective representation, are also approached by Diniz and Boschi (2003). The authors highlight how the traditional corporate format of business representation became weakened and challenged by competing voluntary mode of sectorial organization. The latter category was thus characterized by a much stronger focus towards insertion within global markets, and towards performing a range of more specialized tasks for their members (DINIZ & BOSCHI 2003; p.34-24). As stressed by Diniz, this increased emphasis on international market participation also means that business associations have become engaged with the establishment of an institutional structure aimed at supporting the export-oriented efforts of their members through a more pro-active approach (DINIZ 2010, p.122).

The choice of a more neoliberal development path, and the rearrangement of state-business relations in Brazil during the 1990s is also treated by Nunes (2016), who nonetheless ascribes an important degree of agency to public actors, and particularly administrative elites, in bringing this result about. Mancuso & Oliveira (2006) similarly accentuate the significance of the liberal shift in the 1990s, and the consequences that this had in relation to the mode of private sector's interest articulation. This gained a more intersectorial character in terms of representation of general interests, while it also preserved some room for the presentation of demands by more distant sectors (MANCUSO & OLIVEIRA 2006, p.164). Mancuso & Oliveira relate this sectorial reorganization to the increased institutionalization of links between the private sector and the public institutions involved in the foreign policy-making process (Ibid. 167), and an ensuing enhanced capacity within international commercial negotiations (Ibid, p.149). Mancuso (2007) treats the historical tension between the space for autonomous agency by public actors, confronted with the structural power of business, which ensures the latter a series of means to influence the former. The author highlights a range channels through which private demands are presented to public actors, spanning from direct contact, participation within consultative bodies, manipulation of public

opinion, media campaigns, presentation of technical evidence, and formation of coalitions with like-minded actors (MANCUSO 2007, p.142).

The surge of global commodity prices and the growth of primary sectors also constitutes a very profound development within Brazilian economy, which has been considered within some analyses of public-private relations from the turn of the millennium. Rocha (2014) detects what is referred to as a recent "productive internationalization" (p.78) supported by the Brazilian state, with the aim of reaching a higher level of productive and logistic integration of Brazilian enterprises within global value chains. That these efforts to a large degree have been channeled towards commodity sectors is accounted for by Rocha through a path-dependent explanation, meaning that existing comparative advantages within certain raw material producing sectors have attracted political attention and resources towards these fields (ROCHA 2014, pp.79-80).

Jank et al. (2001) analyze the structural consequences which the opening of the Brazilian economy has had within the agricultural sector. The authors connect this process to the parallel trends of internationalization, meaning that foreign economic agents, as well as new modes of production, have gained ground within Brazilian agriculture, but also relate it to a dynamic of concentration, which has led to a centralization of production processes within agricultural value chains upon a few very preponderant actors (JANK et al. 2001). Jank et al. (2005) also emphasize how the surge in the Brazilian agricultural sector's economic significance has been paralleled by a more assertive and structured engagement by Brazil within international commercial negotiations since the turn of the millennium, on behalf of this sector.

### **2.3.3 Neopluralism**

Authors from within the neopluralist literature have dedicated much thought to analysis of the relationship between private actors and government. In contrast to the pluralism of Robert Dahl (1961), neo-pluralism applies a stronger focus on the special relationship between public and private actors, and the asymmetries in power relations between this and other societal segments. Recent contributions focus upon the plurality and complexity of contemporary transnational policy making environment(s).

The significance of private actors within the policy-making process is stressed by Lindblom & Woodhouse (1977; 1993), who highlight how this often materializes as

a "privileged position of business" (LINDBLOM 1977, p.172). This position rests on a range of factors, such as financial and organizational capacity, a high degree of direct access to the political sphere, and the ability to articulate particular interests as a broader societal concern, due possible national economic spillover effects (LINDBLOM 1977, p.194; LINDBLOM & WOODHOUSE 1993, p.101). The result is an engagement between private and public entities in a process of "mutual adjustment," that generally accommodate corporate interests (LINDBLOM 1977, p.174). Finally, interest groups may also exercise influence through the formation of coalitions, which can provide a strong support base for certain political agendas from private stakeholders (LINDBLOM & WOODHOUSE 1993, p.78).

Neopluralism has been accentuated by Smith (1990) as an analytical progress from pluralism, as this body of theory is attentive to unobservable forms of power, the often asymmetrical influence of corporate actors, as well as the actual lack of plural representation within a many areas (p.318). Smith thereby highlights the structural nature of power, and that "there is more to power than the behaviouralist's view of power as the conscious expression of observable actions" (SMITH 1990, p.319).

Philip Cerny (2001; 2010; 2014) builds upon a neopluralist theoretical basis in order to conceptualize the process of intensifying transnational connectivity/integration, through his Transnational Neopluralist perspective. Cerny's development of neopluralism is rooted in essential transformations of the global political landscape brought about by the advent of globalization. These are formulated as more complex socioeconomic order and political hierarchic structure, a new transnational outlay of social and political coalitions, as well as increasingly fluid governance structures and quasi-institutional playing fields (CERNY 2001, p.398). Departing from Gordon Adam's (1981) notion of Iron Triangles, Cerny develops the concept of "golden pentangles" in order to describe a highly plural transnational landscape populated by diverse types of actors, which have been brought about by globalization. Thus while the three sides of the original iron triangle consisted of national bureaucrats, business, and politicians, the golden pentangles are also characterized by the presence of actors rooted in the transnational public and private spheres (CERNY 2001, p.402). Cerny hereby ascribes a high degree of importance to what he perceives as the surge of a wide variety of transnational political processes, and eventually, webs of power, which to a large measure are dominated by conglomerations of cross border interests groups and coalitions (CERNY 2010, p.4). Kutting & Cerny (2015) also direct their analytical focus

towards transnational policy processes extending beyond borders, and which imply "multiscalar and multinodal interactions" that extend beyond a long range of intermestic, social, economic and political dimensions (KUTTING & CERNY 2015, p. 916).

Cerny connects the increasing significance of neopluralist interest groups to the structural changes related to a range of exogenous transformations such as increasing commercial interdependence, financial globalization, post-fordist production as well as the intensification of global communications networks (CERNY 2010, p.12). World politics have thus also changed, from essentially being characterized by interactions amongst states, towards a situation in which multilayered lines of division and/or coalition formation come to constitute the central objects of analysis in a more complex global contemporaneity (Ibid 2010, p. 26). This has also meant that both domestic and international politics have undergone a "polycentric" and "multinucleated" change, implying a high degree of overlap of functional authority (Ibid 2010, p.12) meaning that the otherwise sovereign regulatory domain of the territorial nation-state has been permeated by new modalities of quasi-private regulation and diffusion of authority to instances above the realms of the national (Ibid 2010, p.12).

A new feature of this situation is the emergence of "triangular diplomacy" in which not only state to state or firm to firm diplomacy becomes relevant, which Cerny describes as two-level games, but which also materializes as "three-level games". These include "transgovernmental networks and policy communities, internationalized market structures, transnational interest and cause groups, and many other linked and interpenetrated markets, hierarchies, and networks" (Ibid 2010, p.38). In such a playing field, the role of the state becomes redefined towards a competitiveness-enhancing international engagement on behalf of particular business sectors. International institutions also partake in a neoliberal coalition building and thereby transmit this logic downwards towards the national level (Ibid 2010, p.62). As a consequence of the reordering of global governance structures and their increasingly complex cross-border interconnections, Cerny describes the redefinition of the role of the state from a "policy-container" towards that of a "strainer", filtering the questions at hand at any given point in time (Ibid 2010, p.62-63). The increased transnational market-integration has led to the surge of interest-groups and coalitions of predominantly private character, which are situated within this sphere (Ibid 2010, p.77). The dense and complex web of transnational linkages also serves to enable the regulatory agency of various social and economic actors, which both bypasses, crosses through, and eventually impacts state

behavior (Ibid 2010, p.65). Yet, Cerny similarly points to the enmeshing of private and public engagement in international regulatory processes, as part of which informal exercise of influence also constitutes a significant element (Ibid 2010, p.75). This is linked to what is described by the author as "embryonic forms of transnational quasi authority" embedded in "crosscutting, post-national forms of legitimacy that are less rooted in national structures of accountability" (Ibid 2010, p.76). The new power constellations rooted in the transnational sphere have also shifted towards organization around sectorial interests and particular and issue areas, rather than more clearly defined national interests (Ibid 2010, p.78).

Departing from the neopluralism of Cerny, Bohas (2015) also emphasizes the still more "multicentered, crosscut and fragmented" nature of global politics, which along with the diffusion of authority spurs actors to engage within multilayered coalitions in the pursuit of their goals at the transnational level (BOHAS 2015 pp.1188). Bohas reconsiders the classical neopluralist premise of a privileged access of business to the policy-making sphere, emphasizing how this access not only becomes evident in relation to home country governments, but also with regards to third-country governments (Ibid p.1205). Although Bohas recognizes that processes of liberalization and deregulation in recent decades have increased the power of business, he nonetheless stresses the high degree of heterogeneity and frequent division within this group, meaning that it should not be viewed as a monolithic actor (Ibid, p.1206). Lavalée also treats the concept of "golden pentangles" and highlights how it encapsulates the manner in which domestic policy processes have been increasingly molded by the forces of economic globalization, which entails a shift in calculus towards facilitating the integration of transnational agendas within the domestic field (LAVALEE 2003, p.155). This restructuring of domestic policy process thus also becomes deeply embedded within the rationale of domestic bureaucratic actors, which due to their stronger connection to transnational policy networks come to internalize the logic prevailing within this sphere (Ibid p.155).

### **2.3.4 Management literature**

The body of management literature contains varied perspectives upon corporate political agency, and a range of hypotheses concerning the factors and conditions which



push enterprises towards this course of action, and which molds their behavior. This theorizing is often formed as the result of a dialogue with adjacent economic, sociological, and political science thinking. The management theories are therefore highly non-parochial, and provide a good starting point for understanding the specific behavior of private actors departing from writings within the broader social sciences area.

Kathleen Getz (1997; 2002) has summarized some of the general assumptions about corporate political mobilization within this body of literature, a few of which are highlighted in the following. "Transactions cost theory" is marked by the focus upon the process of joint sectorial mobilization by enterprises seeking to obtain a mutual political goal. The breath of the issue at hand thus determines the width of the private coalitions formed. More general issues, - with possible consequences for the economic sector at large - will thereby tend to produce wide corporate coalitions in order to diminish the transaction costs of political mobilization in relation to the common interest at play. The opposite is the case with more specific issues affecting particular private interests which will result in a higher cost on the actors concerned (GETZ 1997 p. 40-42; 2001 p. 311). These discussions are analogous to Mancur Olsen's (2002) analysis of the conditions under which certain groups of actors chose to organize collectively in order to reach a common objective. In this respect, Olsen emphasizes how projection of political influence becomes easier in economic sectors with a more limited amount of players (OLSEN 1965, p.143) as opposed to more atomized groups, in which incentives to make efforts towards voluntary organization are absent (Ibid, p.165).

Another central approach to the analysis of corporate political agency is constituted by "agency theory" which applies a perspective upon the firm as a principle, and government as an agent. As private actors lack the power to directly create policy decisions, they depend upon that capacity within public institutions in order to improve their operational environment. Private actors' political engagement is thereby related to the desire to respond to either specific regulatory issues or to challenges of a more broadly structural character. In this respect, information and expertise constitutes an essential resource which private interests possess, and which serves both to influence and support decisions made by public actors. (GETZ 2001 p.315-316)

Management scholars have also embraced "resource dependency theory" with roots in sociology, in order to explain the ties between government and private actors. As the regulatory resources of public agents become attractive for private actors to

influence/access, a certain dependency becomes evident, which spurs business to engage more closely with government. Hillman & Hit (1999) strongly accentuate how critical regulatory resources possessed by public entities make private agents pursue a proactive strategy within the policy arena (HILLMAN & HIT 1999 p.826-827). A strong distinction is drawn between reactive and more issue-specific transactional strategies, and proactive and long-term relational approaches to corporate policy strategy (Ibid, 828). The relational policy strategy is associated with a corporatist institutional environment, and based on a continued exchanges and a high level of mutual trust (Ibid p.828-289). In terms of political strategy applied by corporations, Hillman and Hit highlight the provision of information to policy makers, financial means, as well as public constituency building (Ibid p.834), the elements of which may be interchangeably combined as part of the same overall strategy (Ibid p.839).

Salorio et al. (2005) also stress how political strategy should be viewed as an intrinsically central part of corporate agency. This is grounded in business' need for resources which span beyond the purely economic and tangible realm, and thus also become related to legitimacy, persuasion, reputation, etc. which is referred to as "nonmarket resources" (SALORIO et al. 2005, p.35). The authors thus present the notion of "political competence", which grants business the means of political influence and disproportionate attention, which is divided into the categories of "superior intelligence", "access", and "exchange skills" (Ibid p.35-36). This perspective on public-private relations thus implies that political resources should not be viewed as externally granted to business, but rather as the result of exchanges between these two parties, through a process described as a bargaining-like "market exchange" (Ibid, p.37). The authors thus present a model for corporate strategic behavior which comprises of a political, as well as an organizational and economic dimension, stressing the interconnected nature of these spheres, and how the former is conducive to high yielding performances within the latter (Ibid. p.45-46).

The diverse array of resources which business applies as part of its political agency has also been treated more closely by authors within different managerial perspectives. According to Demil & Bensedrine (2005), the exercise of pressure and the pursuit of legitimacy constitute two sides of the same coin in terms of the obtainment of political influence by private actors (DEMIL & BENSEDRINE 2005, p.57). Legitimacy thus becomes highly important as a means for organizations to access the political sphere, meaning that they become forced to manage a wide span of symbols and

meanings in order to frame such legitimacy around themselves (Ibid, p.59). Legitimacy can hereby both be viewed as externally attributed to an organization by its surrounding environment, but it may also be obtained by strategic maneuvering of the actor in question (Ibid p.59). A distinction is also drawn in terms of the modalities of the projection of influence, between direction of influence towards particular interactions, - at a practical level, - and influence aimed towards the general environment in which interactions occur, - at the institutional level (Ibid p.61). Thus, rather than reacting to events through "a stimulus-response pattern", the interactions between private entities and their institutional environment are described as a more fluent, continuous, and complex relationship (Ibid p.73). The multifaceted nature of corporate resources is also accentuated by Dahan (2005), who provides a broad definition of these as "any means of development controlled by a firm" (DAHAN 2005, p.10). This ample category thus comprises of a diverse range of political resources such as technical expertise, finances, formal and informal relations, organizational capabilities, reputation, public image, stakeholder support and recreational services (Ibid p.14).

Contributions from David Baron (1997) within the field of private interests representation in an international regulatory context, imply a strong emphasis upon the significance of the non-market environment, which is perceived as the legal and political regulatory context with influence upon firms' operations (BARON 1997, p. 146). Non-market strategies are viewed as an important way for private interests to structure the broader market environment within which they operate, in terms of rules for competition and potential economic incentives (Ibid, p. 163). Baron stresses how international trade policy also becomes part of business' core strategy, as a consequence of which, cooperation with public agents is essential. The author constructs a model within which private interests seek to influence governments through bargaining at the level of international economic/commercial regulation; a process within which coalition formation and negotiations with third-party public actors also become vital (Ibid p. 147). Trade policy is thereby thought of as endogenous, not only to governmental strategies, but also in relation to those of individual businesses (Ibid).

In an analogous perspective, Boddewyn & Bewer (1994) also stress how political behavior is an intrinsically fundamental part of international business. In this view, political action should not be seen merely as a supplement or alternative to market strategy, but rather as something which in many cases constitutes a precondition to be able to enter markets in the first place (BODDEWYN & BEWER 1994, p. 126).

Government, in this perspective, should be perceived as a variable, rather than as a constant factor, because evolving political regimes - domestically and internationally - continuously become significant in molding the conditions below which enterprises compete (Ibid, p.119). In their conceptualizations of different types of public-private relationships, the partnership modality becomes interesting for the study at hand, as it is characterized by a positive-sum logic, mutual trust, and interdependence (Ibid, p.130). Reflecting about the preconditions for the surge of such relationships between government and private interests, the authors stress a) the willingness of governments to correct for natural market failures, b) the mutual perception of the interactions as a positive sum game and, c) that both parts possess sufficient resources to determine the division of the potentially resulting mutual gains (Ibid p. 131).

## **Chapter 3: Methodology**

In order to clarify and link the methodological choices made within the present thesis, these are presented throughout sections in the following chapter. Reflections regarding case selection, the scientific theoretical standpoint, preferred modes of inference, and duality of structure in terms of levels of analysis, are thereby treated in the following subchapters, which constitute part of the basis for the study's research design. The construction of the research design and the central variables examined draw upon the previously reviewed theory, which is included in the establishment of hypotheses and sub-questions. The last sections delineate the study's object of analysis, and present the data inclusion strategy.

### 3.1 The case(s) selected

The present study examines the international engagement of Brazilian public institutions and agribusiness, as the general object of analysis. In this respect, it may be considered as a single case study, yet within the second analytical part it is based on the comparative analysis of sub-cases. Thus, the analysis of the general phenomenon of interest, state-agribusiness relations/cooperation, is stratified into different sub-levels on which it has materialized.

The goal within the first analytical part is to assess how transformations in the global food system, in the form of restructurings of markets and institutions, have spurred the internationalization of Brazilian agribusiness in cooperation with the state. If these primarily external structural factors are proved to decisively trigger the international orientation and the opening of an otherwise very closed and protected agricultural regime, they may be ascribed a high degree of significance; even on the basis of a single case study. The continental dimensions of the Brazilian internal market, and the deep embeddedness of the previous internally oriented agricultural regime, are also factors which should constitute an unfavorable environment for the hypothesized outcome to materialize. There is thus an element of what Kolberg refers to as a "least likely" character (KOLBERG 2007, p.12), in the Brazilian case. The demonstration of the decisiveness of the factors related to the transformation to the global food system in bringing the international restructuring about, may therefore also hold a crucial confirmatory theoretical significance (GERRING 2007, p.233). In line with Ruddin's guidelines about single case studies, the goal is not to infer inductively from this single case examined, but rather to impose "a pattern of meaning" upon it, in relation to evaluating the empirical conclusions (RUDDIN 2006, p.800). The same potential of a single case study to pose "tough tests" for theories has also been stressed by George & Bennet (GEORGE & BENNET 2005, p.76). The opening of the Brazilian agricultural regime might also hold a certain element of what Flyvbjerg calls "strategic importance" (FLYVBJERG 2006, p.229) in relation to the wider issue of agribusiness internationalization and the emergence of private actors within the global food system.

The particular cases examined in the second analytical part may be perceived as sub-cases that serve to illustrate the different levels of international and transnational regulatory formation on which the Brazilian agribusiness and public entities engage. The sub-cases have been chosen as component parts below the general phenomenon

analyzed; public-private joint international engagement in regulatory formation within the field of agriculture. The specific choice of the sub-cases included is partly a consequence of the circumstance that a limited array of possible cases has been available: on the level of multilateral commercial negotiations, the Doha Round stands out, and in relation to Brazilian agribusiness' participation, it is characterized by a very singular significance. The same has been the case with the WTO dispute settlement system, in relation to which mainly the Cotton and the Sugar disputes have become relevant regarding Brazilian agriculture. The universe of joint public-private lobbying cases is potentially very wide, though less accessible for data collection. The UNICA-Itamaraty lobby case at the EU representation in Brussels was chosen due to the least-likely criterion, meaning that if a strong institutionally consolidated regulatory structure such as the EU was proven to be receptive to Brazilian lobbying inputs, this may enforce the presumption that such efforts also might be successful in other cases. The different Brazilian agribusiness stakeholders' participation in voluntary certification schemes constitutes a wide, but also more fragmented universe of possible cases. In this regard, the Roundtable of Responsible Soy has been chosen because it covers both soy and corn, which are two very significant Brazilian export commodities, and therefore holds the potential of becoming the most amply adopted private commodity certification scheme in Brazil.

The process of the Brazilian agribusiness' participation in the Roundtable of Responsible Soy is essentially different from the other cases examined, due to the absence of Brazilian public institutions from this initiative. Though the case therefore does not provide direct evidence about public-private cooperation, it holds some essential insights with regards to the international regulatory engagement of entities from Brazilian agriculture, independently of the state. It thereby serves in order to evaluate how the absence of public institutions affects the posture, strategies, and agency of different agribusiness actors in a transnational sphere of voluntary regulatory formation. The absence of the condition of public participation in this case thereby holds some significant insights in terms of assessing how the Brazilian agriculture is inserted within emerging processes of private regulatory formation, and whether this may be seen as a sign of organizational maturation in terms of the sector's internationalization.

### 3.2 A critical realist standpoint

The explanatory objective of the initial part of the study relates to the identification of causal mechanisms of both observable, and less observable and measurable character. Another central goal is to seek to grasp the connections between agency and structure. These objectives are reflected in the choice of theory. In this respect, scientific realism has been considered to be a central platform which converges with many of the theoretical/conceptual tools applied, and serves as a general scientific theoretical compass which in broad lines guides the focus of the analysis. This platform becomes particularly essential with respect to bridging gaps between the ideational and the material elements of reality, as well as the structure-actor duality.

Critical realism inclines towards the perception of reality as an open social system. This implies treating reality in a stratified manner, comprising of different generative or causal mechanisms, that are ontologically distinct from the events and facts that they give birth to (KAIDESOJA 2009, p.19). Causal relations are fundamentally different from casual relations, due to their intimate connection with regularities of the generative mechanisms, and they constitute a subjacent structure that catalyze social change. This approach shares a series of essential ontological traits with the frameworks of different neo-Gramscian authors. Joseph (2002) elaborates on these similarities. Apart from studying the ordered and established social activities, the author stresses the importance of examining the profound social structures, that are irreducible to such activities. Joseph underlines that these same mechanisms are an important precondition for social activity (JOSEPH 2002, p.4). In a similar way, Cox operates with a conception of reality that approximates the transfactualism of critical realism, which apart from the physical environment of human agency also includes "the institutional, moral, and ideological context which defines thought and action" (COX 1997, p.252).

Critical realism also shares a perception of the necessity to critically scrutinize the existing dominant orthodoxies of international political thinking with neo-Gramscianism (FALK 1997, p.54). This perspective thereby provides a good methodological starting point for treating duality of structure. In this regard, Roy Bashkar has established an important contribution in form of the *Transformatory Model of Social Activity*. The model serves as a useful analytical tool in order to examine the processes of socialization and social reproduction/transformation, with base in a parallel



focus between individual actors and society (BASHKAR 1998, p.217). With this construction, Bashkar tends to encapsulate the reciprocity between these processes, and to show how society functions both in the role as fundamental conditioning, and at the same time, is constantly reproduced by the actions of agents (Ibid 1998, 215).

The structure-agency duality thus constitutes an essential methodological commonality between the central theories relied upon in this study, and critical realism. In terms of theory of science, it thereby becomes the fundamental point of departure, in order to work with the question of how structural changes within the global political economy of agriculture condition the international agency of public and private actors. The strong emphasis upon transfactualism (JACKSON, 2011) within critical realism also permits ascribing independent and effective causal capacity to less tangible and measurable phenomena, such as is the case with ideas, perceptions and knowledge structures. The skeptical stance towards purely empiricist/positivist perspectives implied within critical realism thus also overlaps with the strong emphasis within the Gramscian perspective(s) upon the potential of ideas to shape social development.

### 3.3 A structure-actor duality

The choice to consider both the significance of structural changes, as well as the agency of groups and individual actors, stands as a fundamental part of the analytical goals of the present thesis. The following section thus looks into reflections about this tension within neo-Gramscian literature, and connects them to other perspectives within the social sciences and international relations, in order to construct a model through which this duality can be approached.

As center of attention, Antonio Gramsci ascribed a large amount of importance to the *ensemble* of social relations, configured by certain structures in effect at any given historical moment, rather than the specific agents (GILL 1993b, p.24). Referring to his conception of global order, Gramsci underlines that this cannot be understood through any abstract structuralism, but that it needs to be analyzed through an examination between agency and structure on the one hand, and conscience and action on the other (GILL 1993a, p.8). The structure-agency relationship within the Gramscian perspective is also elaborated by Gill, who emphasizes that:

Social interaction and political change takes place within what can be called the 'limits of the possible', limits which, however, are not fixed and immutable but exist within the dialectics of a given social structure (comprising the inter-subjective aspect of ideas, ideologies and theories, social institutions, and a prevailing socio-economic system and set of power relations). The dialectical aspect of this is historical: although social action is constrained by, and constituted within, prevailing social structures, those structures are transformed by agency (for example through collective action in what Gramsci called 'the war of position'). (GILL 1993b, p. 23)

This duality thus becomes essential within the Gramscian perspective in order to explain social transformation as a reciprocal process of systemic conditioning which in turn, also leaves a certain space for social agency to alter these structures. Robinson (1996) has also made a call for intellectual efforts to conceptually operationalize a space for analysis in between the realms of structure and agency. For this purpose, the notion of a *structural-conjunctural* level of analysis is established, referring to:

processes in the social universe which do not lend themselves to easy cognition either at the structural or at the practical-conjunctural levels, but straddle the two and involve a mix of agency and structure. Structural analysis frames practical-conjunctural analysis, while structural-conjunctural analysis interfaces "backwards" and "forwards" with both and allows us to identify "feedback mechanisms" that keep in check functionalist teleology. Much literature on policy, international relations and world events tends to operate at *either* the structural or the behavioral level. A more useful approach [...] is a combination of both with the third, mediating level. (ROBINSON 1996, p.21)

A particularly essential part of the present study is the attentiveness to the reciprocity of causal impacts transgressing the spheres of structure and agency. Identification of events and processes within this mediating level hereby permits the conjoint elaboration of phenomena otherwise deemed to be marked by analytical incompatibility.

Through his accentuation of the structuration model, Anthony Giddens (2009) has left a weighty legacy in relation to the structure-actor question. Giddens underlines how, according to his structuration perspective, social practices ordered in relation to time and space stand as the central dominion of social sciences, rather than the experience of the individual actor or any sort of social totality (GIDDENS 2009, p.2). The properties of the social systems thereby both serve in the role as the means and end of the practices which they recurrently sustain, and come to function in a mutually restrictive and facilitating manner (Ibid, p.30). Giddens stresses how human history may

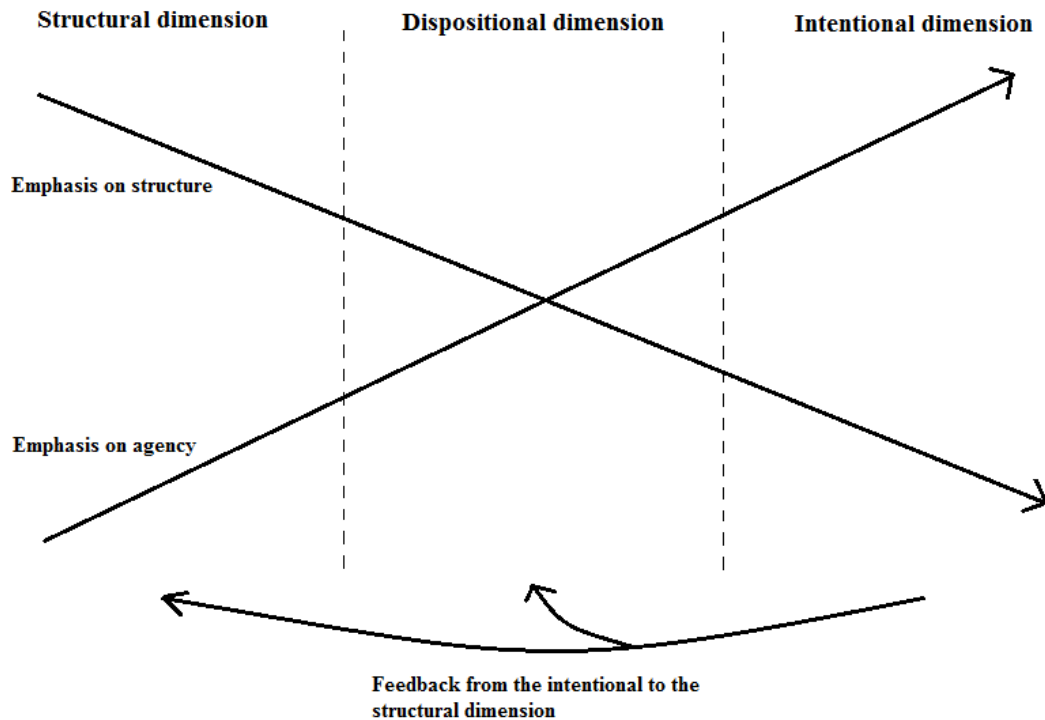
be seen as essentially shaped by human activity, but as a non-deliberate project which escapes any intention of conscious guidance (Ibid, p.32).

Through his introduction of sociological thought into the area of international relations, Bill McSweeney (1999) also builds upon Giddens' structuration theory, in his observation of structure and agency as two inseparable entities, and of the impossibility of ascribing any form of primacy to either of them (MCSWEENEY 1999, p.143). Sweeney emphasizes the reflexive capacity of agents through their strategic monitoring of their own, and of others' actions (Ibid, p.140) as well as their capacity to make use of, and modify structures as they are drawn into a temporally specific context of action (Ibid 1999, p.143). Roy Bashkar's transformative model of social activity also implies a relational conception of the matter of investigation in the social sciences. In likeness with Gramsci, Bashkar distances himself from both individualist and structural reductionism, and rather stresses the need to examine the sum of the relations within which groups and individuals are inserted. The essential task of the social sciences thereby consists in moving beyond the concrete manifestations of the experiences of agents, towards what Bashkar refers to as the essential relations that serve as their precondition. (BASHKAR 1998, p.207)

A very specific model for understanding the particular interplay between structures and the preferences and choices of agents is presented by Walter Carlsnaes (1992; 2007; 2013). The model emphasizes the cognitive mediation by actors of the structures influencing them. These structures thereby assume a different nature as constraining circumstances rather than absolutely deterministic conditions (Ibid 1992, p.255). The stratification of the trajectory between the structural level and the concrete actions of agents through the dispositional and intentional dimensions (Ibid 2007, p.131) also means that the weight of structure is gradually substituted by an emphasis upon agency. Within the present analysis, the goal is to establish such a gradual link between respectively, structure and actor, oriented dimensions. Therefore, the thesis operates within a general structure/agency "spectrum", which departs from a systemic dimension with emphasis upon very general transformations within global agricultural political economy. These are followed by a dispositional dimension, in which the underlying strategic perceptions of the public and private agents are the object of interest. This, in turn, is followed by an intentional dimension, in which the more specific preferences and choices of these agents become the centre of attention. The variables examined in this study are then placed within these structure/agency

dimensions, and causal relations between them which transgress these levels are scrutinized. Figure 1 depicts the dimensions within which the central variables of this study are situated, and illustrates the gradual shift in significance of structure in relation to agency within the framework:

**Figure 1: Variation in emphasis upon structure versus agency in relation to different dimensions:**



Source: Author’s elaboration of Carlsnaes, 1992, 2007, 2013.

As Carlsnaes underlines, the result produced by the preferences and choices of agents may work in order to alter the initial structure, and thereby cement the reciprocity between structure and agency (CARLSNAES 2013, p.318). This is illustrated by the reverse arrows as a series of feedback loops from the outputs of the intentional dimension back towards the dispositional and structural dimensions. These feedback mechanisms become of particular interest with regards to the possible impact of the Brazilian agricultural coalitions’ influence upon global agricultural governance and markets, and thereby, upon the food system.

### 3.4 Modes of inference and the general analytical model

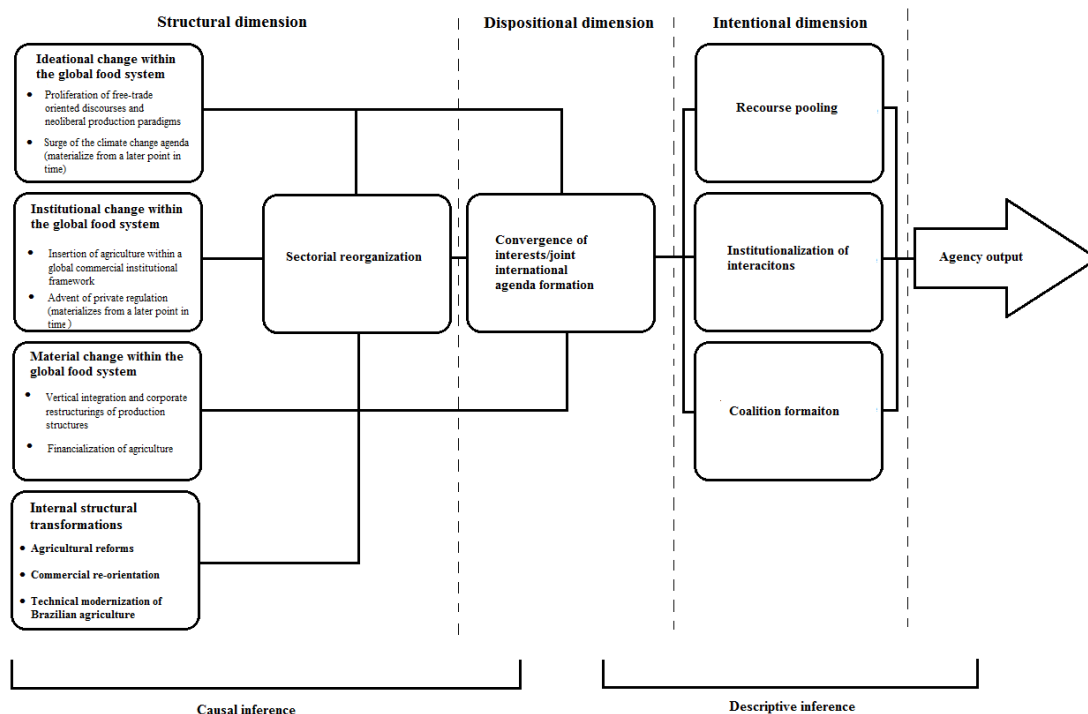
The analysis is structured into two parts that are intended to answer the two research questions of the study. Both parts are related to the same general analytical model, with different foci on either mainly the dimension of structure or agency. A causal analysis is relied upon in order to answer research question 1, - and hypotheses 1-4, - related to how structural changes in the global food system and in Brazil have shaped the international engagement of Brazilian public and private actors. In line with this approach, the objects of interest in the causal analysis can therefore be seen as causal process observations (COLLIER 2011, p.823) and causal process mechanisms (Ibid, p.824). This also implies a strong focus upon demonstrating concatenations rather than co-variations, and upon providing evidence related to the regularities inherent within the causal chain (WALDNER 2012, p.67). The approach to causal analysis approximates that which has been elaborated by Mahoney (2010) as a strongly qualitative focus on causal process observations. Thereby, data in form of these causal process observations is believed to imply evidence about context and mechanisms, with a high degree of potential leverage with regards to causal inference (MAHONEY 2010, p.124).

Analysis of research question 2, - and sub-question 5-8, - is conducted through exploratory examination of cases of decision-making processes in which stakeholders in relation to Brazilian agriculture have been mobilized in international regulatory formation processes. In this part, focus is directed on identification of the underlying patterns of behavior and modes of interactions which mark the central actors across the different cases. This part is thus based on descriptive inference, as the objective is to form a perspective of the systematic components (KING et al. 1994) of an agency modality that crystallizes in different processes at different political levels. In line with Wieringa (2014), the validity of the descriptive analysis is sought through a strategy of triangulation, in effect of which the phenomena of interest are analyzed by use of different sources of empirical evidence.

The analyses seeking to answer the two research questions are related to the same general analytical model, that departs from transformations in the global food system, in order to evaluate how this creates a new structure of more concrete incentives, challenges and dilemmas for the actors under scrutiny. In line with figure 1 presented in to foregoing, the events within the structural dimension in turn affect the

dispositional dimension, in which they become mediated by the actors examined and result in shifts in their underlying rationale and motivations. It is therefore within this dimension that structural developments are transformed into strategic perceptions by public and private agents. These strategic perceptions then become the point of departure, in order to account for the preferences and choices of the agents examined, which are located within the intentional dimension. The analysis thus departs from a structural dimension, passes through a dispositional dimension, and finally leads on to an intentional dimension. This presupposes an agency-structure duality approach, through which the structural emphasis within the initial part of the analysis gradually makes way for a stronger focus upon the dispositions and intentions of the actors examined. In the same manner, the mode of inference also shifts from the analysis which examines the structural developments related to research question 1, which is approached through causal inference, while the analysis with focus on the agency modalities, related to research question 2, is conducted by means of descriptive inference. An illustration of the general analytical model can be seen in figure 2 below:

**Figure 2: General analytical model transgressing structural, dispositional and intentional dimensions:**



Source: Author's elaboration

Ideational, institutional, and material transformations in the global food system, along with the structural transformation of the Brazilian economy in the 1980-1990s, are treated as explanatory variables. These are believed to encapsulate the different dynamics of market-oriented transformations within the global political economy of agriculture, and internally within the Brazilian agricultural sector. The variables related to food system transformation from the 1980s and 1990s are supplemented by variables which also either relate to posterior changes within the food system, or which relate to other structural developments that also wield strong repercussions within the global food system. The latter becomes the case with regards to increased global climate change awareness, or the proliferation of private certification standards from the turn of the millennium. These refer to systemic developments that become evident at a later point in time than the first category of structural variables. This means that while the food system changes and the structural transformation of the Brazilian economy are seen as an "initial push" which inserted Brazilian agriculture on to the path of internationalization, the second category of posterior structural developments wield a delayed and continuous impact upon the international engagement of public and private actors. They are therefore treated in the second analytical part.

The systemic transformations analyzed are considered as a general process occurring within various interrelated dimensions of the global food system. The aggregated impact of these developments upon the variable of *convergence of interests/joint public-private agenda formation* within the dispositional dimension is therefore believed to be brought about through conjunctural causation (KOLBERG 2009, p.9). The structural transformations within the global food system and within Brazilian agriculture thereby imply the potential to create a new array of incentives for public and private actors, which in turn leads towards the formation of a joint international agenda formation between these parties. This convergence of interests shapes the particular strategy formation between these actors, which pertain to the intentional dimension of the structure-agency model. This joint strategy is approached through an exploratory focus upon the variables of *resource pooling*, *institutionalization of (mutual) interactions*, and *coalition formation*, the particular configuration of which constitutes the modality of the public-private cooperation examined in the second analytical part.

### 3.5 Construction of hypotheses within the first analytical part

The first analytical part is directed towards answering research question 1, which has been formulated in the following manner:

**Research question 1: How have food regime transformations in the 1980-1990s defined the joint international regulatory engagement between the Brazilian state and agribusiness, relative to domestically rooted structural transformations within the agricultural sector in this period?**

The first research question is thereby focused on analyzing the relative impact of structural changes within the area of global and domestic agriculture, in order to evaluate how the conjunction of these transformations has rearranged the state-business relations between the Brazilian state and agribusiness towards an external orientation. In the model presented in figure 2 in the foregoing, these structural changes have been operationalized through variables that pertain to domestic agricultural changes, and variables which are related to the global food system's transformation towards a third, - corporate - food regime. The impact which each of these variables wield upon the rearrangement of incentives and relations between the Brazilian public and private actors, the sectorial organization, and eventually the joint international agenda formation between the Brazilian state and agribusiness, is evaluated through analysis of four directional hypotheses, which each pertain to one or more of the following six variables of;

- 1) market-oriented food system restructuring within the institutional dimension, (hypothesis 1)
- 2) market-oriented food system restructuring within the material/productive dimension, (hypothesis 1)
- 3) market-oriented food system restructuring within the ideational dimension, (hypothesis 1)
- 4) technical modernization and inwards expansion of Brazilian agriculture (hypothesis 2),
- 5) the agricultural reforms of the 1980-1990s, (hypothesis 3)



- 6) commercial re-orientation of Brazil, (hypothesis 4)

### **Hypothesis 1: The transformation of the global food system**

The transformation of the global food regime during the 1980-1990s can be characterized as a fundamental movement towards an increasingly market-oriented system. This transformation is furthermore presumed to have been a very comprehensive process of a multidimensional character. The impact which it has wielded upon state-business relations in Brazil is therefore sought analyzed through a model drawing upon Robert Cox's (1981) conceptualization of three levels of a historical structure - world order, the level of the state, and social forces of production, - and three kinds of historical forces, - material, institutional, and ideational. As the transformation of the global food system refers to a process of a global extension, the choice has been made to treat it as emanative from the level of world order. Yet, as food system transformation is perceived as a multidimensional process in the present analysis, it is presumed to comprise of the three kinds of historical forces, which each constitutes a material, institutional, and ideational dimension of change.

The material dimension of the global food system transformation refers to the incorporation of new countries and regions, - as the new agricultural economies - into staple food chains (MCMICHAEL 2009; PRITCHARD 1998, pp.72-73) as well as the central role of private capital in the global commercialization of agro-commodities in form of trading companies, and in direct financing and organization of production (FRIEDMANN & MCMICHAEL 1989; PEINE 2009). An important part of the changes towards the third - corporate - food regime is the integration of products within vertical production and commercialization structures (GOLDFARB 2013; MCMICHAEL 2005, p.292) which implies increased power and leverage of capital in relation to landed property (GIMÉNEZ & SHATTUCK 2011; MCMICHAEL 2010). These processes thereby merge into a comprehensive shift in the way that food has been produced and traded globally since the 1980s. This presents an essential object of analysis with regards to the pressures, incentives, and possibilities with which it has left the Brazilian agricultural sector.

Within the institutional dimension of the global food system, international organizations have gained increased centrality of in terms of facilitating the restructuring of the domestic economy and redefining its links to world markets

(BIELER & MORTON 2004, p.95; CERNY 2010, p.62; PIJL 1989). Within the global food system, a growing amount of agricultural regulation has become detached from the national level and elevated to the international sphere (FRIEDMANN 1995; GIMÉNEZ & SHATTUCK 2011, p.111; MAGNAN 2012; MCMICHAEL 2009; PECHLANER & OTERO 2008; PRITCHARD 2009). Increasing significance of international institutions within the contemporary food system has also implied a higher degree of openness for direct private interest representation of agribusiness (MCMICHAEL 1993, 2009, 2010, p.614; COLEMAN 2003; JONSSON 2016, p.85). Examining the changes within international institutions regulating the global food system thereby becomes relevant in order to assess the possibilities and incentives which this may have created for an alliance of public and private Brazilian actors in order to pursue joint interests at this level.

Within the ideational dimension of the global food system, the rationalities underpinning the political orientation and preferences of economic actors stand as a relevant object of attention with regards to understanding their collective strategies. This becomes clear in cases when a polarization between sectors that identify their main interests within the national sphere, and those with focus upon the international realm, becomes evident (FRIEDMANN & MCMICHAEL 1989, p.103; MCMICHAEL 1993, p.201; RUPERT 1995). The transnational consensus formation between businesses based on a market-oriented logic is stressed by various authors as a central feature of the contemporary global political economy (APELDOORN et al 2007; PIJL 1989 & 2001; ROBINSON 2005). These ideational alignments may also be strengthened by the inclusion of segments from public and international organizations (BIELER & MORTON 2004; LEVY & EGAN 2003, p.813), which also has been evident within transnational spheres for agricultural governance (COLEMAN, 2003). This process may unfold through mechanisms of discursive and ideological legitimation that underpin the food system (BERNSTEIN, 2016) and which serve to transmit principles supportive of free-market and industrial accumulation downwards towards national agricultural sectors (BUCK, 2014). The processes of ideological and discursive transmission from the global to the national/local level within the ideational dimension of the food system, and the manner in which they shape the preference formation of actors related to Brazilian agriculture, thereby constitute an essential object of analysis.

Based on these considerations, hypothesis 1 is formulated as the following:

**Hypothesis 1: Restructurings towards a third corporate food regime unfolding within the material, institutional, and ideational dimensions of this system spurred the joint international engagement between the Brazilian state and agribusiness.**

Hypothesis 1 is examined through analysis of three variables related to the institutional, material, and ideational restructurings of the global food system, assessing how these have impacted Brazilian agriculture. Some central development trends have been treated below each variable, meant to encapsulate this transformation. In relation to the institutional dimension, focus has been directed towards the insertion of agriculture within a multilateral institutional framework, and upon the proliferation of deliberative governance within the field. The later is seen as a posterior development - taking place from the 2000s - and is treated in the chapter about the Brazilian agribusiness and the Roundtable of Responsible Soy. Analysis of the material dimension of the restructurings of the global food system takes point of departure in the vertical integration, financialization, and corporate concentration of agricultural production structures. The ideational restructurings of the global food system are examined through analysis of the proliferation of free-trade oriented discourses and the surge of liberal production paradigms within this system. The emergence of the climate change agenda is approached as another posterior development within the ideational dimension of the global food system, occurring from the late 1990s, and is treated in the chapter with focus on the lobby efforts directed towards the RED.

**Hypothesis 2: Technical modernization of Brazilian agriculture**

Industrialization and standardization are trends that have come to characterize modern agriculture (MCMICHAEL 2010), and have been closely interwoven with a high degree of capital and technology intensive production (BURCH & LAWRENCE 2009; ISAKSON 2013). This also means that the inputs of intellectual capital, particularly in form of patented biotechnology, have become a central part of this mode of cultivation (MCMICHAEL 2009; OTERO 2012 & 2013). The increasing weight of "New Agricultural Countries" such as Brazil, within global agricultural markets, has often been described as the consequence of a systemic process of incorporation of these regions within global commodity chains through insertion into a northern agro-industrial production model (BERNSTEIN 2016; FRIEDMANN 1992; MCMICHAEL

2005 & 2009). Yet, a different description can be found amongst authors that focus upon the technological innovation within Brazilian agriculture in the last decades of the 20th century, as part of state-driven efforts to increase its productivity (HOPEWELL 2016; LOPES et al. 2012; MARRA et al. 2013 MULLER & MULLER 2014; PAULA & BASTOS 2008). It thereby becomes relevant to examine to what extent the technological innovations and productivity enhancing measures implemented from the late 1970s have contributed to the global competitive position obtained by Brazilian agriculture in recent decades, and to Brazilian agribusiness' incentives to pursue external market opening in cooperation with the state. Hypothesis 2 has therefore been formulated in the following way:

**(Hypothesis 2) The technical modernization of Brazilian agriculture beginning in the 1970s has enhanced the sector's international competitiveness and thereby spurred the joint public-private engagement in the formation of international regulation.**

Hypothesis 2 takes its point of departure in the scrutiny of the PRODECER initiative of the Brazilian state in order to expand agricultural production in the country's interior, as well as the technical work of Embrapa aimed at raising agricultural productivity, and other initiatives which increased the competitiveness of Brazilian farmers towards the end of the millennium.

### **Hypothesis 3: The agricultural reforms of the 1980-1990s**

The significance of the state in configuring the national regulatory environment in a manner which either incentivizes or limits the international connectedness and commercial engagement of domestic productive forces, has been frequently treated by neo-Gramscian authors (APELDOORN et al. 2012; BIELER & MORTON 2004; COX 1987; GILL 1993). Globalization of markets has brought about a rearrangement of state-business relations, and a competitive external commercial insertion of dynamic sectors lies at the heart of this redefined relationship (CERNY 2010; DINIZ 2010; DINIZ & BOSCHI 2003; LUCAS 1997). The re-regulatory function of the state, seen as its role in reforming the domestic economy in a manner which provides the structural conditions for a more market-oriented international engagement, has likewise been pinpointed as a central feature of modern agriculture (MCMICHAEL 2005; OTERO

2012; PECHLANER & OTERO 2008; PRITCHARD et al. 2016). Though generally not directly involved in the agricultural production, the state is highly relevant in relation to this, through its subsidies, financing, taxation, redistribution, overhead capital, licensing, and other regulatory functions (FRIEDMANN & MCMICHAEL 1989; MCMICHAEL 2009).

These considerations lead towards the establishment of a third hypothesis, in order to examine the profound changes in the institutional environment of Brazilian agriculture due to the reforms in the 1980-1990s, and how this shaped state-agribusiness relations in terms of pursuing mutual commercial interests at the international level. Hypothesis 3, related to the variable of agricultural reforms, has thereby been formulated as the following:

**(Hypothesis 3) The agricultural reforms of the 1980-1990s spurred the export-orientation of Brazilian agriculture, which led to the joint public-private engagement in the formation of international regulation.**

Hypothesis 3 is examined through analysis of the reforms within the Brazilian agricultural sector during the 1980-1990s. The main focus is directed upon assessing how the effects of changes in the rural credits, minimum prize guarantees, governmental purchases, and the agricultural tax regime have influenced the internationalization process of Brazilian agriculture.

#### **Hypothesis 4: Commercial re-orientation of Brazil**

The structural pressures which in the case of many developing countries incited a more outwards focused economic model during the last decades of the past millennium fall largely in line with Cox's (1987) notion of "internationalization of the state". This unit is thereby reshaped towards seeking a competitive participation within the global economy, a process which also redefines its relationship to domestic private actors (CÁCERES 2016; COX 1987; GILL 1993b; LICHTENBERGER 2014, p.175-176; NUNES 2016; ROCHA 2014). This may imply a reorganization of institutions for the private sector to channel its influence towards public actors (DINIZ 2010; MANCUSO & OLIVEIRA 2006; LUCAS 1987). In some instances, business sectors have obtained a privileged position in terms of influencing political decisions, due to the

imperatives which economic growth, exports and job creation pose for policy-makers (BOHAS 2015; LINDBLOOM 1997; LINDBLOOM & WOODHOUSE 1993; SMITH 1990). As formal public authority becomes permeable by private interest articulation (CERNY 2010, p.12; GETZ 2001; HILLMAN & HIT 1999; SALORIO et al. 2005), it is also relevant to assess the manner in which business has come to participate in the formation of international regulation as part of a broader reorientation towards global market insertion. Structuring the international regulatory environment in accordance with its own interests constitutes a central part of the non-market strategies of business (BODDEWYN & BEWER 1994, p. 126; LEVY 2008). Trade policy is an essential area in this regard, in which business depends on the formal decision-making capacity of the state (BARON 1997; JANK et al. 2005; SCHNEIDER 2013).

The state's increased focus upon international market participation, as well as its stronger disposition towards inclusion of private actors as part of such efforts, hereby calls attention towards evaluating the specific manner in which this may have characterized the internationalization of Brazilian agribusiness. As the structural transformation of the Brazilian economy from the 1980s has implied a significantly more liberal orientation of the state and its international strategy (BOSCHI & DINIZ 2001; CERVO 2008; VIGEVANI & CEPALUNI 2007) as well as a pluralization of the foreign policy-making process with a higher degree of involvement of non-state actors (ANASTASIA et al. 2012, CASON & POWER 2009; HURREL & NARLIKAR 2008; RAMANZINI & MARIANO 2013) it becomes relevant to evaluate how the re-orientation of the state's model for international insertion may have provided a privileged place for agribusiness within Brazilian foreign policy-making, and spurred a joint international engagement. Hypothesis 4 has therefore been formulated in the following manner:

**(Hypothesis 4) The shift in the Brazilian state's model for international commercial insertion from the 1980-1990s spurred the pursuit of increased external economic integration and the involvement of private actors in the foreign policy-making process, which led to the joint public-private engagement in the formation of international regulation.**

Hypothesis 4 is thus mainly directed towards analysis of the period around the structural transformation of the Brazilian economy, and focuses on how a new model for commercial insertion within the global economy has shaped the process of

internationalization of Brazilian agriculture.

### 3.4.1 Systemic transformation

The first analytical part seeks to explain the international re-orientation of state-agribusiness relations in Brazil, departing from a range of structural processes at the domestic and international level. These processes have been sought encapsulated by six variables, related to their hypothesized relationship to the explanandum. As the systemic transformation examined is presumed to be a very comprehensive phenomenon, which materializes within different dimensions and on different global-local levels, Cox's (1981) framework of a historical structure has been applied on the global food system. Cox's elaborations of the historical structure and historical forces share some central similarities with Bernstein's (2016) conceptualization of the global food system. These become apparent through the similarities between Bernstein's focus on the three levels of analysis, - the countryside, the national, and the world economy - and between Cox's conceptualization of a historical structure comprising of three analytical levels, - social forces of production, the state, and world order - consisting of a particular constellation of historical forces of material, institutional, and ideational nature. Based on a fusion of Cox (1981) and Bernstein (2016) the Coxian framework of historical structure and historical forces is applied on the global food system, resulting in a matrix in which each level of the historical structure is stratified into three dimensions of historical forces. The independent variables examined can then be inserted into this "food system matrix" in order to understand at which level, and in which dimension, the processes of transformation which these variables refer to are situated, and which adjacent dimensions they might impact, as can be seen in the model in figure 3:

**Figure 3: central analytical variables distributed upon material/productive, institutional and ideational dimensions of the food system conceived of as a historical structure.**

	<b>Material dimension</b>	<b>Institutional dimension</b>	<b>Ideational dimension</b>
<b>World order level</b>	Productive transformations within the global food system	Institutional change within the global food system	Ideational change within the global food system
<b>Level of the state</b>	Agricultural reforms from the 1980s  Agricultural modernization		Commercial re-orientation of the Brazilian state from the 1990s
<b>Level of the social forces of production</b>			

Source: Author's elaboration

Note that the variable of food system transformation is believed to have been manifest in different dimensions at the global level, and has therefore been divided into three different subcomponent variables. Though the three domestic variables (agricultural reforms from the 1980s, agricultural modernization, and commercial re-orientation of the Brazilian state from the 1980-90s) are not treated as the result of exogenous changes, they can still be situated within the model which describes food system transformation. This both serves to evaluate how they impact the dependent variable of state-agribusiness relations relative to externally rooted changes in the global food system, but also makes it possible to view them as domestically rooted systemic changes, that wield the potential to contribute to broader global food system transformations. Morrisey's et al. (2014) emphasis on the permeability of the outer borders of the food system, as well as Anderson's (2015) attention to the reciprocal causal interplay between developments within and outside of it, also provide a favorable argument for examining endogenous changes within Brazilian agriculture within this analytical framework.

The joint international engagement between the state and agribusiness is thereby examined as the consequence of a complex process of interrelated domestic and global



structural changes, which constitute subjacent dynamics below the general process of systemic transformation. The rearrangement of the relations between the Brazilian state and agribusiness is therefore expected to be resultant of a conjunction of domestic and international systemic developments within the area of agriculture, rather than one single decisive factor. Therefore, the causal model analyzed in part 1, comprising of both domestic and global systemic transformations within the area of agriculture, presumes a relationship of conjunctural causation, implying many necessary, - but no individually sufficient - conditions for producing the outcome of interest.

### 3.5 Definition of sub-research questions in the second analytical part

The second analytical part is intended to answer research question 2, which is formulated in the following manner;

**Research question 2: How has the cooperation between the Brazilian state and agribusiness unfolded through processes of international agricultural regulatory formation within the institutional dimension of the global food regime on the levels of; 1) multilateral commercial negotiations, 2) WTO dispute settlement proceedings, 3) joint lobbying, and 4) deliberate multistakeholder governance?**

The second analytical part is thereby directed towards analysis of how the reorientation of state-agribusiness relations has defined the joint public-private engagement in influencing processes of agricultural regulatory formation internationally. In relation to the general analytical framework presented earlier, this part moves from the structural level, towards the level of agency, but also from the realm of causal inference towards descriptive inference. The manner in which domestic and global systemic changes,- described in the first analytical part - affect the dispositions and agency of the actors examined in the cases reviewed thereby becomes the object of inquiry in the second analytical part. In relation to Carlsnaes' (1992; 2007; 2013) model of a duality of structure, the focus in the general analytical model thereby passes from the structural, towards the dispositional, and intentional dimensions. The manner in which the variable of *convergence of interests* around joint international

agenda formation within the dispositional dimension of the food system gives birth to specific agency modalities for this cooperation is the object of attention in this part of the study. The variables examined in the second analytical part, *institutionalization of interactions*, *resource pooling* and *coalition formation* relate to sub-questions 6,7 and 8 below research question 2. These variables have been established in order to analyze the particular public-private interactions in each of the chosen cases. How the common public-private international agenda gives birth to specific agency modalities is thereby analyzed through scrutiny of these variables, in order to identify common traits and general characteristics across the cases examined.

## **5: Convergence of interests**

The process of globalization and internationalization has been significant in terms of presenting a new range of imperatives and incentives for economic strategy, which in many ways has changed state-business relations (CERNY 2010; DINIZ 2000; DINIZ & BOSCHI 2003; LAVALEE 2003, p.155; PRITCHARD 1998, p.72). Internationalization of production structures has thus often become a mutual economic concern for both public and private actors, which to some degree also underscores that a measure of structural dependency of the state upon business also may have become evident (CÁCERES 2015; LINDBLOM & WOODHOUSE 1993, p.101; LINDBLOOM 1977; LUCAS 1997; MANCUSO 2007; SMITH 1990, p.319). The state thus assumes the role of enforcing these links to the global markets and of restructuring the domestic economy according to a competitive insertion within these (APELDOORN 2012; COX 1987, p.253; GILL 1993b; NUNES 2016; OTERO 2012, p.284; PECHLANER & OTERO 2008, p.351-352).

The pro-active engagement of the state with private capital due to a mutual concern of facilitating its participation within international commerce has been referred to either as "embedded autonomy", (EVANS 1995; 1997) or as "growth coalitions", in which the role of business actors in shaping joint decision-making becomes ever more central (LEFTWICH, 2010). As the structural power of internationally/transnationally linked capital increases relative to nationally oriented economic sectors (COX 1981, p.146; GOLDFARB 2013; JONSSON 2016; MCMICHAEL 1993; ROBINSON 2005), the state has often also redefined its economic orientation (BIELER & MORTON,

2004). This can be described as a rearrangement of dominant state-capital nexuses (APELDOORN et al. 2012), based on the emergence of a new structure of economic incentives, with overlapping public-private interests (LICHTENBERGER 2014, pp.175-176; ROCHA 2014, pp.79-80; TORRADO 2016). This highlights the relevance of examining to what degree mutual essential economic concerns, and concomitant common objectives, have defined the joint strategy of the Brazilian state and agribusiness aimed at influencing international agricultural regulation, - both in a general perspective, but also at the more specific operational level. Sub-question 5 has therefore been formulated as the following:

**(Sub-question 5) To what extent has a convergence of interests defined the cooperation between the Brazilian state and agribusiness focused on influencing international regulatory formation?**

Sub-question 5 is examined in each of the cases in question through focus upon the rationale of the particular actors in question, and to what extent the joint engagement in international regulatory formation appears to be based on common objectives of both public and private actors. Sub-question 5 is related to the variable of *convergence of interests/joint international agenda formation* within the general analytical model.

## **6: Institutionalization of interactions**

A range of authors from different state-business perspectives have drawn attention towards the significance of the mode of institutionalization of the relations between these parties, minded upon their pursuit of common economic objectives (EVANS 1995; LEFTWICH 2009 & 2010; SEN & TE VELDE 2009; QURESHI & TE VELDE 2013; MOORE AND HAMALAI 1993; LUCAS 1997; SCHNEIDER 2013). The particular shape of this institutionalization may be highly contingent upon the country in question, and span over both formal and informal cooperation structures (LEFTWICH, 2009). These structures may facilitate joint cooperation by strengthening transparency, reciprocity, and credible commitments (SEN & TE VELDE, 2009). Business associations constitute essential objects of analysis in this regard, as they wield the potential to express collective private interests (OLSEN 1965; QURESHI & TE VELDE, 2013), and channel bargaining, exchanges of influence, and the pooling of

competences (HILLMAN & HIT 1999; SALORIO et al. 2005). The degree to which business associations manage to express sector-wide demands, as opposed to more narrow particularistic interests, constitutes a central point of analysis in order to evaluate their potential (GETZ 1997; MOORE & HAMALAI, 1993). Institutionalization of state-business relations may thus also provide a platform for public-private coalitions to engage in pursuit of common goals at the international level (DINIZ 2010, p.122), which not least becomes expressed in relation to commercial negotiations (BARON 1997; JANK et al. 2005; MANCUSO & OLIVEIRA 2006, p.149; SCHNEIDER 2013, p.18).

This leads attention towards the role which the institutionalization of state-agribusiness relations in Brazil has played, as a means to advance mutual preferences related to agricultural regulation at the international level. Sub-question 6 has therefore been formulated as the following:

**(Sub-question 6) To what extent has the cooperation between the Brazilian state and agribusiness with focus on influencing international regulatory formation been based on the institutionalization of mutual interactions?**

Sub-question 6 is examined by scrutiny of the mechanisms through which the public-private cooperation is institutionalized in relation to each case analyzed. Sub-question 6 is related to the variable of *institutionalization of interactions* within the general analytical model.

### **Sub-question 7: Resource pooling**

The increasing complexity of policy-formation processes beyond the national sphere (BOHAS 2015; CERNY 2001, p.398 & 2010; KUTTING & CERNY 2015) has come to require a high degree of technical, financial, and organizational resources of participants. Complimentarity of capabilities and resources is therefore likely to constitute a significant element of successful public-private cooperation within international regulatory spheres (BARON 1997; BODDEWYN & BEWER 1994). Stabilization of a field in global governance depends on a diversified array of economic, organizational, and ideational resources (LEVY & EGAN, 2003), and upon the ability to devise coherent strategies within each of these fields (LEVY & NEWELL, 2002). The possession of abundant resources within one area does not necessarily translate into

a position of strength within another area, meaning that public and private actors often stand in a position to complement each other's capabilities (HILLMAN & HIT 1999; SALORIO et al. 2005). The abundance of financial resources often possessed by corporate entities means that alliances with actors that wield a large amount of organizational or discursive resources become attractive (DAHAN 2005; DEMIL & BENSEDRINE 2005; LEVY & PRAKASH, 2003). This is further accentuated as businesses' market strategy often is contingent upon successful political strategy (LEVY & EGAN 2003), which may imply attempts to influence regulatory environments within, and beyond the domestic sphere (LEVY 2008; MANCUSO 2007, p.142). As emphasized within Resource Dependency Theory and Agency Theory, public actors' regulatory capacities are particularly complementary to the information and technical expertise which enterprises often possess (GETZ, 2002), providing a fertile basis for the emergence of public-private coalitions (LUCAS, 1997). This highlights the relevance of considering the complementarity of resource arrays of the Brazilian state and agribusiness as a potentially essential component in their joint engagement in global agricultural governance. Sub-question 7 has therefore been formulated as the following:

**(Sub-question 7) To what extent has the cooperation between the Brazilian state and agribusiness with focus on influencing international regulatory formation been based on the pooling of resources?**

Sub-question 7 is aimed at examining the function which the pooling of resources has served in terms of enabling the joint public-private cooperation in each case examined. The notion of resources is defined as a diversified array of material, organizational, technical, and discursive capabilities. The manner in which the actors examined manage to combine their resources in order to support a common strategy is examined through the variable of *resource pooling* within the general analytical model.

### **Sub-question 8: Coalition formation**

In diverse and polycentric transnational policy environments, characterized by a wide span of actors and forms of institutional interconnectedness, interactions between a diverse array of government, non-governmental, and private actors are intensified (CERNY 2001 & 2010). Transnational policy processes defy borders, and imply multinodal and multiscale interactions transgressing social, economic, and political

dimensions (KUTTING & CERNY, 2015). From earlier being marked by interactions amongst states, lines have been drawn along new issues, which has resulted in novel types of coalitions amongst more heterogeneous groups of interests, in emergent formations of triangular diplomacy (BOHAS 2015; CERNY 2010).

The same process of transnationalization has been highly characteristic of the field of global agricultural policy-formation, wherein certain public policy-making bodies, international organizations and agribusiness interests have gained a high degree of prevalence (COLEMAN 2003; HAWKES & PLAHE 2012; JONSSON 2016; MAGNAN 2012). This approximates the notion of "emulative uniformities" (BIELER & MORTON, 2004, p.95) and may be expressed as a process of elite consensus formation around a market-oriented rationale between state officials, private enterprises, and representatives of international organizations (COX 1987, p.254; GILL 1993 (2); GIMENÉZ & SHATTUCK 2001; LAVALEE 2003; PECHLANER & OTERO 2008, p.351-352; OTERO 2012, p.284; PIJL 1989). Corporations often also engage in wide-spanning coalitions including governmental agencies, NGO's, and scholarly communities in order to exercise influence within a policy field (LEVY & EGAN 2003; LINDBLOM & WOODHOUSE 1993, p.78). Between private actors, formation of broad coalitions also makes it possible to diminish costs for individual participants. The extent of the issues at hand and the number of actors affected by them, tends to define the possible scope of the coalition (GETZ 1997; 2002), so that issues with a potential sector-wide impact can be expected to spur broad private sector engagement. This raises the question of how the alliance between the Brazilian state and different entities from Brazilian agribusiness has engaged with third-party actors to reach their goals, and whether this mobilization has proved effective in the cases examined. Sub-question 8 has therefore been formulated as the following:

**(Sub-question 8) To what extent has the cooperation between the Brazilian state and agribusiness with focus on influencing international regulatory formation been based on coalition formation with third-party actors in the pursuit of their joint strategy?**

Sub-question 8 examines how the Brazilian agribusiness and public institutions manage to incorporate third-party actors within their alliances and coalitions, in order to strengthen common agendas. The notion of third-party actors can both refer to NGO's,

public entities, international institutions, and different private actors. Sub-question 8 is thus related to the variable of *coalition formation* within the general analytical model.

### 3.6 Cases and actors analyzed

The second analytical part examines decision-making processes in cases within which Brazilian public and private actors have been engaged in international regulatory formation. These cases relate to: **1) Multilateral commercial negotiations** through analysis of the case of the Doha Round from 2001-2008, **2) Dispute settlement at the WTO** through analysis of the Cotton Dispute between Brazil and the United States from 2003-2005, **3) Joint Lobbying** through analysis of the mutual advocacy efforts of the Brazilian state and UNICA in order to influence the EU Renewable Energy Directive in the area of biofuels, and **4) Multistakeholder governance arrangements** regarding the participation of Brazilian agribusiness in the establishment of the Roundtable of Responsible Soy initiative.

Each case - except for the multistakeholder process analyzed - is characterized by the centrality of different public and private entities. The analytical focus has therefore been directed towards actors which in the specific cases examined have a central agency, and either directly or indirectly represent Brazilian agribusiness or the Brazilian state, as illustrated in table 1 below:

**Table 1: Central Brazilian actors in the specific cases examined.**

<b>The Doha Round, 2001-2008</b>	Itamaraty, MAPA, MDA, Grupo Técnico, Confederação Nacional de Agricultura (CNA), ICONE.
<b>The Cotton dispute 2002-2005</b>	Itamaraty, MAPA, ABRAPA, Confederação Nacional de Agricultura (CNA).
<b>The Joint Lobbying related to the RED</b>	Itamaraty, UNICA
<b>The formation of the RTRS</b>	AMAGGI, APROSOJA, ABIOVE, SLC Agricultura.

Source: Author's elaboration

The essential goal within the present study is to understand, 1) how the public-private cooperation came about, which is related to research question 1, and 2) how this cooperation has unfolded, which is related to research question 2. The second analytical

part, structured to answer research question 2, is thereby oriented by a descriptive inferential goal of scrutinizing the mode of joint international public-private engagement in the four sub-cases. It may be sustained that these cases have been selected on basis of a similar score on the dependent variable, because they all - except for the multistakeholder process - are cases when this type of public-private cooperation materialized. Though selection of cases that do not vary on the dependent variable may imply some problems in relation to explaining why certain phenomena occur (KING et al. 1994), the goal in the second analytical part is rather in line with Geddes (1990, p.149) to explain *how* they unfolded. With the analysis of the cases, a range of similar questions is sought answered in a comparative manner. This approach makes it possible to identify specific modalities/typologies of joint public-private cooperation, depending on how these questions can be answered in each case, as can be seen in table 2 below:

**Table 2: Sub-questions below research question 2 summarized in relation to the cases analyzed**

	To what extent is the joint cooperation characterized by a convergence of interests?	What is the role of coalition formation with third-party actors in relation to the joint public-private cooperation?	Is the joint cooperation based upon a significant pooling of resources?	To what extent is the joint cooperation institutionalized?
The Doha Round				
WTO Cotton Dispute				
EU Renewable Energy Directive				
Roundtable of Responsible Soy				

Source: Author's elaboration

Because of the exploratory character of the case analysis, the research design is not minded on a structured comparison, which would seek to identify crucial conditions in each case. Rather, an assessment of the particular decision-making processes in each case may indicate specific traits across the cases, and thereby permit a tentative categorization.



### 3.7 Empirical sources

The analysis of interaction between agents in a global space of agricultural policy-formation implies the need for varied kinds of empirical data, in order to examine these complex dynamics from different angles. The present proposal is therefore based on a data triangulation strategy, comprising of both semi-structured interviews, archival document research, reports, and secondary literature. The potential within a data triangulation strategy is that it can reveal the same kinds of facts through the collection of different kinds of empirical material, and thereby lead to more broadly based conclusions (YIN 2009, p.116). A data triangulation strategy may also help to avoid problems of construct validity, through the inclusion of different kinds of evidence in order to analyze a given phenomenon (Ibid, p.117). What is more, triangulation also serves as an important means to assess the effective influence of specific actors in complex decision-making processes, as different sources of evidence provide an important diversification of perspectives on the repercussions of particular actions (NEMINA & ZELICOVICH 2017, p.438).

Documents from public archives are extensively applied as empirical sources in the course of this thesis, and are mainly constituted by telegrams and telegraphic dispatches (cables) between the Brazilian Ministry of Foreign Affairs and its international representations. More than 1700 of such documents have been reviewed in the course of the research of this thesis. The strong reliance on diplomatic correspondences means that the type of knowledge which can be deduced from these sources is strongly reflective of the Brazilian foreign policy-making institution's perceptions of the issues at hand, as well as their presentations of the events occurred. Yet, in many cases these documents contain rather meticulous descriptions of specific events, the agendas at any given point in time, and the actors present in certain instances of decision-making. Such factual information is less open to varying interpretations. The perceptions and strategic analyses, when expressed within internal communication, also serve a useful purpose in order to understand the logic of agency and the rationalities of the actors examined. Minutes from the executive committee meetings and general assembly's of the Roundtable of Responsible Soy have also constituted a central part of the empirical evidence in the chapter analyzing this process.

Most of the statistical data relied upon in the study is directly derived from primary processing institutions, such as the Brazilian Institute for Economy and

Geography (IBGE), The International Trade Centre (ITC), the UN Food and Agricultural Organization (FAO), etc. In cases when the sources of this data are not directly accessible, statistical data from peer reviewed scientific journals has also been made use of.

The semi-structured interview form has been chosen for the conduction of the interviews. It has been found appropriate, as this data collection method both is sufficiently broad to let the interviewees make an ample description of the particular circumstances of interest, but still permits comparison with other interviews. The interviews are mainly focused on people with first-hand experience in the area of commercial negotiation and agricultural policy-making. Most of the interviews are conducted with people who have some sort of stake or sympathy for the export-related interests of Brazilian agriculture. This might imply a bias of sources in terms of evaluating polemic issues concerning trade-related disputes, market access, standards, and environmental questions. Yet, as the main goal within this paper is to understand the perceptions and the rationality of the actors examined in order to explain their actions, rather than evaluating the merits of such disputed issues, the possible pitfalls of source bias is believed to be less urgent.

The secondary literature provides a broad body of information about the issue studied, and may also constitute a valuable insight into the debates and academic, as well as technical, divergences at any given point in time (MATHEWS & ROSS 2010, p.278). The last focus requires a certain critical distancing from the productions examined, and a consideration of their possible bias and underlying normative inclinations. A broad range of literature regarding Brazilian agricultural development and policies has been included, in order to understand the issue at hand. This also means that although secondary literature from the area of international relations which treat the specific object examined is central to parts of the analyses, it has also been necessary to include literature from other branches, such as rural sociology and agricultural economics.

## **Chapter 4: Food systems transformations and international reorientation of Brazilian agriculture**

The following chapter analyses how transformations within different dimensions of the global food system in the course of the 1980s and 1990s restructured the Brazilian agricultural sector, and eventually also the nature of state-agribusiness relations. Institutional changes within the global food system are analyzed with focus on the surge of commercial multilateralism in relation to agriculture, material transformations are treated through analysis of productive verticalization and financialization, and ideational changes are examined through the advent of free-trade and liberal production paradigms. Domestically rooted structural changes in this period are also examined through analysis of the inwards expansion and technical modernization of Brazilian agriculture, the agricultural reforms, as well as the reorientation of the Brazilian official strategy for international insertion.

## 4.1 Institutional food system transformation: the surge of commercial multilateralism in relation to agriculture

In spite of the materialization of a comprehensive institutional arrangement for global trade in the post-war years, in form of the GATT, agricultural issues were nonetheless excluded. This can be related to a prevailing nation-centered perception of agriculture at the time, which implied that the sector was seen as being angled towards domestic needs and therefore of a somewhat exceptional nature (COLEMAN 2003, p.4; MUIRHEAD & ALMÅS 2012, p.29; PECHLANER & OTERO 2008, p. 351; SABA 2002, p.93). The focus of agricultural policies in the immediate post-war decades upon supplying domestic markets meant that strong regulatory participation by the state became a defining feature in many countries around the world. While the period from 1950-1980 was marked by increasing agricultural protectionism in developed countries, developing nations often taxed exports (ANDERSON 2014, p.239). Particularly the agricultural assistance in large developed countries took off from an average level of around 25 % in the early 1970s towards nearly 50 % in the mid 1980s<sup>2</sup> (Ibid, 294). The subsidies which the European Union had been conceding to farmers, as part of the Common Agricultural Policy (CAP), combined with the "green revolution" of the 1960-1970s, meant that production escalated, and that surplus was allocated on the world market through the increasing use of export subsidies (POTTER & TILZEY 2007, p. 1292-1293; MARQUES 1993, p.18). This development coincided with a massive surge in agricultural exports from the United States, from US\$ 6,7 billion in 1970 to US\$ 44 billion in 1981 (MENDONÇA 2015, p.380). The increase in US food exports was strongly propelled by favorable international credit conditions in the late 1970s, but also highly due to significant internal support measures, which rose towards an unprecedented level in 1980 (Ibid, p.387). As the CAP also came to absorb more than 70% of the EU budget in 1985 (POTTER & TILZEY 2007, 1292-1293) the agricultural policies on either side of the North Atlantic became evermore antagonistic, and resulted in what has been termed as an "export subsidy war" (ANDERSON 2014, p.293). This led to the mutual understanding of the need to reform agricultural policies and

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<sup>2</sup> This estimate includes a modest level of decoupled payments, that constitute a fixed financial transfer to the farmer and thereby becomes independent of production decisions, and which began to be introduced by developing countries from the early 1970s.

restructure the elevated expenditures which internal support measure had come to constitute (TEIXEIRA 1993, p.10).

The movement towards insertion of national policies below an international commercial regulatory framework can thereby be characterized, as the consequence of a range of circumstances born out of a derailment of national support policies, which eventually wielded negative spillover effects onto the international realm. Attempts to reach a global institutionalization of basic rules for agricultural production and trade is linked by McMichael to the "crisis of overproduction" in the 1970s and 1980s, the destabilizing effects of which led to the transition away from the post-war food regime (MCMICHAEL 2009, p.153). Yet, this transformation was also in line with a more profound "neo-liberal turn" of the system for global economic governance, which moved in the direction of the international institutionalization of mandated commercial opening and internal deregulation of national markets. It hereby becomes relevant to consider Andersons (2015) observation that food regime transformations should be viewed as a consequence of both internal changes, originating within the confinements of the system, but also of external changes with roots in the broader conjunctures of the global political economy. This systemic transition can thereby be seen to stem from a concrete crisis of overproduction, but the reaction to this materialized in accordance with the increasingly dominant neoliberal political currents of the day, through the search for an internationally institutionalized solution in these ideological molds.

Although the most clearly crystallized manifestation of the global rise of market liberalism might have been the election of Reagan and Thatcher in the US and UK in the 1980s, trade liberalizations had been on GATT agenda since the Dillon Round in the 1960s (COLEMAN 1998, p.643). As negotiators had been hesitant to introduce agriculture within the GATT, the United States began to crave evermore impatiently to bring this issue into the talks from the Tokyo Round (ALMEIDA 2012, p.80-81). This happened in parallel with what Coleman (2003) describes as a gradual appearance of a nascent transnational epistemic community for agricultural policy-making in the 1980s, characterized by a liberal agenda. At this point, the intensified cross-border contacts and incipient policy formation had thus drawn agriculture to a position of "thin globality", in which a range of both public and private actors became relevant in defining its partial establishment beyond the exclusive domain of each individual country (COLEMAN 2003, p.4).

With the Punta del Este Declaration in 1986, agriculture was identified as one of

the essential areas of concern below the Uruguay negotiations (MUIRHEAD & ALMÁS 2012, p.37). Yet, although agriculture only constituted a relatively small part of global commerce at the time - of around 10-13% - it still became one of the most contentious issues during the Uruguay Round, particularly due to the producers in the EU and US, who's interests had become entrenched in the high subsidies in those parts of the world (ALMEIDA 2012, p.81; THORSTENSEN 2005, p.67-68). Highly organized farm lobbies thereby also managed to dilute reform of the CAP, so that this institution still persisted in high vigor upon the conclusion of the negotiations, though the problem of its escalating costs had been addressed to a certain extent (MUIRHEAD & ALMÁS 2012, p.38; POTTER & TILZEY 2007, p.1293). Although only to a limited extent, agriculture was nonetheless subjected to international commercial regulation for the first time, and through the creation of the WTO a set of far more definitive and profound mechanisms for fiscalization were established (DIBDEN et al. 2009, p.302).

The Agreement on Agriculture (AoA), which became a highly significant landmark for this sector's insertion below global regulation, was based upon three essential pillars related to reform of, 1) domestic subsidies, 2) export subsidies and 3) market access. Tariff reductions were established at a level of 36% for developed countries, with a minimum of 15% over six years, while developing countries had to attain a 24% reduction with a minimum of 10% in ten years. Export subsidies were to be gradually phased out. The agreement also set a limit for members states' agricultural subsidies to an average level of their support during the reference period from 1986-1990, while also introducing a permitted level for subsidy schemes of 5% of production value for developed countries and 10% for developing countries. A central feature of the subsidy measures which were permitted below the "Peace Clause" agreed upon by the EU and the US was their decoupling from land or production, so as to minimize any possible trade distorting effects. In spite of the existence of other international accords regarding agricultural biotechnology, the WTO also came to stand as the most significant international body for regulation of this field (OTERO 2013, p.57; PECHLANER & OTERO 2008, p.354). In addition hereto, the amount of global trade affected by the Uruguay Negotiations was of entirely different proportions than during previous GATT Rounds: while the Kennedy and Tokyo Round spanned over US\$ 40 and 155 billion respectively, the Uruguay Round impacted some US\$ 3.7 trillion worth of global commerce (THORSTENSEN 2005, p.31).

In line with McMichael (2010, p.612), the creation of the WTO as the central

regulatory site for agriculture within the global food system had transformed its institutional dimension from a "state centric" to a "global" social landscape. The establishment of this institution has been referred to as a neoliberal project for agricultural liberalization (DIBDEN et al 2009, p. 301) as a market-oriented institutionalization of free trade and deregulation (GIMENEZ & SHATTUCK 2011 p.111), which serves to restructure production and trade to the benefit of corporate agriculture (TILZEY 2000, p.291). The establishment of a regulatory framework for global trade with such widely encompassing economic implications cannot be deprived of its strategic significance and strong geopolitical undertones. McMichael has thus characterized the Uruguay Round as an attempt by the United States to regain global status within a new liberal world order at the time (MCMICHAEL 1993, p.198-199).

The explanations which emphasize the element of horizontal imposition of a new mode of agricultural governance, related to unbalanced power relationships between the developed and developing countries, do appear to capture some central features of the development within agricultural political economy in the immediate post-cold war years. Yet, apart from this, another central aspect of the WTO can also be characterized as the establishment of an arena for contestation which, in spite of unequal power relationships between member states, does offer a significant vehicle for heterogeneous coalitions to challenge existing consensus, out of which it was initially born. This became the case as the Cairns Group, - consisting of heavily resource endowed developed countries and a handful of Latin American states - sought to challenge the exemptions conceded to the agricultural sector below the EU-US compromise (POTTER & BURNLEY 2002, p.38). As stressed by Coleman (2003), the AoA extended, intensified, and speeded up the social relationships within the newfound transnational policy space for agriculture, above all, by bringing developing countries into this sphere (COLEMAN 2003, p.3) but also opened it up to participation by private economic actors and social movements (Ibid, p.7). Though built on the foundations of a market-oriented liberal wave, this policy space for agriculture did not become entirely permeated by such ideas, but rather offered an arena which was characterized by intense conflict (Ibid, p.1). Dibden et al. (2009) emphasize that "Neoliberalism does not appear as an immutable and irresistible ideology at WTO level" but rather, that it is a discourse which is open to negotiation (DIBDEN et al. 2009, p.300). The authors similarly observe that "the WTO emerges as a key site both for the promotion of "corporate globalization" and the embedding of neoliberal governmentalities for agriculture – as

well as for their contestation" (Ibid, p.301). The creation of the WTO and the AoA thereby constituted an initial thrust towards at least a partial insertion of national agricultures below an international regime based upon a range of liberal premises. Yet, a certain margin did exist within this playing field for some developing countries to redefine their particular interests - either individually or in coalitions - according to the new structure of incentives which these developments provided.

At the outset of the Uruguay Negotiations, the combination of high internal subsidies and strongly depressed international prices due to grants to the US and EU agricultural sectors, meant that towards the late 1980s, the Brazilian posture was mainly defensive (BERALDO 2000, p.3-4; FARIAS 2010, p.675). In spite of acting within the Cairns Group, at the beginning of the Uruguay Round, Brazil cooperated with the EU in order to avoid any substantial inclusion of agriculture within the negotiations (FARIAS 2010, p.662). Potential advantages for Brazil through the decrease in the strongly protectionist measures by the EU and US were nonetheless documented along the negotiations (TEIXEIRA 1993). The increasing use of non-tariff barriers which Brazilian agricultural exports were facing, also drew attention from sectorial entities, which gradually made organizations such as the *Confederação Nacional de Agricultura* (CNA) and *Confederação Nacional da Indústria* (CNI) begin to accompany the agricultural negotiations (BERALDO 2000, p.4). In the early 1990s, voices from the soy sector began to pinpoint the contradiction between developed countries' liberal discourse, and the continuation of high internal subsidies (PEREIRA 1992, p.11).

A very significant change in the official Brazilian posture is detected by Farias (2010) around 1988-89. Particularly the engagement of Minister of Agriculture, Iris Rezende, proved to be significant in order to redefine the national interest in the direction of viewing the GATT negotiations as a possibility to push for more open markets, in favor of Brazilian exports, - even if that had to imply some concessions in terms of internal support measures (FARIAS 2010, p.676). From 1989, MAPA and the Ministry of Foreign Affairs, the *Itamaraty*, began to work towards a consensus with farmer organizations, which implied the need to engage actively in the multilateral liberalization process. Particularly the then Head of the Economics Department at the *Itamaraty*, Samuel Pinheiro Guimaraes at a meeting in June 1989 called for the importance of Brazilian leadership in agricultural negotiations, which was positively received amongst private sector representatives (Ibid, p.680). The turn in the strategic perceptions regarding the potential benefits to be reaped from multilateral negotiations



thus occurred within a relatively short time span, and came to be constituted upon a mutual understanding between private and public actors.

As early as in 1991, agriculture had obtained an absolutely central position within the Brazilian participation in the Uruguay Round, and became the focus of attention for offensive demands (Ibid, p.681). In spite of the establishment of a public-private consensus regarding the country's general orientation within the negotiations, the agricultural sector did not partake in an organized manner, and only in a way which reflected a very sporadic engagement (BERALDO 2000, p.3-4). The Uruguay Round had resulted in the establishment of an institutional framework for agricultural liberalization which spanned over most of the globe, and which transcended the international and the national sphere of regulation within the field. In the case of Brazil, it paved the ground for a joint international orientation between the state and Brazilian agribusiness, which subsequently also led to mutual efforts of coordination, in order to make the Brazilian participation count within the negotiation process. But significantly, the limited scope of the AoA, with all of its exemptions and omissions, also spurred the Brazilian intention to amplify the extension of international trade liberalization within agriculture, which in time came to stand as a central concern within the country's foreign economic policy agenda.

The perception of the need for agricultural liberalizations, beyond what was implied within the AoA, is reflected in article 20 within this agreement, which calls for the initiation of continued negotiations within a year from the end of its implementation period (AOA, 2016). The immediate effects on aggregated measures of support (AMS) of the AoA also appear to have been rather limited amongst developed countries, as the table 3 below suggests:

**Table 3: Aggregate Measures of Support (AMS) within agriculture amongst developed countries from 1995-2001 (in US\$ million):**

	1995	2001
EU	62.067,25	48.736,10
United States	6.213,80	14.413,00
Japan	32.149,70	6.855,24 (1999)

Source: Based upon Chuanmin & Guoqiang, 2007.

Though a very dramatic fall in Japanese AMS and a modest decrease in that of the EU can be observed in the period, the US in fact more than doubled its AMS from 1995-2001. It is still worthwhile to note that the level of European AMS stood as the world's highest in 2001, at US\$ 48 billion. Such realities provided a sharp contradiction with the principles of liberalization on which the WTO and the AoA had been established. It thereby highlights the asymmetries between developed and developing countries, which have been stressed by authors from the food regime perspective as inherent in the WTO from the point of its conception (MCMICHAEL 2009, p.148; HAWKES & PLAHE 2012, p.33-34). The lack of concealment of this paradox also spurred reactions and a more assertive attempts amongst some developing countries, to hold the developed countries in line with the precepts of commercial multilateralism.

In 1993, representatives of the Brazilian soy sector, while accentuating the significance of national soy producers' increased international competitiveness and independence of governmental subsidies, also pointed to the continued high protectionism in the EU and the United States, as one of the absolutely most crucial barriers for further development of the soy complex (PEREIRA 1993 (2), p.24). Still, at the end of the decade, Brazilian agricultural exports faced some of the highest trade barriers in the western hemisphere (JANK et al 2004, p.21). Such circumstances were crucial in instigating the mobilization of rural organizations in order to influence international trade negotiations, as was the case with the creation of Permanent Forum for International Agricultural Negotiations<sup>3</sup> in 1999, by the Brazilian Agribusiness Association (ABAG), the National Confederation for Agriculture (CNA) and the Organization of Brazilian Cooperatives (OCB)<sup>4</sup> (BERALDO 2000, p.4). These initiatives became essential by providing a mechanism for the private sector to plan negotiation strategies and analyze alternative proposals together with the Ministry of Agriculture, ahead of the Third WTO Ministerial Conference in Seattle in 1999. In the preparatory phase before this meeting, agriculture had risen to the top of the Brazilian agenda (THORSTENSEN 2005, p. 490). The inclusion of other public and private actors became a significant mark of economic foreign policy-making in the 1990s (HURREL & NARLIKAR 2006, p.427; DOCTOR 2015, p.292; HOPEWELL 2014, p.298). The complexity of trade negotiations often required private sector expertise. Engagement by agribusiness within foreign trade policy-making thus both materialized

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<sup>3</sup> Fórum Permanente de Negociações Agrícolas Internacionais (Port.)

<sup>4</sup> *Organização de Cooperativas Brasileiras* (Port.)

through involvement of specific Brazilian commodity sectors, but also through broader cross-sectorial organizations (HOPEWELL 2014, p.299).

As has been the case in Brazil, the transformations of the institutional dimension of the global food system have implied an upwards translocation of a share of national regulatory authority towards the international level, which has spurred a reconfiguration of public-private relations in order to adapt to this state of affairs. As accentuated by Pritchard et al. (2016), this does not necessarily imply retreat of the state as a regulator, but rather pushes it to redefine its mode of connectedness to global markets. McMichael (2005, p.292) also emphasizes a contemporary "key dynamic" within global agriculture, related to the reorientation of the state towards enhancing market-oriented international insertion of domestic sectors. In the Brazilian context, the establishment of the WTO provided a range of imperatives and opportunities, which through changes of either formal or informal modes and channels of interaction, resulted in a state-agribusiness relationship aimed towards common concerns of international market access. This becomes reminiscent of Lucas' (1997) description of how economic internationalization often implies mutualistic public-private interactions, and a relative sharing of authority with the broader goal of enhancing global market participation/access.

In a broader sense, the significance which the insertion of agriculture within an international commercial regulatory framework has had with regards to the joint international engagement between public and private Brazilian actors, can both be understood as a push and a pull. The push came in form of an inclusion within a transnational space for agricultural policy-making, which established a range of national and international rules to which Brazilian rural interests had to conform. Yet, once these agricultural actors were reconciled with the basics of this new scenario, the incentives in terms of increased international market access which it implied, drew them towards challenging the impediments for an even more liberal international agricultural regime. Public-private cooperation became essential in this respect, and was facilitated by a relatively quick re-orientation of important public foreign policy actors, which came to perceive participation by Brazilian agriculture within the multilateral trading system, as a central foreign policy concern.

## **4.2 Material food system transformations**

The manner in which material transformations within the global food system have spurred the changes within Brazilian agriculture and fomented the links towards global markets is examined in the following sub-chapter. The analysis of these transformations focuses on processes treated as "productive verticalization" and "financialization", in order to understand how this paved the ground for the internationalization and subsequent joint international strategy formation between the Brazilian state and agribusiness.

#### **4.2.1 Productive verticalization**

Towards the end of the 20th century, the global food system underwent a profound restructuring in the spheres of production and commercialization. This general process of intensified interconnection and verticalization has been characterized by a range of authors as a neo-liberal turn of the food system. Central trends in line with this general liberalization have been treated as a global rearrangements of supply chains (ALMÁS & CAMPBELL 2012 (2), p.293), neoregulatory reorientation by the state and the surge of transnational agribusiness corporations (OTERO 2012, p. 282; 2013, p.59), increased privatization and capital mobility (MCMICHAEL 2010, p.612) and the internationalization of commodity chains sourcing possibilities (Ibid 1993, p.201). These developments may be regarded as sub-processes of globalization within the field of agriculture, which as Bonanno & Constance underline, are qualitatively different from internationalization processes, because they not only assume an unprecedented degree of global extension, but also imply the functional integration of production activities across the globe (BONANNO & CONSTANACE 2001, p.5-6).

McMichael emphasizes how, "agro-industrialisation increasingly replicates the spatial mobility of manufacturing systems, including the sub-division of constituent processes into global commodity chains" (MCMICHAEL 2009, p.162). The incorporation of land-abundant regions such as Brazil, into the global animal protein chain provides a good example in this respect (Ibid, p.142). The increased concentration of market structures thus feeds into the process of standardization of food products (PAULA & BASTOS 2009, p.3) which in turn amplifies their global sourcing options and incentivizes specialization and economies of scale. The notion of "world agriculture" relates to the integration of northern and southern agro-industrial production system (MCMICHAEL 2005, p.270) and to "a transnational space of

corporate agricultural and food relations integrated by commodity circuits" (Ibid, p. 282). The accumulation which the restructuring of global agro-food chains had permitted, thereby constitutes a central trait of the present corporate food regime (BURCH & LAWRENCE 2009, p.267). This global agro-industrial complex has thus redefined producers/production as an intermediate link within long and varied production and supply chains (POTTER & TILZEY 2007, p.1293).

Though much research regarding the power relations within the corporate food system has focused on the market power of retailers, Baines (2014) accentuates the increasing weight of a core of input producers of seeds, fertilizer, and agrochemicals, along with a handful of global grain traders, within world agricultural markets (BAINES 2014, p.93). Particularly grain markets have become characterized by an extreme degree of concentration in the trading phase (FRIEDLAND 2001, p.97), as worldwide grain and oilseed production is dominated by four multinational enterprises; Bungee, Cargill, Athur Daniels Midlands (ADM) and Louis Dreyfus. A range of takeovers and mergers around the turn of the millennium meant that ADM, Bungee and Cargill together came to control between 75% to 90% of global grain trade (BAINES 2014, p.99). The same sort of oligopolistic consolidation can be identified in this period within the sector for agricultural inputs, such as seed and pesticides (BAINES 2014, p.99), as well as the agricultural machinery sector, in which John Deere, International Harvester, Massey-Ferguson, and Ford Motor Company dominate more than 90% of world trade (MENDONÇA 2015, p.381).

This market concentration upon a few players has occurred in tandem with the trend of partial relocation of global bulk commodity production from the northern to southern global regions, with substantially cheaper access to land, water, and labor (MCMICHAEL 2012, p.688). The entry of grain traders and input providers has hereby constituted a central development within the recent bulk commodity boom in Latin America. It has not only linked this production to the world market, but also directly contributed to the proliferation of a production model oriented towards global demand.

In Brazil, agro-industrialization as a policy meant to enhance value-added activities within the sector can be traced back to the 1960 (BELIK 2007, p.156). Ramifications of the technological developments associated with the Green Revolution meant that the North American agro-food industrial model was replicated in Brazil; both with regards to direct production activities, but also in relation to their surrounding agro-industrial complex (PAULA & BASTOS 2009, p.7). Belik directly relates these

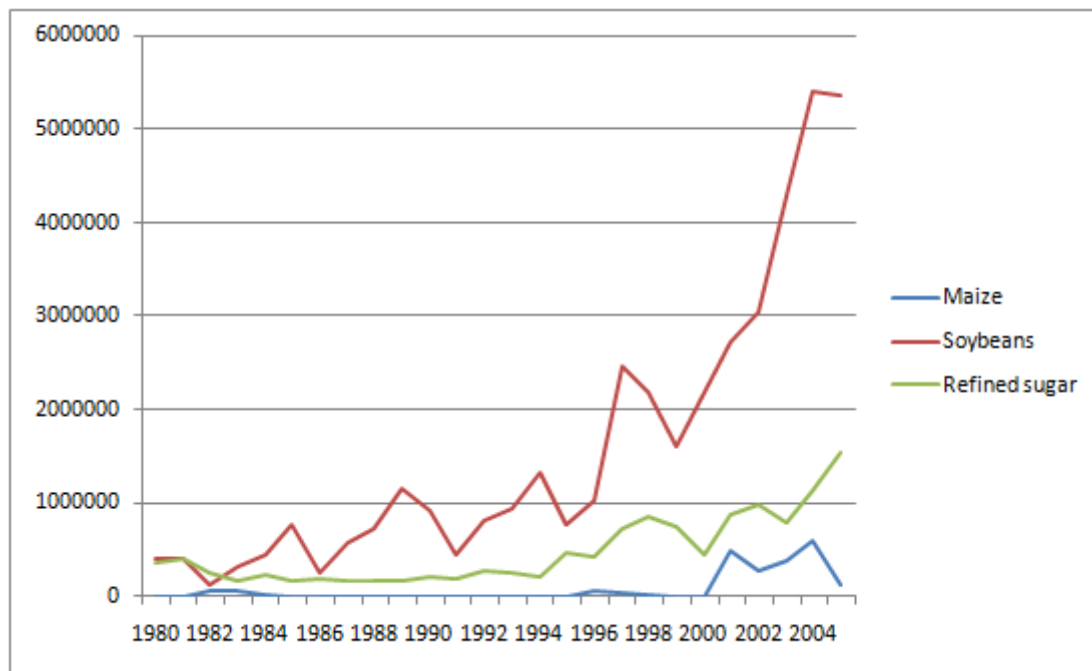
developments to the entry of foreign capital and production models, due to the emerging potential of the Brazilian agricultural sector during the 1980s (BELIK, 2007, p.163). The agricultural sector thus became ever more interconnected with food commodity chains which were directed towards insertion within global markets from the early 1990s (MULLER & MULLER 2014, p.3), and from this time and on, "agro-industrialization" became central to the official Brazilian strategy for rural development (REZENDE 1999, p.76). In line with such policy perceptions, in 1992, Embrapa also developed a "macro agro-ecological map" dividing the Brazilian landscape into 4 general categories according to whether they could be designated as fit for extraction, preservation, livestock, or farming (VIEIRA 1992, p.12). The goal with the mapping was to define each specific region according to its particular production potential, in order to facilitate a vertical integration with agricultural commodity chains, attract localized investment and thereby strengthen the sector's competitiveness (Ibid, p.12-13).

The surge of the nascent agro-industrial grain complex occurred in large part by cultivation of the Cerrado region, through the PRODECER programme, the initial roots of which stretch back to the 1970s. The incorporation of the Cerrado thus became central to the introduction of an extensive grain and oilseed production, which increased from 29,2 million ton in 1970 to 82.8 million ton in 2000 (RODRIGUES 2001, p.3). Soy production on the Cerrado also grew rapidly throughout the 1980's, from a level of 15% of national production in 1981-82 to 45% in the 1991-92 harvest season (PEREIRA 1993 (1), p.7). The large expansion of grain cultivation also permitted an increase in industries for further value-added activities, such as pork and poultry production, as well as related food processing (RODRIGUES 2001, p.3). The burgeoning oilseed production model implied a high degree of dependency upon a technological package of fertilizer, industrial inputs, herbicide and insecticides and enhanced or genetically modified seeds, apart from a high degree of fuel consumption. Brazil thereby became one of the leading consumers of herbicides and insecticides from 1970-1998, with a close to tenfold increase in its use (CAVALET 2008, p.1). The proliferation of capital-intensive agricultural production on the Cerrado came to favor large-scale farming operations, either in form of family groups or corporate entities, as they possessed the necessary financial resources, knowhow, and economies of scale to become competitive. Smaller production units often found themselves in a more difficult operational environment, and became dependent on traders for their inputs.

(CHADDAD 2016, p.135)

As the export-oriented reconstitution of Brazilian agriculture throughout the 1990 took place in conjunction with the reduction of direct governmental support, farmers' income became evermore dependent upon global markets (BERALDO 2000, p.3). During the process of agro-industrialization, a long range of commodity chains had reached at point at which they were internationally competitive by the turn of the millennium (VIERIA et al. 2001, p. 14). This is reflected in figure 4 below, which displays the surge of Brazilian exports in maize, refined sugar, and not least soybeans from this point in time:

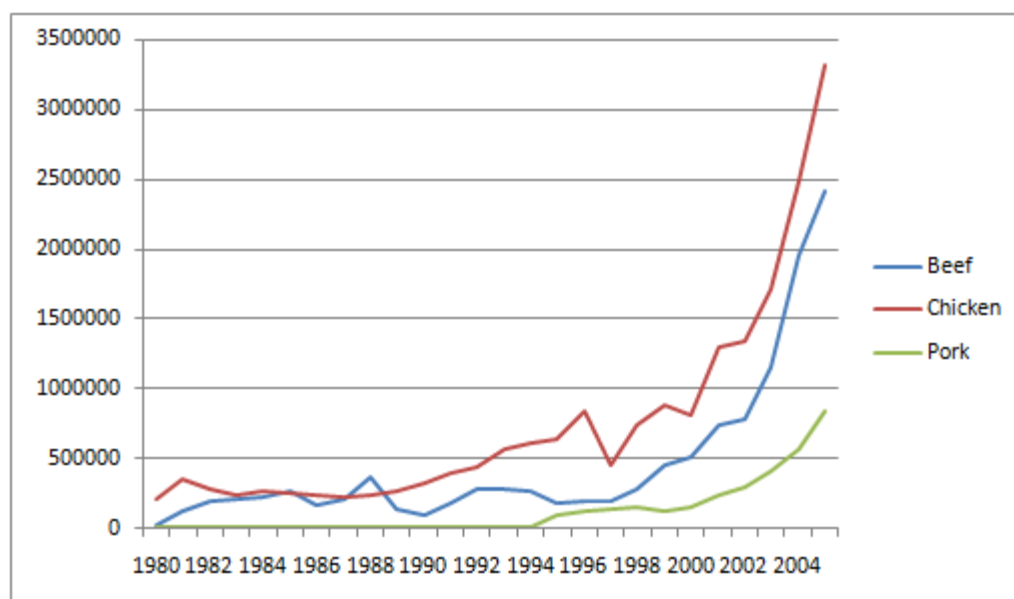
**Figure 4: Graph of annual Brazilian exports in thousand US\$ from maize, soybeans and refined sugar from 1980-2005**



Source: Author's elaboration of data from FAO Stat.

The increased production of grains and oilseeds did not only lead to rising exports of these commodities in a raw or lightly processed form, but also spilled over into an even more accentuated growth in meat production. Maize and soybeans thereby became a readily available input to the production of beef, pork and chicken, which also underwent a very significant leap in exports from the turn of the century, as can be read from the graph in figure 5 below:

**Figure 5: Graph of the annual Brazilian exports in thousand US\$ from beef, chicken and pork from 1980-2005.**



Source: Author's elaboration of data from FAO Stat

The above-standing graph also reflects the circumstance that from 1996-2007, production of animal protein experienced an even stronger growth within indices of comparative advantages, than was the case for crop production (SOUZA et al. 2012, p.70). The relative significance of export crops within Brazilian agriculture in relation to crops more broadly consumed domestically became much more pronounced towards the turn of the century. A proportionate growth in the area planted with export crops can thereby be observed in table 4 below :

**Table 4: Area in million HA sown dedicated to specific crop production in Brazil in 1990 and 2000.**

	1990	2000
Rice	9,04	8,13
Cane sugar	9,4	10,7
Beans	11,54	9,75
Manioc	4,3	3,81
Corn	26,15	27,75
Soy	25,19	30,5

Source: IBGE, 2016a.

A decrease in the area dedicated to manioc, beans, and rice is evident during the 1990s, while a modest increase in crops with a higher export potential can be observed. Yet, a more significant increase in the area dedicated to soy production indicates that



the soy complex to some extent may have grown at the expense of crops destined for domestic consumption. General productivity increases in Brazilian agriculture in the period 1990-2000 meant that apart from manioc cultivation, both production of crops mainly consumed domestically, as well as those with a high export potential, rose in the 1990s, as can be seen in table 5 below:

**Table 5: Volume in ton of Brazilian crop production in 1990 and 2000.**

	1990	2000
Rice	7.420.931	11.134.588
Cane sugar	262.674.150	326.121.011
Beans	2.234.467	3.056.289
Manioc	24.322.133	23.044.190
Corn	21.347.774	32.321.000
Soy	19.897.804	32.820.826

Source: IBGE, 2016b.

As the table reveals, both because of expansion of the area dedicated to their production, but also due to productivity increases, soy and corn production rose more than other crops during the 1990s. The growth in the production of these crops also led to a significant expansion of the meat packing industry, which both was translated into a rise in domestic consumption, but not least into increasing exports. The agricultural restructurings during this period have thereby not only been evident in terms of changing the mode and destination of rural production, but also by altering the relative composition of this production towards monoculture and products with a high potential for international commercialization.

The export-oriented turn of Brazilian agriculture can be viewed as part of a central dynamic within the third - corporate - food regime, which rests upon the incorporation of new countries and productive regions into the extended agro-food commodity chains. Brazil's incorporation into the animal protein chain is very central in this regard (MCMICHAEL 2009, p.142), as particularly the global demand for soybeans from around the turn of the millennium has led to a thorough restructuring of agricultural production according to this supplier-role within the international division of labour. The increased oilseed production has nonetheless also been translated into a

surge in the domestic meatpacking industry. This has made it possible to capture substantial revenues from the additional value-added factor, but also made issues related to the more complicated international market access associated with this kind of products a more pressing concern within Brazilian agriculture.

The growth of export-oriented agriculture was strongly linked to the opening of agricultural markets and the entry of multinational agro-firms, which came to participate significantly in the restructuring of agricultural production (CORTE 2013; JANK et al. 2001; SCHLESINGER 2008; VITTE 2014). The presence of the global grain traders became significant from the 1990s, when they began to acquire storage and processing facilities, and grew steadily into the new millennium (ALBANO & DE SÁ 2001, p.61-62). Particularly the participation of the "ABCD" traders (ADM, Bunge, Cargill and Dreyfus) in the Brazilian crushing sector increased markedly from 16% in 1995 to 57% in 2005 (SAUER & LEITE 2012, p.509). The market for pesticides and herbicides has undergone a similar concentration, with six enterprises controlling 70%, which also is the case for fertilizers commercialization, where 95% of the market is controlled by three groups (CORTE 2013, p.12). The traders and input providers have, to a large extent, come to substitute the state as a source for financing of rural production. By providing farmers with the necessary inputs for a still more capital intensive production model, these are paid back in form of the coming harvest, which is sold beforehand by the farmer (SCHLESINGER 2008, p.3).

Concentration of rural commodity infrastructure below the traders intensified in parallel to economic liberalization during the 1990s (ALBANO & DE SÁ 2011, p.66). Due to the highly vertical structure of the grain and oilseed production chain, this chain has become characterized by the presence of multinational agro-firms that participate all the way from input provision to the point of export. These firms have thereby come to function as a link which both supports an export-oriented production model, but also serves to connect producers to global demand, by disposing of production on international markets. The dominant presence from farm gate to commercialization abroad of the ABCDs meant that apart from a direct control of large parts of processing, they also participated in 59% of Brazilian grain exports (SCHLESINGER 2008, p.9). This trader core's participation in total Brazilian exports rose from 3,9% in 1999 to 6% in 2004 (Ibid).

A similar trend became evident in other sub-sectors of Brazilian agriculture. On average throughout the 1990s, 43% of agricultural exports had become concentrated on

17 firms (JANK et al. 2001, p.363). Composite measures of corporate concentration suggest that by 1998, the sub-sectorial concentration on the four largest enterprises in each production branch had reached a level of 40% in the sugar sector, 85% in the poultry sector, 87% for tobacco, 72% for orange juice production, and in 48% for beef (Ibid).

The increasing significance of agro-food corporations within the contemporary food system as one of its contemporary key dynamics has been highlighted by a range of authors (GIMÉNEZ & SHATTUCK 2011, p.111; GOLDFARB 2013, p.195; OTERO 2012; PRITCHARD 1998). The strong presence of foreign agribusiness corporations in Brazil makes it possible to view these entities as central agents in the restructuring of the sector, not at least in terms of their function as links to the global market. As stressed by Jonsson (2016, p.85), productive integration within the global food system has been associated with economic centralization and concentration, the tangible manifestation of which has become expressed as the prominence of agribusiness TNCs. These corporations have been central actors in the processes of market concentration within the input- and output parts of the Brazilian agricultural commodity chains, but also to some degree with regards to direct production/cultivation. Between 1994 and 1998, foreign ownership thus increased noticeably within different sub-sectors, as can be read from table 6 below:

**Table 6: Share of total foreign ownership of different sectors of Brazilian agriculture in 1994 and 1998.**

	1994	1998
Tobacco	82%	90%
Soy	30%	48%
Pork	11%	40%
Poultry	8%	43%
Sugar	0%	8%

Source: Jank et al. 2001

In spite of this noticeable foreign presence, the Brazilian agricultural sector is nonetheless still dominated by firms of domestic origin within the production stage. These companies' expansion has occurred within the confines of the agro-industrial vertical production model, through which many have managed to capture a share of

higher value-added activities, and engaged in offensive foreign expansion (HOPEWELL 2013, p.608). Foreign capital has been very significant by contributing to a change in the mode of agricultural production, and by establishing channels to global markets, but national rural capital has come to work along similar lines of internationalization; from a different starting point, though sometimes overlapping with activities dominated by foreign agribusiness. Hence, in spite of its insertion in the downstream activities of the national and global agricultural commodity chains, the increasing integration with global markets and their importance for further profit accumulation has redirected Brazilian agribusiness' strategic perspectives towards strengthening its participation within these.

#### **4.2.2 Financialization**

The increasing significance of financial investment within the contemporary food system has been underscored by different authors (BURCH & LAWRENCE 2009; ISAKSON 2013; MURPHY et al. 2013). The present process of financialization within global agriculture has both occurred within the dimension of future markets, as the investment is abstracted from its commodity form, but also within production itself, as part of which financial capital participates in related activities (MURPHY et al 2013, p.6). Within the productive sphere, engagement by financial actors materializes in the phases of land purchase, input provision, storage, trading, processing, and retailing (ISAKSON 2013, p.2; BURCH; LAWRENCE 2009, p.271). Easing of regulation on trade in agricultural derivatives took place in the United States in the course of the 1980s, as commodity trade gradually became still more deregulated (ISAKSON 2013, p.9-10). From the early 1990, the IMF, the World Bank and UNCTAD have also been recommending derivatives trade in order to mitigate risks of small farmers in developing countries, where agricultural derivatives trade has grown substantially since the turn of the millennium.

Latin American derivatives markets have become some of the fastest growing in the world (ISAKSON 2013, p.13). The ABCD agro-traders have also been closely engaged in various financial activities and have begun to offer different financial products. Louis Dreyfus has founded a land investment fund which specializes in the

acquisition and conversion of land to fit it for commercial agriculture on behalf of financial investors (Ibid, p.15). Financial investments in developing countries have tended to be concentrated in multi-purpose bulk commodities such as soy, corn, and sugarcane, because of the possibility of converting these crops into industry inputs, which limits their price oscillation (Ibid, p.21). Financialization within agriculture thereby constitutes a mechanism which often works through an initial process of land commodification, by which rural production is inserted within the global market, that subsequently determines a reorientation of production activities towards commercial monoculture.

In Brazil, different voices began to argue in favor of the permission to introduce derivative mechanisms in the course of the 1990s. In 1992, the head of the Brazilian Commodities and Futures Exchange (Bolsa de Mercadorias e Futuros), Manoel Pires Costa, underlined the importance of developing futures for food products (COSTA 1992, p.20). Costa stressed the importance of national futures markets as a means for risk mitigation for agricultural exporters, and in this regard also emphasized the need for stable and transparent rules, investor guarantees, as well as the possibility for converting Brazilian Cruzeiros into hard currency, in order to attract foreign capital (Ibid, p.20-21). In 1993, the governmental ambition to instate a system for direct sale of agricultural production on commodity and futures exchanges was officially expressed as part of a strategy to lessen the burden on public financial resources (RPA 1993, p.16). In 1996, voices inside the Ministry of Finance stressed the need to substitute governmental loans with derivative mechanisms as the basis for management of credit flows towards agricultural markets (BARROS & MIRANDA 1996, p.6). The Ministry of Agriculture also came to propose future options as part of agricultural policy reform, partly due to the incompatibility between existing policy frameworks and the newly assumed responsibilities below the WTO (PORTO 1996, p.7). Contract farming, whereby the agro-industry buys the farmers' produce in advance and often also supplies the necessary production inputs, was therefore proposed within the Bill Draft Law 4.378 of 1998. The law provided an essential legal framework for the regulation of contract farming, and established a range of rights and obligations of both farmer and industry (WATANABE & ZYLBERSZTAJN 2014, p.474-475). Contract farming was thereby introduced as a mechanism to govern transactions within a vertical production chain, in order to synchronize interactions within its different stages (Ibid, p.461). This modality connects local production to international demand, and through the anticipated sales of

agricultural produce and provision of production inputs, it strengthens the forwards and backwards linkages to the global agricultural commodity chains. In line with the models of contract farming that are widespread within meat processing in the United States, Brazilian pork and poultry industries have also adopted it in relation to its input supply, which determines a range of product and production specific criteria to which the individual farmer is bound (WELCH 2006, p.49).

A variety of different financial and other investment vehicles have become available within the Brazilian agricultural sector, spanning over direct investment in transportation, storage and harborage, contract farming, capital market investment in stock and investment funds, as well as partnerships and joint ventures (MAPA, 2010). Banks in developed countries have also been engaged in financing Brazilian export crops, because of the much lower interest rates on international as opposed to domestic markets. The value of the produce is thereby provided as guarantee for the loans (DSC 2008, p.18). As whole soybeans, soybean oil, soybean meal, corn, cotton, sugar, lean hogs and live cattle are amongst the 18 key commodities traded in Chicago, London, and New York (BURCH & LAWRENCE 2009, p.273), they offer highly tradable futures. The proliferation of financialization within essential agricultural commodity sectors has hereby provided a large amount of credit for the growth of commercially oriented monoculture (MENDONÇA 2015, p.396), while it also has been pinpointed as something which weakens small-scale farming (ISAKSON 2013, p.12).

In relation to the process of financialization of agriculture, Brazil has converged with the general trend within the contemporary global food system to rely increasingly on private capital (FRIEDMANN & MCMICHAEL 1989, p.112). As highlighted by McMichael, financialization has been an absolutely central vector for the vertical integration of agriculture, which firmly re-embeds localized production within global networks of capital, material and technological inputs, and output management. (MCMICHAEL 2005, p.270). In Brazil, financialization has thereby constituted a parallel dimension which works in conjunction with the verticalization of production structures, by stimulating the surge of capital intensive export-agriculture and in forging its links to global markets. These linkages have meant that the reproduction of capital within the productive stage has been more closely contingent on conditions within global markets, which has provided an incentive for Brazilian producers to influence events at this level.

## 4.3 Ideational food system transformations

The manner in which changes within the ideational dimension of the global food system have been transmitted downwards towards the national and productive level within Brazilian agriculture is examined in the following part, which focuses on "New free trade oriented paradigms" and "liberal production paradigms".

### 4.3.1 New Free trade oriented paradigms

The proliferation of free trade oriented ideas and discourses has from the 1980s constituted a central global political dynamic, associated with the demise of Fordist development models in the West, as well as the transition away from the different developmentalist strategies in many developing countries. The intersubjective meanings and collective images associated with neo-liberal ideology have thereby emerged as a parallel ideational dimension to the economic and institutional manifestations of the change in the hegemonic structures of capitalism in the late 20th century. So, market-oriented transformations of institutions and the increased transnational proliferation of capital in this period can thereby be claimed both to have been underpinned by, but also contributed to, a discursive paradigm advocating free trade and deregulation.

Transformations within the international system have unfolded in a similar manner within global agriculture. The reform process within agricultural sectors from the 1980s is referred to by Otero (2012) as "neoliberal globalism" and characterized as an ideology below which the importance of privatization and free trade is emphasized (OTERO 2012, p.288). Transformation within the agri-food system are described by Buck (2014) as a reorientation towards the market, which to a high degree has been conditioned by principles propagative of free trade (BUCK 2014, p.52). Gimenez and Shattuck (2011) accentuate how the central political dynamic within the food regime since the late 20th century has been predominantly neo-liberal. The authors detect an economically liberal and market-oriented foundation of discourses proponent of "corporate-led technological innovation", "entrepreneurial farmers", and "land mobility" (GIMENEZ & SHATTUCK 2011, p. 166). A similar value-loaded significance is detected by McMichael in the notion of "global agriculture", which he portrays as a "discursive construct embedded in the political narrative of globalization, as a

progressive realization of economic liberalization" (MCMICHAEL 2005, p.265). McMichael projects a view of GATT as an instrument to gradually remove agriculture from its embeddedness in national policies (Ibid 1993, p. 201). This movement towards agricultural liberalization is supported by appeals to "efficiency", "free trade" and in some cases "food security" (Ibid 2012, p. 682).

Coleman (2003) identifies a gradual condensation of an epistemic community within agriculture, associated with globalization and anchored in a neoliberal knowledge framework (COLEMAN 2003, p.4-6). The OECD and GATT/WTO, Coleman stresses, provided a fertile environment for these ideas to make roots, and they hereby gained a central place within the policy-making process of these institutions (Ibid 2003, p.6). Coleman (1998) traces a perception expressed within OECD policy documents of structural adjustment as paradigmatic vehicles for agricultural restructurings based upon markets signals, and the abandonment of specific policy measures for agriculture, meaning that price and demand mechanisms should determine the specific allocation of production activities (COLEMAN 1998, p.643). This has broken with the post-war perception of agriculture as a sector with a specific social purpose and national goal of ensuring general food access, which for a long time had legitimized its shielding from international exposure and price oscillations (Ibid, p.636).

Liberal ideational frameworks predominant within the global economy also resonated increasingly within Brazil throughout the 1980s and 1990s. The market-oriented belief systems which underpinned the structural transformation of the Brazilian economy during this period hereby also wielded a range of strong repercussions within Brazilian agriculture. Recommendations from international financial institutions implied that debt mitigation measures included market opening and increased governmental non-intervention (WELCH 2006, p.36-37). As stressed by Vigevani & Cepaluni, liberal ideas gained ground within Brazil due to a combination of factors, related to the exhaustion of the previous developmentalist model, the active transmission from international economic agencies, as well as a change in the convictions of large parts of dominant elites (VIGEVANI & CEPALUNI 2007, p.285). A growing resentment towards an interventionist economic model amongst business elites, combined with an emerging perception of the capacity of the Brazilian economy to compete on international markets, meant that a new approach of global economic openness was pursued (DINIZ 1992, p.3; 1996, p.55-56). The adherence to a competitive insertion within the new global economical order was also firmly supported by



governmental institutions, and in particular the Itamaraty (FARIAS 2010, p. 673; 2015, p.29). This resulted in the conviction of the vital necessity to ratify the accord reached during the Uruguay Round, so as to avoid exclusion from the central developments within the global economy at the time (Ibid 2015, p.29). In spite of its enormous significance in terms of Brazil's international economic connectedness, the perception of the potentially negative consequences associated with exclusion from this "new international consensus", meant that the agreement was ratified without closer scrutiny from the Brazilian Senate (Ibid 2015, p. 24 & 27). From 1987 to 1993, some 77 studies funded by the World Bank propagated agricultural liberalization and contained a range of proposals for the deregulation and economic opening of Brazilian agriculture (WELCH 2006, p.42). The premises of the Washington Consensus thereby also lay at the hearth of reforms that were part of a "second green revolution" within rural Brazil, which implied deregulation and the scaling down of governmental support (Ibid, p.37). The implementation of the *Novo Mundo Rural* programme in the 1990s also became much more characterized by land privatizations, than by the land reforms which the constitution of 1988 had prescribed (MENDONÇA 2015, p.394).

The embracement of free trade and internal deregulation also became ever more pronounced within Brazilian commercial agriculture throughout the 1990s. The newfound liberal orientation did not only result in a call for the - partial - retreat of the state in terms of internal regulation, but was also expressed in form of a series of offensive claims for a more consequent liberalization of external agricultural markets. As early as in a 1992 article, Raul Paulo Costa, President of the Brazilian Soy Producers Association (ABIOVE) denounced the agricultural protectionism of developed countries, emphasized its negative effects, not only in term of direct loss for exporters, but also for the entire Brazilian agro-industrial complex due to unrealized multiplier effects (COSTA 1992, p.20). Costa expressed a profound free market orientation and the conviction of the need for a prohibition of internal subsidies and protectionist measures, in relation to which he pinpointed recent Brazilian steps in that direction as an important example for northern countries to follow (Ibid, p.21). The following year, other voices from the Brazilian agricultural sector continued to point towards the perceived negative consequences which subsidies globally created for Brazilian export potential (GRAMACHO 1993, p.15) and in relation to the international competitiveness of the sector (PEREIRA 1993 (2), p.23). Clamors from within the Brazilian Ministry of Agriculture also began to lash out against agricultural subsidy practices and

protectionist measures within developed countries (ZANDONADI 1994, p.10).

The early 1990s thus became characterized by a the incipient crystallization of a shared consciousness between the state and agribusiness, that the essential mission of Brazilian agriculture was to seek commercial insertion, while that of the state was to reorganize its engagement, domestically and internationally, in order to assist in this process. Markedly increasing competitiveness of the agribusiness sector from this point in time also helped to propagate the idea of commercial liberalization<sup>5</sup>. The consensus formation between state and agribusiness converging around the principle of commercial openness, has been strongly underlined by various contributors as a central trait of the corporate food regime, from authors within this perspective (CÁCERES 2015; LICHTENBERGER 2014, p.175-176; TORRADO 2016; MCMICHAEL 2005, p.292; PECHLANER & OTERO 2008, p.351-352). This appears to have been strongly characteristic of the process of Brazilian agricultural liberalization. Prevailing ideas of free trade hereby disseminated from the global level of the food system, and downwards towards the level of the state, and the main actors within the private sector. In line with Pritchard et al. (2016, p.706), it is important to underline, that the shift in the role of the Brazilian state, - which was spurred by its incrementally more neo-liberal ideological orientation, - in relation to agriculture did not mean that the state directly retreated from its engagement with the sector. Rather, its new role can be understood as a self-imposed re-regulatory function, which implied a realigning of domestic regulation in order to favor export-oriented branches. Internationally, the liberal environment provided a fertile ground for making offensive claims in response to continued protectionism, which were further legitimized due to their consonance with the ideational climate within this context.

#### **4.3.2 Liberal production paradigms**

The ideological movement towards market opening and free trade during the later decades of the 20th century has been accompanied by a change in paradigm, related to the perception of the essential purpose of agriculture. The post-war period was marked by a productivist paradigm, which was centered upon the provision of food for domestic consumption in a protected and subsidized production environment. From the

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<sup>5</sup> Interview with public official from CAMEX, Brasilia, May 18, 2017.

1980s, the productivist paradigm in both developing and developed countries began to fade under a range of both domestic and international pressures (ALMÅS & CAMPBELL 2012 (1), p.3). It came to make way for a range of successor paradigms, which to some measure overlap, but also reflect the fragmented array of policy perceptions related to the role and development of contemporary agriculture. Yet, though different paradigmatic visions and their related productive models have surged in the wake of the post-war productivism, a fundamental market-orientation has constituted a basic conditioning circumstance, to which they have had to adapt.

Coleman et al. (1996) direct attention towards the conjunction of limited fiscal room of maneuver, combined with the obligations imposed by international institutions, as essential factors which have spurred an erosion of the state-assisted agricultural paradigm (COLEMAN et al. 1996, p.297). Substituting this, Coleman (1998) points to the surge of a "market liberal vision" which entails that producers respond strictly to the laws of supply and demand, and become self reliant on basis of their ability to compete within agricultural markets. This transition is described as a change away from the image of the farmer which produces food for the nation, towards an image which projects the farmer as an entrepreneur, and the farm as an enterprise within the global economy (Ibid 1998, p. 643). Coleman thus characterizes the central tenets of what is described as a "market liberal paradigm" as, 1) the rejection of the perception of the exceptionality of the agricultural sector and any entitlements to preferential treatment, 2) that competitive markets, guided only by supply and demand, form the sole basis for the agricultural sector's economic reproduction, 3) that only producers competitive in free market should remain in business, and 4) that each producer should seek his own risk mitigation through private insurance mechanisms (Ibid, p.275-276).

The central aspects of market liberalism thereby constitute a range of discursive imperatives which have had repercussions within the different dominant paradigms of the contemporary political economy of agriculture. Yet, this does not mean that they have come to entirely determine these paradigms, but rather that these liberal prescriptions have been so central to the predominant ideational framework of global agriculture, that they have attained an at least partially irrefutable position.

The somewhat fragmented array of contemporary production paradigms which have surged within global agriculture due to the demise of the post-war productivism, has been conceptualized by Burton & Wilson (2012). These are expressed as 1) repositioned productivism, which constitutes an adoption of a productivist model to a

multifunctional system (as is seen in the EU) 2) market productivism, which is based upon a corporate production model and underpinned by neoliberal ideas, 3) competitive productivism, that constitutes a system in which a market-oriented development is actively supported by the state, though without direct intervention in production activities or market mechanisms, 4) cooperate productivism, through which a neoliberal development path is pursued in close cooperation between the state and farmers organizations, on the initiative of both (BURTON & WILSON 2012, p. 67). These paradigms become very interesting to analyze with regards to their possible transmission from the global level, towards their reappearance and adaption within the Brazilian rural context.

The general neoliberal turn of Brazilian agriculture has been treated in previous parts, and Coleman's above mentioned outlining of the four central aspects of the market liberal paradigm also appear to have been strongly characteristic of this transformation. Yet, Burton and Wilson's conceptualizations of central paradigms within global agriculture of recent decades holds the potential to conduct an evaluation of the more particular manifestations of different contemporary productivist paradigms within Brazilian agriculture.

Strong representations of a 'market productivist' paradigm become evident through the surge of a corporate production model within Brazilian agriculture, which has been embedded in a neoliberal discourse of production efficiency and growth. The tendency to associate development with technological progress and the increasing embracement and emphasis upon the notions of agro-industrial complex and production chains throughout the 1990s (MENDONÇA 2015, p.392) are strong indications of the rootedness of ideas in line with the market productivist paradigm in agrarian Brazil, in this period. Yet, the active role of the Brazilian state in spurring this agricultural transformation should not be neglected. The favorable edge towards commercial agriculture of the reform during this period, as well as the increasing focus upon competitive international insertion, are strongly reminiscent of the "competitive productivist" paradigm. In line with this orientation, the state also avoided extensive direct participation and intervention in agricultural markets, but rather rearranged the general framework of agricultural policies, so as to favor large-scale export oriented producers. Finally, the initiative of farmers organizations and particularly their sectorial and cross-sector mobilization, has also been highly significant. This both with regards to domestic regulation, which impacted upon expansion of exports, such as the Lei

Kandir, but also with respect to rural organizations' early direct engagement in relation to international commercial negotiations, which is indicative of the "corporate productivist" paradigm. So, although the transformations within Brazilian agriculture may not be related to one specific paradigm as these have been conceptualized by Burton & Wilson (2012), they carry a range of traits from them. This is highly concurrent with the image of food system transformation in Brazil as it is drawn up by Niederle (2017), who stresses the heterogeneity and overlapping nature of the social ordering within Brazilian agriculture. Modes of production with roots in different historical contexts thereby overlap, and coexist within the same historical reality. Yet, in spite of their differences of nuance, the ideas which made roots within Brazilian commercial agriculture from the 1980-1990s largely share a common neoliberal foundation, which connects them to the dominant paradigms of the global food system at the time.

#### **4.4 Innovation and expansion within Brazilian agriculture**

The background for the significant rise in Brazilian agricultural production from the end of the 20th century must, as has been done in previous sections, be seen in the light of a broader process of multidimensional restructurings within the global food system. Yet, although a broad range of financial, technological, and institutional factors within the wider global political economy of agriculture were essential in spurring Brazilian agro-industrial development, important drivers behind this phenomenon should nonetheless be found within the domestic sphere.

Until around 1970, expansion of Brazilian agriculture had taken place in traditional agricultural regions, characterized by their relative proximity to the population centers in the coastal regions. Yet, in the early 1970s, the potential for further increasing the area under cultivation in these regions was approaching exhaustion (ALVES 2016, p.152). Furthermore, the pressed national food supply, as well as the need to generate external revenues from the primary commodity sectors to fund the country's ongoing industrialization process, meant that public attention was directed towards augmenting agricultural production (Ibid). This led the military regime at the time to pursue a policy of inwards agricultural expansion in the Cerrado and the Amazon regions. The *Programa de Cooperação Nipo-Brasileira para o*

*Desenvolvimento dos Cerrados* (PRODECER), signed between Brazil and Japan in 1974, was established as part of these ambitions. The scarce Japanese land availability had pushed the country towards the pursuit of food security by providing technological expertise for the cultivation of the Brazilian Cerrado scrubland, with the adaption of the temperate soybean crop to this climate. Similarly, the *Plano de Integração Nacional* (PIN), which implied a strong infrastructural expansion in the Legal Amazon, also stimulated the growth of agriculture, - not least in the state of Mato Grosso, in which the farmland area grew from 22 million hectares to 38 million between 1975-1985 (CHADDAD 2016, p.113).

The introduction of agriculture within the Cerrado region in turn, became highly dependent upon public engagement within the field of technical development, related to soil improvements, proliferation of best practices to medium-sized farmers, as well as biotechnological innovation (HOSONO & HONGO 2016, p.11). The strong public engagement in relation to agricultural expansion from the time of the import substitution industrialization period has thereby been strongly emphasized as an essential factor in spurring the sector's subsequent competitiveness (HOPEWELL 2016a).

The public involvement became particularly pronounced in relation to the technological innovations which permitted the cultivation of a long range of crops in the Cerrado region. The *Empresa Brasileira de Pesquisa Agropecuária* (Embrapa), a public research institution founded in 1972 with the goal of developing biological research for the use in agriculture, became particularly relevant in this regard. Embrapa was thereby minded at assuming the risks associated with the high costs of investment related to research and development of new agricultural technology, in order to be able to proliferate its findings to the general use of Brazilian farmers (HOSONO & HONGO 2016, p.13). In the beginning of the 1980s, Embrapa developed new cultivars of the soybean adapted to cultivation in tropical regions (CHADDAD 2016, p.117), and along the 1980s and 1990s, the organization developed a broad range of cultivars which proved to be a very significant for the introduction of large-scale agriculture in the Cerrado region (LOPES et al. 2012, p.35). Agricultural innovation in this period was also advanced within other public and private research institutes (HOSONO & HONGO 2016, p.26), as well as a series of public universities (Ibid p.19). Embrapa also maintained a close cooperation with public universities, and helped consolidate a range of graduate programmes within agricultural research (LOPES et al. 2012, p.41). The

institution also maintained a wide cooperation network with universities and similar organizations in other countries (Ibid, pp.31-32) .

Embrapa hereby occupies a special position in relation to research in tropical agriculture, - both in Brazil and globally - which also came to confer a special financial priority to this organization. This is reflected within the organization's budget, which by 1980 had reached a point of 0,5% of the entire Brazilian agricultural GDP, a number which rose to around 1% by 1990 (ALVES 2016, p.144). The impact of Embrapa's research and development efforts span very broadly, ranging from yield increase and crop adaption, to the lowering of production costs and diversification of production systems (LOPES et al. 2012, p.35). It has thus been estimated, that for every 1 R\$ of public investment in Embrapa, societal gains amount to R\$ 8.62 (Ibid p.40). When accounting for the Brazilian agro-industrial development up through the last decades of the 20th century, the significance of domestic innovation must thereby be at least partially taken into consideration, as they appear to have constituted an important condition for this development to materialize.

The increase in cultivation in the Cerrado region stands as the conjointment of a broad range of factors, comprising of both scalar expansion, as well as rises productivity and resource application in the production process. Land productivity gains for crop production in the state of Mato Grosso have thus been estimated to account for an average annual rise in agricultural production of 3.1% since 1976, while expansion of the planted area has been found to account for 6,8% (CHADDAD 2016, p.116). Land productivity gains for soy production have been found to increase around 2% per year (Ibid). Rada's analysis of the total factor productivity (TFP) in the Cerrado region nonetheless point to great differences between the most efficient farms, which from 1985-2006 experienced annual TFP increases of 4.3%, while less efficient producers only reached 0,4% per year (RADA 2013, p.153). The same study also indicates that when accounting for the broad range of inputs used in agricultural production, efficiency gains have only constituted a very minor part of output increases, while the inclusion of new land, and the more intensive application of labour, materials, capital as well as infrastructural development, has constituted very significant factors behind the development of agricultural production on the Cerrado (RADA 2013, pp.151-153). In their analysis of the TFP increases within Brazilian agriculture, Gasques et al. (2004) also find an average increase of 3.3% from 1975-2002. The increases in agricultural expansion, particularly of soybeans, has also spilled over into the rise of a very

significant agro-industrial complex, implying both the presence of a significant crushing and processing sector, as well as a very large poultry and pork production (PEREIRA 1993). This is in line with the general development by which the Brazilian agricultural sector has become highly capital intensive relative to other sectors of the economy, compared to other countries (SPOLADOR & ROE 2013, p.336).

Accounts of the surge of Brazilian agricultural production from the last part of the 20th century, which for a large part was related to the agro-industrial development of the Cerrado from that time and onwards, must thereby also include the domestic technical capacity development in the general explanation of this phenomenon. This development might well be generally consonant with food system theoretical accounts of how the proliferation of biotechnology (MCMICHAEL 2009; OTERO 2012 & 2013) and increased capital intensity of production (BURCH & LAWRENCE 2009; ISAKSON 2013) have led to the incorporation of certain developing countries in to the global staple food chains (BERNSTEIN 2016; FRIEDMANN 1992; MCMICHAEL 2005 & 2009). Yet, it would be wrong to ascribe a uni-directional character to impulses originating at the systemic level to this process: Although certain exogenous systemic factors were favorable and also stimulated the incorporation of Brazil as an agro-export powerhouse within the third - corporate - food regime, this subchapter highlights that a certain margin of collective agency was available for central public and private actors to define the mode and intensity of this development. Yet, by no means can the events in Brazil be decoupled from those within global agriculture. This is highlighted by the very fact that PRODECER was devised in large part as a response to the crisis in the second food system, threatening food security in Japan by the early 1970s. The surge of Brazil as an NAC<sup>6</sup> heavyweight can thereby be seen as the product of conjunctural causation between transformations within the material dimension of the global food system, which in a reciprocal interplay with developments within the Brazilian agricultural sector led to a marked surge in innovation, productivity, and scalar expansion.

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<sup>6</sup> NAC - New Agricultural Countries



## 4.5 The domestic agricultural reform movement

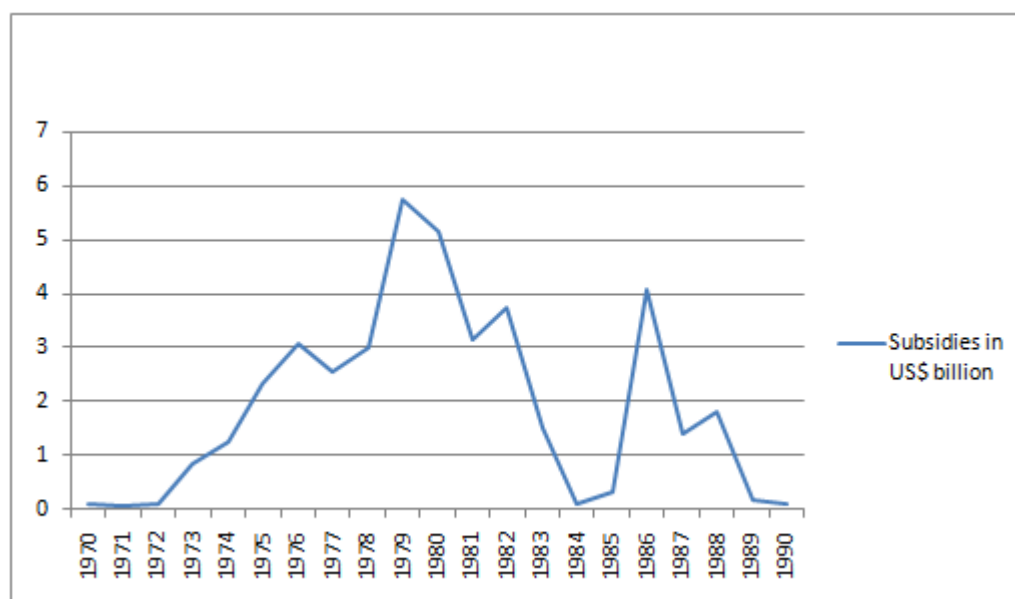
In Brazil, governmental involvement in agricultural production through financing of production dates back to the 1930s. The lack of private sources of finance meant that the state-owned bank, *Banco do Brasil*, assumed that obligation through the Agricultural and Industrial Credit - *Carteira e Crédito Agrícola e Industrial* (MARTINEZ 1994, p.5). The state's direct engagement in support of agricultural production activities was extended through the Minimum Price Guarantee Policy - *Política de Garantia de Preços Mínimos* - of 1943. Instruments to ensure price stability were introduced from 1951, when the programmes of Federal Governments Acquisition - *Aquisição do Governo Federal* - and Federal Governments Loans - *Empréstimo do Governo Federal* - were instituted. Further steps towards official support to agricultural development were taken during the 1957-1961 Four Years Plan in the Juscelino Kubitschek government (BELIK 2007, p.157), and continued to be amplified during the military regime. In 1965, the National System for Rural Credit - *Sistema Nacional de Crédito Rural* - was established, which came to provide a cornerstone in the official credit policy towards agriculture (Ibid, p.158). The Second Plan for National Development from 1975-1979 during the Geisel regime applied a strong focus upon integration of the industrial and agricultural sectors, and expansion of the range of technological inputs (Ibid, p.160).

Brazilian agricultural development in the mid 20th century was thus reflective of trends in both developed and developing countries at the time, in which the agricultural modernization through the second green revolution was conducted as a state-led, nationally oriented project. The rural credit constituted a central pillar of the agrarian development model, which in parallel to largely similar policies on the Northern hemisphere began to suffer from fiscal constraints and pressures to liberalize the system. From 1970, the total amount of financial resources that were tied to rural credit lines surged significantly, so that their annual value in 1974 reached US\$ 16 billion. Each year during the period from 1975-1982, rural credits were at a level above US\$ 20 billion (MUELLER & MUELLER 2014, p.33). Fixed interest rates which during all of the period from 1973 to 1983 lay below the level of inflation, meant that the rural credits constituted a de-facto subsidy to agricultural producers. During the years of peaking rural credits from 1975-1982, this indirect subsidy averaged some US\$ 3.58

billion annually (HELFAND 1999, p.7). Rural credit was provided by publicly owned banks, and their losses due to the discrepancy between interest rates and inflation were covered by the Treasury, which in turn could obtain its resources from the Central Bank through executive edict without any legislative oversight (MULLER & MULLER 2014, p. 35).

The rural credit system began to suffer from a series of stresses from the beginning of the 1980s. The adoption of monetarist economic policies in the developed world and the impact of the debt crisis meant that the scarcity of financial resources severely limited the economic latitude of governments in developing countries. As the debt crisis meant that Brazil's access to credit abroad was curtailed, and as inflation surpassed 100% in 1980, the lack of official resources meant that agricultural subsidy policies became increasingly difficult to sustain (HELFAND 1999, p.8; MARTINEZ 1994, p. 6). Austerity measures imposed by the IMF further pushed towards the restructuring of rural credit policies (MULLER & MULLER 2014, p. 32). These cuts were strongly felt in the 1983/84 harvest season, which became the first year with real positive interest rates for official rural financing (LOPES 1992, p. 7). As the graph in figure 6 below demonstrates, total effective rural subsidies spiked again in 1986, but were then gradually phased out by 1990.

**Figure 6: Graph of effective annual rural subsidies from 1970-1990 in US\$ billion**



Source: Helfand 1999

As becomes apparent from the graph above, the surge of the dollar interest rate and subsequent scarcity of finances wielded a massive impact upon the rate of support within the agricultural sector. In a pressed fiscal context, governmental production incentives mainly became apparent through the state's minimum price policy (MULLER & MULLER 2014, p.36) upon which producers hereafter began to depend. Real support prices were raised significantly in the 1984/1985 harvest season to compensate for the back rolling of rural credits. Yet, by 1987, the National Monetary Council - *Conselho Monetário Nacional* - established the Resolution 435 which implied a price band for basic agricultural products. This price band was based on the last sixty months' average market prices, and thereby created a mechanism for transmitting market prices to agricultural producers, - although in a mitigated form. As can be observed in table 6 below, Resolution 435 meant that in the period from 1986-1991, average support prices fell markedly in the case of cotton, rice, corn, soybeans and beans:

**Table 7: Indices of real support prices for important crops from 1981-1991**

	Cotton	Rice	Corn	Soybeans	Beans	Average
1981	100	100	100	100	100	100
1982	105	102	112	105	106	106
1983	94	89	97	92	91	93
1984	100	93	92	79	93	92
1985	130	128	139	156	114	133
1986	112	113	123	142	94	117
1987	61	72	85	76	66	72
1988	77	73	89	85	73	80
1989	60	61	79	67	61	66
1990	55	58	68	59	66	62
1991	59	59	70	61	63	62

Source: Helfand 1999.

The resolution also implied that the state should begin to make use of foreign commercialization as a mechanism to limit governmental stocks, which had grown throughout the 1980s, but these were left out at the time. This changed in 1988, when

the Resolution CONCEX N 9.155 was introduced. This resolution liberated exports of rice, corn, cotton and soy products and their derivatives, while restricting the state's imports of cereals. This reform which abolished non-tariff export and import controls thereby meant that the government could restrict its involvement in price determination to a limited range of fixed and automatically triggered rules, related to the price band. From 1989, quantitative restrictions were likewise removed from fertilizer imports. The liberalization of foreign trade in a range of agricultural bulk products was also intrinsically intertwined with the objectives of enhancing the potential profitability of these sectors, and to substitute public financing with private resources. (LOPES 1992, p.7)

Private financing began to proliferate due to the limited public financing capacity, though this type of capital tended to favor commercial agriculture (MUELLER & MUELLER 2014, p.44). From 1991, the laws nr. 8.171 and 8.174 were passed by the Brazilian Parliament, which meant that governmental stocks of agricultural products only would be released if the market price was to pass a certain threshold (Ibid, p.7-8). These laws thereby completed the system of automatic price intervention and marked a significant transition from an agricultural political framework which was characterized by domestic support, towards an agro-export oriented model. Within the agricultural field, Brazil thereby became quick to fall in line with the liberal currents surging at the international level. Yet, the agricultural reform process at the time was not minded upon the complete rollback of all public economic involvement. Rather, it aimed towards adaption of the state's participation to a more market-oriented regulatory model, and to limit the previously broad range of support measures to a few core functions. In the 1990s, the governmental involvement in minimum price setting and inventory holding of agricultural products was sought to be restricted and simplified with the creation of the programmes of *Contrato de Opções de Venda de Produtos Agrícolas* (COVPA) and the *Prêmio de Escoamento de Produtos* (PEP), which were overseen by the public agency, CONAB. While the COVPA was aimed at providing an optional price security mechanism for future sales by the individual producers (CONAB 2015b), the PEP was minded upon streamlining the various minimum price guarantees and ensure product circulation around the country by public auctions (CONAB, 2015a),

The international economic transformations which contributed to the dramatic reforms of the Brazilian agricultural sector also came to present a range of opportunities for the segments that were able to attract private financing, and which were competitive

within the new scenario of international openness. Moreover, the economic crisis of Brazil in the 1980s had served to dismantle much of the policy bias towards industry, which had characterized the developmentalist period (HELFAND 1999, p.15). While industry had been growing at a rate roughly twice that of agriculture from the 1950s up until the 1980s, the average agricultural growth rate of 2,8% during the 1980s actually surpassed that of industry, at 2,1% (MARTINEZ 1994, p.5). As the country turned away from an over valued exchange rate, a range of exports possibilities also began to open themselves for the Brazilian agricultural sector (HELFAND 1999, p.15). The positive agricultural balance of payments became an essential element throughout the 1980s in order generate external surpluses, which also continued during the 1990s (SAUER & LEITE 2012, p.7). From the early 1980s, the agricultural balance of payments presented a stable positive upwards trend, between 8-12 US\$ billion from 1980 to 1995. It has therefore been a crucial element in ensuring a positive foreign account during all the years in this period (RODRIGUES 2001, p.8). As the balance of payments began to deteriorate from 1995-2000 (CERVO & BUENO 2011, p.505), increasing agricultural exports during this period also became an essential element in avoiding that the accumulated deficit became larger than that of US\$ 24,3 billion. This new and absolutely central role which the agricultural sector gained within the Brazilian economy, also meant that a central shift in the background for agrarian policy making became evident: whilst until the 1990s, agricultural reforms had been implemented in a reactive manner in relation to the imperatives constituted by shifting economic conjunctures, from the 1990s agricultural reforms were mostly made with the central goal of consolidating and expanding the competitive advantages of commercial agriculture.

The new external focus of Brazilian agricultural policy implied reforms which both cemented the sector's direct exposure to shifts within international markets, but which also facilitated its participation within these. While reforms in the early 1990s contained average import tariff rate reductions for essential agricultural commodities from 13,3% in 1990 to 8,9% in 1994, they also encompassed import duty reductions for agricultural inputs such as fertilizers, pesticides, and machinery, which likewise were lowered from an average level of 19% in 1990 to 15% in 1994 (BERALDO 1992, p.10). The increasing interconnection of Brazilian commercial agriculture with international commodity networks had meant that cheaper access to production inputs in the early 1990s became a central element in increasing the sector's competitiveness

(ROTHACHER 2016, p.588). In line with this reform process, most non-economical tariff barriers were likewise eliminated (RPA 1992, p.6).

The orientation towards competition within the Brazilian agricultural policy framework of the 1990s was not only limited to the domestic sector's exports, through exposure and incentives. The agricultural Law Nr. 8,174 of 1991 also determined that agricultural commodities that are subsidized in the country of production should be subjected to a countervailing duties (HELFAND 1999, p.23). Another significant step which sought to facilitate agricultural exports, was the 1996 Kandir Law. The law abolished the internal circulation tax, ICMS, on export commodities. In the case of soy products, which previously had been subjected to an internal tax of 13% for soybeans, 11,1% for soybean meal, and 8% for soybean oil, the law had significant and immediate effects on exports, which surged dramatically from 1996-1997 (TAGLIALEGNA et al 2000, p.42; WARNKEN 1999; RPA 2 tri, p.78). Yet, in order to recompense for the loss of revenue from the ICMS on export commodities, this tax was redirected towards crops that were more widely consumed domestically, such as beans, rice, milk and meat, which typically were produced by peasant farmers (WELCH 2006, p.52). As the case of the ICMS restructuring demonstrates, the reforms during the 1980s and 1990s spurred the emergence of an internationally competitive agricultural sector, but to some extent, they also became characterized by a zero sum logic, by which the growth of commercial export-oriented agriculture was paralleled by the decline of smallholder farming. The difficult credit conditions meant that millions of small farmers were put out of business, - even though they had managed to obtain high increases in productivity, - while large-scale agriculture with easier access to financing could thrive (RODRIGUES 2001, p.7-8).

The indirect effects of broader macroeconomic policies in the 1990s also came to wield a skewed impact which benefitted agricultural exporters. The consolidation of the *Plano Real* monetary stabilization program in 1995 meant that the cheaper foreign financing, which the more stable macroeconomic environment had attracted, came to benefit export-oriented commercial agriculture (REZENDE 1999, p.90). In the same manner, rising international prices which were exacerbated by the devaluations of the Real in 1999 also implied a relative gain for rural sectors that were characterized by a high degree of global market integration (BELIK 2007, p.166-167). The differentiated consequences of the agricultural reform process between large-scale and small-scale agriculture led to the economic concentration and exclusion of large segments of the

latter: between 1985-1986 and 1995-1996 more than 900 thousand rural establishments and 5 million jobs were lost (SCHLESINGER 2008, p.3).

Thus, although Brazil has been an important exporter of agricultural commodities since the colonial period, the restructurings of the last decades the 20th century meant that the sector underwent a profound transformation from internal towards external orientation. The developments within Brazilian agriculture in this period are highly convergent with descriptions of the state within the contemporary food regime, which tend to emphasize its role in advancing liberalization and dismantling internal support measures (MCMICHAEL 1993, p.204; PRITCHARD 1998, p.72; OTERO 2012, p.290). As also becomes evident from analysis of Brazilian agrarian transformations, rather than a fundamentally deregulatory function, the state assumes a re-regulatory character as it maintains an economic presence, which is restructured in a neoliberal direction (PECHLANER & OTERO 2008, p.351-352; PRITCHARD et al. 2016, p.706; OTERO 2012, p.284). The agricultural reform movement can thereby be placed within a food system analytical framework, but the causal impact which rearranges the composition of the social forces of production emanate from the level of the state, and not directly from the global level of the food system. The state thereby becomes a strainer which mediates systemic changes with which it from time to time is confronted. As becomes evident from the foregoing, within the field of agriculture, the Brazilian state's response to the debt crisis of 1982 gained an ever more structured character. So, while at first reforms had been pushed forward by the imperatives posed by crisis, the competitive potential which was released by the reforms - along with an ensuring high external revenue generation, - appears to have become evident in the minds of policy-makers, who began to pursue a more consistent course of fomenting the sector's competitive global insertion. The aspirations towards influencing international governance arrangements with an impact upon Brazilian agriculture can thus be understood as a continuation of the domestic reform process, which had reached a point at which additional significant regulatory gains for the sector had to be pursued beyond national borders.

## 4.6 Re-orientation of the state and its commercial international engagement

The change away from the developmentalist economic model in the 1980-1990, which had characterized Brazil during most of the 20th century, also wielded significant repercussions within the Brazilian agricultural sector. The fundamental economic restructurings were immediately spurred by a range of external economic shocks (DINIZ 1992, p.18), as well as the gradual exhaustion of the earlier inwards-looking industrialization model (SABA 2002, p.199). Different branches of the private sector began to call for deregulation, privatizations, and the retreat of the state from economic participation (DINIZ 1996, p.69). A range of pressures to rethink what was perceived as a historical tendency to favor industry relative to agriculture also emerged from within the rural sector, which in time had become marked by an increasing degree of internal organization and coherent political positioning (HELFAND 1999, p. 32-33). The issue of agricultural reform was also hotly debated within the Constituent Assembly from 1987, where a more liberal framework occupied much space on the agenda (FARIAS 2010, p. 672).

External opening also became a central pillar of the structural transformation of the Brazilian economy in this period. In line with the liberal prescriptions, reform proponents sustained that the Brazilian capitalism would be sufficiently mature so as to compete on the international market (DINIZ 1996, p.55-56). The liberal turn was cemented with the election of Fernando Collor de Mello in 1989, which portended a profound transformation of the Brazilian economy, both in terms of its internal structure as well as its external links.

Within the international field, the Brazilian foreign engagement came to revolve around the central pillars of regional integration, commercial opening, and multilateral negotiations (VIGEVANI & CEPALUNI 2007, p.285). In 1990, a profound economic opening took place, as average tariff rates fell from 35 % to 20 % (RODRIGUES & LUCENA 2003, p.409). The liberal policy transformations also had significant repercussions within commercial negotiations, where Brazil began to assume a more active and offensive approach, which particularly from 1990 became evident within the agricultural area of the GATT negotiations (CERVO & BUENO 2011 , p.496; FARIAS 2010, p.667). A range of internal economic reforms, which dismantled governmental intervention in agriculture through de-facto subsidies and rural credits along with the



elimination of certain taxes and export restrictions (see the foregoing chapter) also displays a convergence between the internal and external aspects of agricultural policy making in this period. Though the agricultural reform movement can be traced back to the middle of the 1980s, towards the 1990 it gained a more consistent character in relation to the general transformations within the Brazilian economy, and above all, with the official strategy for international insertion. With the transition from the developmentalist model, Brazilian agriculture lost many of the negative connotations associated with primary commodity production, and assumed a newfound importance within the liberal framework, below which international comparative advantages were acclaimed.

With the election of Fernando Henrique Cardoso, the liberal transition became reaffirmed and amplified. The Cardoso Administration demonstrated confidence in multilateralism as a suitable vehicle to pursue national economic interests. The pursuit of autonomy has been a central underlying principle within Brazilian foreign policy-making during decades. While this has been standing as a largely inalterable essential condition, the particular manner in which this principle has been defined in terms of foreign policy-making at any specific point in time, has varied significantly. The growing faith in multilateralism which became strongly apparent in the Cardoso years thus also marked a reinterpretation of the notion of autonomy, from the previous "autonomy through distance" towards a formulation stressing "autonomy through participation" (VIGEVANI & CEPALUNI 2007, p.283). Thus, while the former stressed a largely autarkic economic development model and skepticism towards international regimes, the later embraced such institutions as a means for the country to promote its particular interests, through an active participation and internalization of their rules. It should nonetheless be noted, that this classification has been called into question, particularly with regards to its implicit assumption of consistent Brazilian distancing from multilateralism in cold war years, which it has been claimed, does not sufficiently grasp the nuances of Brazil's positioning in this period (LESSA, et al. 2010). Yet, with the liberally inclined policies of post-1990 administrations, a certain degree of increased multilateral adherence has been observed, so that the pursuit of national goals has taken place within the core of this order (CERVO 2008, p.102). The institutions of international economic governance thereby became the natural starting point for Brazil to work towards a global economic insertion based on support for sectors with a high export potential within a liberalized world economy, - such as was

the case within Brazilian agriculture.

The domestic policies of the Cardoso administrations (1995-2002) continued and expanded certain elements of the political restructurings of the early 1990s. The opening to foreign finances and investment, as well as the enhanced intellectual property rights and investment protection in this period, meant that foreign capital and enterprises gained a strong foothold within the agricultural sector (WELCH 2006, p. 43). As Brazil entered Mercosul, it also gained access to the Argentinean market of agricultural inputs, which at a lower price and a higher quality than those previously produced nationally served to augment agricultural productivity<sup>7</sup>. The *Plano Real* of 1994 had meant that the combination of an overvalued Real and high interest rates meant that manufacturing faced difficulties in competing internationally relative to commodity producing sectors, such as mining or agriculture (ARBIX 2010, p. 269). The growing importance of agriculture as a strategic sector within an increasingly open Brazilian economy thereby became still more evident. In the last period of the Cardoso administration, a certain disillusion with regards to the dependence upon foreign capital gave way to a strategy with a stronger focus on exports and global market access, - particularly within the agricultural field (VIEIRA 2013, p.12). This redefined emphasis implied that negotiations within the newly created WTO gained a high priority, and Brazil thus began to seek an active multilateral engagement within the initial stages of the Doha Round from 2001 (VAZ 2003, p.141-142). The Brazilian state's strategic engagement was underpinned by a new alliance with rural capital which has expanded globally, as these two parties have operated in close conjunction with the common goal of pushing for a stronger liberalization of world trade (HOPEWELL 2014, p.294). Brazil thereby entered the new millennium with high hopes that the multilateral negotiations could yield results in terms of more equitable rules for agricultural market access for developing countries (SOUZA 2009, p.58).

Luíz Inácio "Lula" da Silva had, prior to assuming the presidency in 2003, expressed a negative stance towards neoliberal globalization. Yet, upon election, his economic policies came to incorporate central pillars of those pursued during the Cardoso administration. Agrarian reform and policies with emphasis on smallholder agriculture had been part of his political programme before he was elected (SABOURIN 2007, p.715), but during his first term, this course was sought combined with the

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<sup>7</sup> Interview with public official from CAMEX, Brasilia, May 18, 2017.

interests of an increasingly economically significant agribusiness sector, which also obtained direct representation within government. The same sort of pragmatism was pursued externally, where a development model which was strongly linked to the dynamics of global capitalism was fused with an element which implied the goal of preserving national economic autonomy (CERVO 2008, p.73-74). The external basis upon which this autonomy was pursued is encapsulated by the notion of "autonomy by diversification" through which adherence to international norms and principles are coupled with a highly multilateral approach, comprising of alliances with a broad range of different partners, so as to increase bargaining leverage and reduce asymmetries (VIGEVANI & CEPALUNI 2007, p.283). An emphasis upon obedience to the international rules was thereby substituted with the goal of being an active part in creating these rules (CERVO 2008, p.103). Multilateral negotiation hereby became an absolutely essential part of this approach (Ibid, p.112).

The initial foreign policy formulations of the Lula government contained a focus upon both national development, foreign commerce as a means to reach this, new alliances, and a more equitable political and economic order (VAZ 2003, p.146). It is thereby interesting to observe how these principles imply a range of elements, which can be claimed to be highly coherent with the engagement pursued within international institutions in order to influence this scenario in a positive manner for Brazilian agricultural exports. The incipient joint international engagement between the Brazilian state and agribusiness throughout the 1990s thereby intensified steadily throughout the first part of the 2000s. When observing the different strategies for international commercial insertion of the agricultural sector of varying governments in the recent decades, the most conspicuous development thereby appear to be related to the structural transformation away from the developmentalism of the 20th century. Since then, the imperatives of perceived economic necessity seem to invariably have conceded an extraordinary central position of agriculture within foreign economic policies of different political administrations.

The newfound importance of the agribusiness sector within the Brazilian strategy for international economic insertion demonstrates that political dynamics at the domestic level also were central in spurring the sector's internationalization. Although structural dynamics at the level of the global food system pushed for the sector's international re-orientation, this momentum became appropriated and managed within the broader Brazilian foreign policy strategy. The fundamental re-orientation of the state

following the structural transformation of the Brazilian economy can thereby be ascribed an independent causal significance in spurring the joint international public-private regulatory engagement. It becomes particularly interesting to observe how in spite of the apparently significant change in the ideological orientation of the Brazilian government from 2003, this did not alter the special political position of agribusiness. This indicates that the critical juncture (LEFTWICH 2009, p.6) which defines the state-agribusiness relationship in Brazil should be sought around the 1980s-1990s. The absolute importance of agribusiness as a "constant" within Brazilian policy can be explained through Cáceres' (2015) emphasis on the perpetuation of the corporate food regime through "progressive neo-extractivism" in otherwise post-neoliberal countries. Generation of external revenues has thereby come to rely on primary commodity exports, to the point at which re-primarization of the economy attributes a political importance of these economic sectors which constitutes an unchallengeable underlying policy imperative.

#### **4.7 Sectorial reorganization**

The broader changes within the field of agriculture, treated in the previous as transformations within the material, institutional, and ideational dimensions of the global food system, along with domestic structural changes, produced a reorganization of the Brazilian agribusiness sector. This reorganization became evident within the internal structures of its collective organization which led to a new mode of articulation of interests and cooperation with the state, but was also expressed through coordination with other domestic business sectors in relation to the challenges and opportunities posed by increased international market opening.

During most of the 20th century, the system for Brazilian business sectors' political participation has been molded along the lines of the corporatist structure of interest representation. By the 1970s and 1980s, this structure was complemented with a system of extra-corporatist representation, as certain sectors sought an alternative organizational form through which to articulate their interests (BOSCHI & DINIZ 2003, p.22). As pinpointed by Nunes, the corporatist system for interest representation has often been highlighted as a strong factor behind a historically weak collective interest representation of the Brazilian business sector (NUNES 2016, p.68). Yet, the author

similarly highlights that another strand of literature tends to emphasize how the central organization within the "old" corporatist structure, the *Confederação Nacional da Indústria* (CNI) by the 1990s had become a very influential political actor (Ibid). At that point in time, globalization, deregulation of markets, and the domestic democratization process had resulted in a range of new imperatives which gradually came to overturn the fragmented and clientilistic previous structure of interest representation (DOCTOR 2007, p.113). A new predominant liberal political agenda at the international level also created a domestic momentum for a range of issues related to the dismantling of state intervention, privatization, external opening, deregulation, and international market integration, which led to a rearrangement of state-society links and of collective business organization (DINIZ 2000, p.19).

The impact of the liberal turn of the global economy, which partook in the restructuring of the Brazilian economy at the time, thereby also worked by changing the structure of business' interest representation. As has been emphasized in previous sections, the transformation of the global food system also transmitted these liberal trends which reshaped the field of agriculture. The internal structure of the collective organization of agribusiness also changed as a consequence of these systemic upheavals.

The structural transformation of the Brazilian economy came to spur significant internal changes within Brazilian agriculture, in relation to the lines of organization which the sector chose to follow. The Constitution of 1988 established the principle of "self-management" of rural cooperatives, which stimulated the organizational adaption to a more liberalized market environment (CHADDAD 2016, p.55). Another central dynamic in this respect was the establishment of a broad range of independent business associations by Brazilian agribusiness in this period. These associations were structured according to their respective economic subsector, but also encompassed a broader representational format through cross-sector associations, and wielded a strong focus on influencing trade policy in a more offensive direction with increased market access in mind (HOPEWELL 2014, p.299). The *Associação Brasileira do Agronegócio* (ABAG), exemplifies this latter group. The organization was founded in 1993, and is constituted on voluntary membership by a broad range of Brazilian and foreign private entities active within different stages of Brazilian agriculture, thereby spanning over producers, as well as petrochemical enterprises, biotech companies, commodity traders, and financial institutions (ABAG 2018a). ABAG was founded with the international

economic integration as one of its central focus areas (ABAG 2018b). From the turn of the millennium a broad range of sectorial chambers were also established below the Ministry of Agriculture, with the strategic consultative function of maintaining a fluent dialogue between public and private actors (MAPA 2018).

The international opening of the Brazilian economy spurred a reorganization of the agricultural sector, which to some extent happened in parallel, but also in partnership with, the industrial sector. The challenges and opportunities which the establishment of a judicialized international commercial regime presented, motivated business associations to seek a common coordination for provision of inputs to influence official policy in this respect (SCHAFFER et al. 2010, p.63). Although industry and agricultural sector organizations held different views in terms of the desirable degree of economic opening, they still sought a common ground on which to present their demands (Ibid). Brazilian participation in the commercial negotiations came to reveal a profound lack of technical capacity relative to that of developed countries, pushing the CNI to invest strongly in supporting these activities, which required a reorientation of the business organizations towards this level (MANCUSO & OLIVEIRA 2006, p.161). Supporting the Brazilian foreign policy institutions' negotiation position thereby constituted a common concern for broad swaths of Brazilian business associations, and permitted a certain degree of mutual engagement with this objective in mind. Such overlapping interests thereby led to the creation of the *Coalição Empresarial Brasileira* (CEB) in 1996, a supra-sectorial organization representing a wide range of actors from both the agricultural and industrial sectors, with the goal of supporting the country's participation within international trade negotiations (MANCINI 2010, p.148). Deliberations held in relation to The Summit of the Americas in 1997 further helped to spur the coordination between the industrial and agricultural sector, and cemented the role of the CEB as a common platform for the presentation of joint demands to the Brazilian state (SCHAFFER et al. 2010, p.64).

Yet, different perspectives of the agricultural and the industrial sector upon the advantages and disadvantages of commercial opening did nonetheless become apparent, as the former was very inclined to pursue an offensive stance, while segments of the latter had more sensitive concerns which made it more defensive. This led the agricultural sector to seek a parallel track to exercise political influence on trade matters. This came to materialize as the *Fórum Permanente de Negociações Agrícolas Internacionais* in 1999, (Fórum) founded by the *Confederação da Agricultura e*

*Pecuária do Brasil* (CNA), the *Associação Brasileira de Agribusiness* (ABAG) and the *Organização das Cooperativas Brasileiras* (OCB) (MANCINI 2010, p.149). The Fórum was devised with the goal of enhancing coordination efforts around commercial negotiations, but also of engaging the Ministry of Agriculture, (MAPA) closer within this work (CONCEIÇÃO-HELDT 2003, p.186). In a similar vein, the CNA also came to function as an important transmission link between the various sectorial organizations, and the public institutions engaged in international trade issues. The organization hereby gained the character of an important political mediator, which contributed to attuning sub-sectorial demands, so that by the beginning of the new millennium, divergences with regards to the definition of Brazil's offensive and defensive interests within the area of agriculture had been settled<sup>8</sup>. At the Ministerial level, MAPA became significant in terms of absorption of informal sectorial demands and preferences, as well as those articulated from the legislative sphere, which it inserted at the international agenda through close contacts with Itamaraty<sup>9</sup>.

In line with the emphasis on the significance of collective organization of private interests within historical institutionalist perspectives (LUCAS 1997; MOORE & HAMALAI 1993; QURESHI & TE VELDE 2013; SCHNEIDER 2013; SEN & TE VELDE 2009) business associations became a very central institutional platform for the mediation of Brazilian state-business relations in the context of the new reality brought about by globalization of markets. These organizations' potential as vehicles for the rearrangement of the mode of public-private interaction away from particularistic demands, and in the direction of broader sector-based articulation of interests (MOORE & HAMALAI 1993, p.1986; QURESHI & TE VELDE 2013; SCHNEIDER 2013) became evident in the new relationship between the Brazilian state and agribusiness. The new structure of agribusiness' sectorial organization in Brazil can thereby be seen as a result of systemic transformation within global agriculture, as well as domestically, but it also contributed to a new relationship between agribusiness and the state. This became clearly expressed in terms of the definition of a new and more commercially offensive international agenda. The rearrangement of the sectorial organization of Brazilian agribusiness thereby serves as an intervenient (mediating) variable, transmitting the causal impact from the structural level of global agriculture and macroeconomic transformation in Brazil, to redefine the relations between this

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<sup>8</sup> Interview with private sector representative from the CNA, Brasília, October 3, 2016.

<sup>9</sup> Interview with public official in the Brazilian Senate, Brasília, August 21, 2016.

economic sector and the state. As is concluded in other parts of this study, the systemic changes within the global food system did establish a series of more direct causal links defining the new international public-private agenda. Yet, changes in the rural sector's institutional channels of collective interest representation do nonetheless merit separate attention in the causal account of the international reorientation of state-agribusiness relations in Brazil.

#### **4.8 Partial conclusion**

As the foregoing analysis demonstrates, the common concern of ensuring increased international market-access for Brazilian agriculture, and the concrete steps to jointly pursue this within the international regulatory formation, came into being as the consequence of a range of different external and internal developments. At the external level, the formation of an international space for agricultural regulation, the change in market structures and financialization, as well as the proliferation of liberal ideas for agricultural development had significant influence within both public institutions and the private sector. At the domestic level, the agricultural reform movement, the change away from the developmentalist orientation of the Brazilian state, and technical modernization of agriculture also changed the internal rural structure, and pushed towards the international orientation of Brazilian agriculture.

This can thereby, in line with Kolberg (2009), be characterized as a process of conjunctural causation, by which the constellation of a range of mutually enforcing and interdependent variables produce a particular phenomenon. In the case of the joint international public-private engagement examined in the foregoing, this may be seen as the result of six interrelated causal movements, related to the six variables examined in this chapter. These overlapped in terms of the results which they produced, but it is nonetheless difficult to establish any internal relationship of antecedence amongst them. Yet, they can all be related to the overall liberal dynamics which became dominant within the global food system in the 1980-1990s, or in the case of the structural transformation of the Brazilian economy in this period, to the more general process of liberalization of the global economy. The neo-liberal global turn may thus in the most general sense be characterized as the antecedent variable, but in order to understand the more specific impacts upon Brazilian agricultural transformations, it becomes important

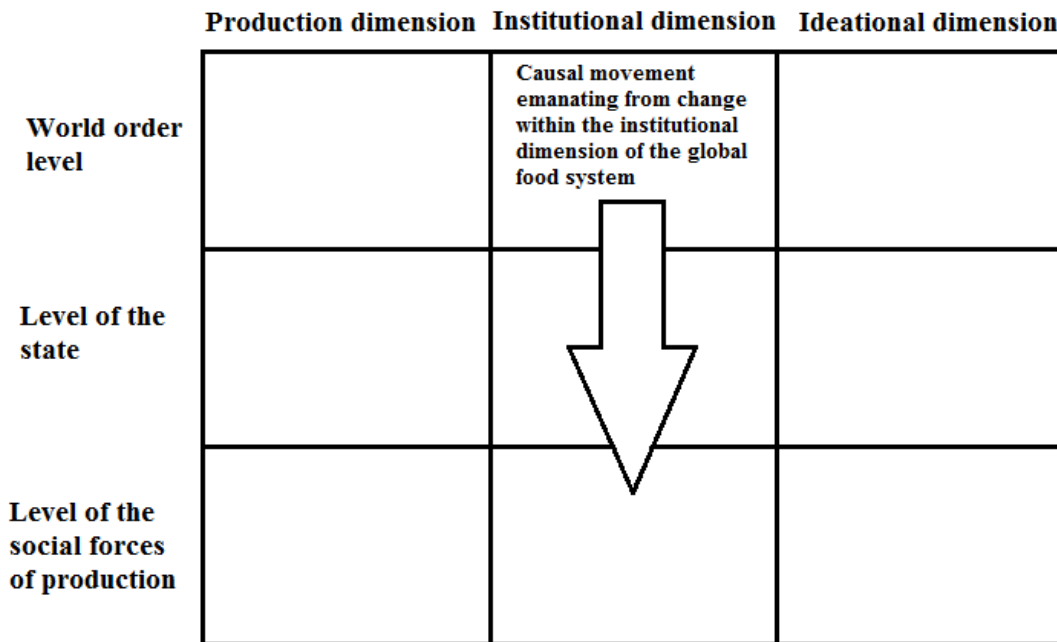


to pay attention to the parallel liberalizations within the subfield of agriculture.

When the food system is treated through the Gramscian conception of a historical structure, it becomes interesting to observe how the liberal transformations depart from the global level, and impact the levels of the state, and that of social forces of production. Other transformational dynamics can be treated as causal movements which depart from the state level, or the level of production structures. Changes which in some sense push for a rearrangement of state-agribusiness relations in Brazil, and stimulate a joint public-private international engagement have thereby emanated from different sites, and different material, institutional, and ideational dimensions of the food system matrix presented below. This study's framework which crosses the different levels of the global food system with its different dimensions thereby seeks to illustrate causal movements that depart from one particular locus within this matrix, and spurs transformations within other spheres. These causal movements are related to the variables examined in this chapter, and are summarized in the following:

**Changes within the institutional dimension of the food system:** occurred through the establishment of a multilateral trading system which for the first time incorporated significant proportions of national agricultural regulation below its institutional scope. It thereby pushed for a range of domestic transformations within this field, but also offered a new incentive structure along with an institutional vehicle, through which competitive agricultural producers could pursue, and amplify, their external market access. In the case of Brazil, a liberal agricultural reform process took place in parallel to the Uruguay negotiations. This meant that before the end of the negotiations, both the private sector and important public institutions had gained faith in the negotiations, and begun to organize towards presenting more offensive demands. Towards the turn of the century, this has reached a point at which Brazilian agribusiness has become characterized by a broad cross-sectorial organization with the goal of pursuing common objectives through international commercial negotiations. The cooperation between public and private actors had also reached a point of incipient institutionalization around a mutual stance of broad international agricultural liberalization. On the matrix in figure 7 below, it can thus be observed how a movement within the institutional dimension of the global food system implied strong repercussions within the organization of the state and subnational productive forces, catalyzing a newfound international orientation:

**Figure 7: impacts of the transformation within the institutional dimension of the global food system on Brazilian agriculture.**

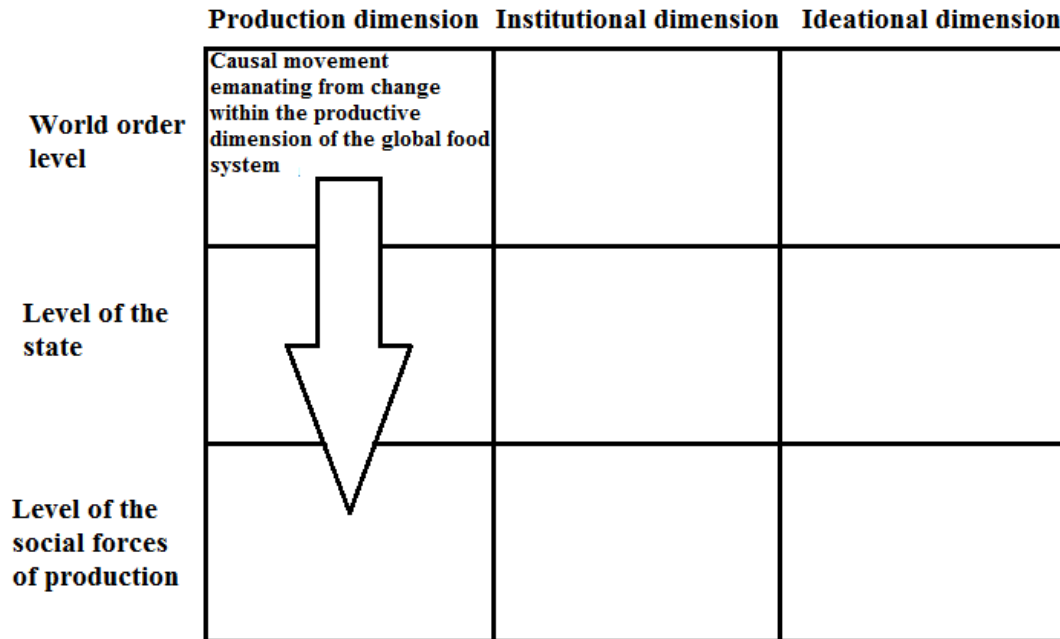


Source: Author's elaboration

**Changes within the material/productive dimension of the global food system:** became manifest in form of a global process of verticalization of agricultural production and distribution structures, which connected large parts of Brazilian agricultural production - and accumulation potential - to international markets. The development towards export-orientation was supported by the entry of international agribusiness, which served to strengthen the backwards and forwards linkages of Brazilian agricultural production. The process of financialization further spurred the production of monocultures and crops with a high global tradable potential. In this respect, changes within the material dimension of the global food system also catalyzed transformations within the level of social forces of production in Brazil. Yet, a certain degree of active engagement by the state also appears to be evident, in terms of spurring this development by facilitating the introduction of private financial mechanisms and through supportive measures for the expansion of specialized commercial agriculture. As is illustrated in figure 8 below, the changes within global agricultural production structures thereby seem to have stimulated the internationally oriented restructurings

both on the level of social forces of production and on the production-related dimension of the state:

**Figure 8: impacts of the transformation within the material/productive dimension of the global food system on Brazilian agriculture.**

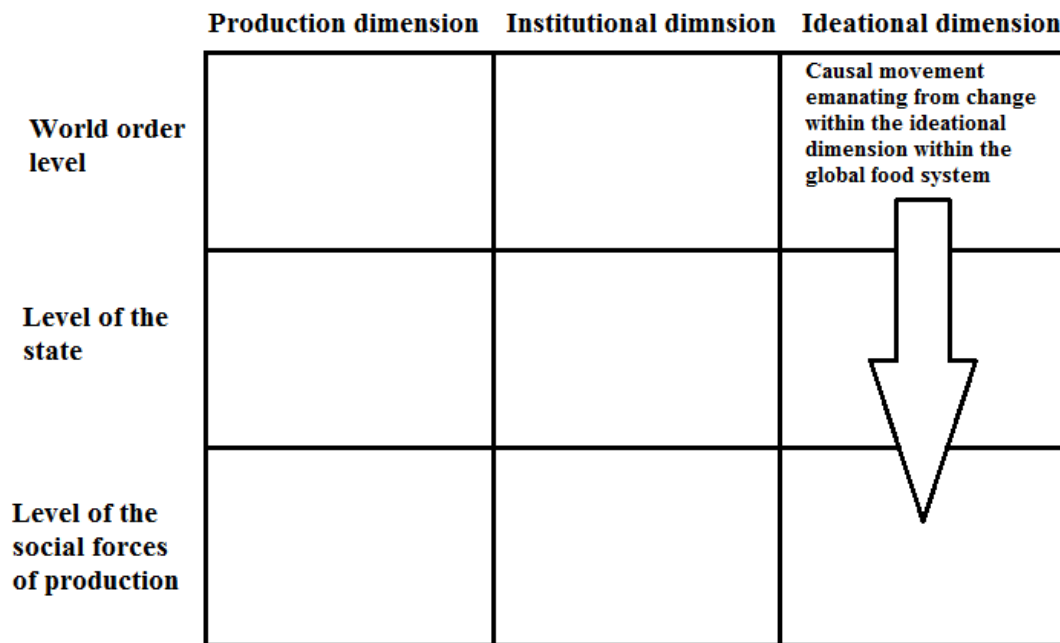


Source: author's elaboration

**Changes within the ideational dimension of the food system:** have taken place in parallel to the global proliferation of neo-liberal ideology during this period. These also became manifest within Brazilian agriculture along with the incursion of this thought system, from the 1980s. In relation to domestic politics, this ideological movement pushed for the adherence to the general process of liberalization of international agricultural markets, through a logic which accentuated the impossibility of Brazil distancing itself from the central dynamics of global economic integration. Neo-liberal ideas also appear to have been central to the market-oriented agricultural productivity paradigms which surged in the wake of the decline of previous paradigms associated with developmentalism. It is important to underline, that the liberal ideological movement not only was internalized in terms of domestic restructurings, but also became an essential part of private and public sector demands for the further opening of global markets. Adherence to the underlying principles of the liberal global

economic order proposed by developed countries, thus became a central concern to the Brazilian state and its agribusiness sector. In figure 9 below, the ideological movement from the ideational dimension of the world order towards the national level and the level of productive forces within Brazil, can be noted:

**Figure 9: impacts of the transformation within the ideational dimension of the global food system on Brazilian agriculture.**

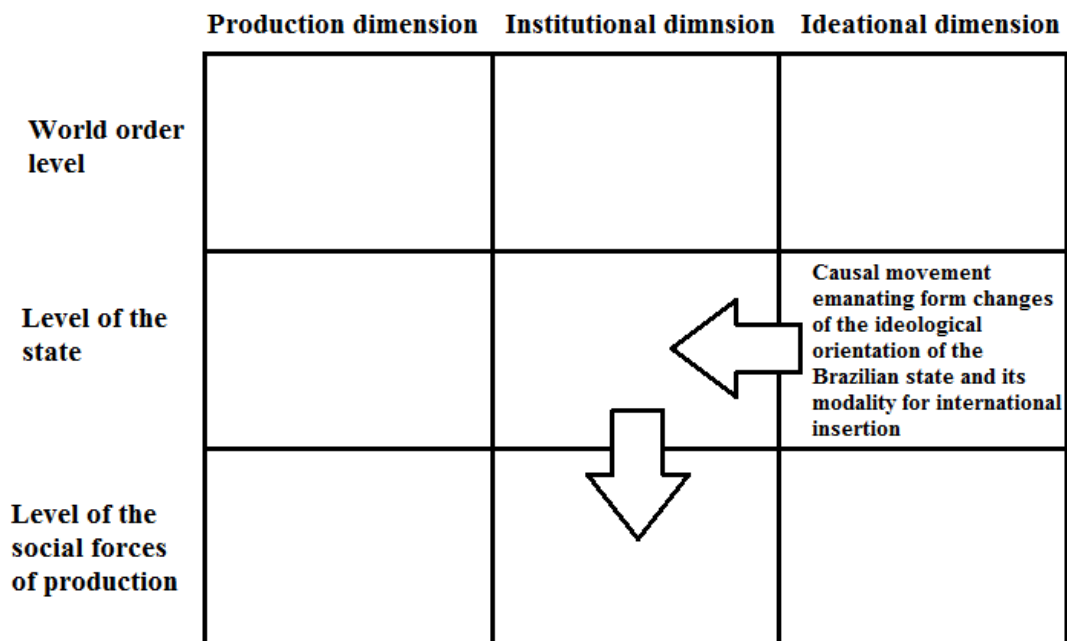


Source: author's elaboration

**Changes in the orientation of the Brazilian state:** came about as the result of internal and external pressures on the previous developmentalist economic model. As a result of the new orientation of the Brazilian state, the bias towards industry relative to commodity sectors was reconsidered, and a global economic insertion within which the later necessarily came to occupy a more central position, was pursued. The political reorientation which was part of the structural transformation of the Brazilian economy also contained an increasing emphasis upon multilateralism as a means for Brazil to promote its national economic interests; particularly within international commercial negotiations. Though this emphasis gradually moved from close alignment with the global economic core regions, towards also including alternative alliances of developing countries from the turn of the millennium, the essential faith in the multilateral

engagement has remained constant. Cooperation with national capital has been a fundamental part of this strategic engagement, and in globally competitive sectors, this has made it possible to institutionalize an offensive engagement, as has been the case with agriculture. As can be seen in the figure 10 below, transformations within the ideational dimension on the state-level thereby spilled over into the institutional dimension, both at the state-level and at that of social forces of production, realigning dispositions at these loci towards global commercial engagement:

**Figure 10: impacts of changes within the ideological orientation of the Brazilian state and the concomitant repercussions of this within the domestic institutional framework for Brazilian agriculture.**

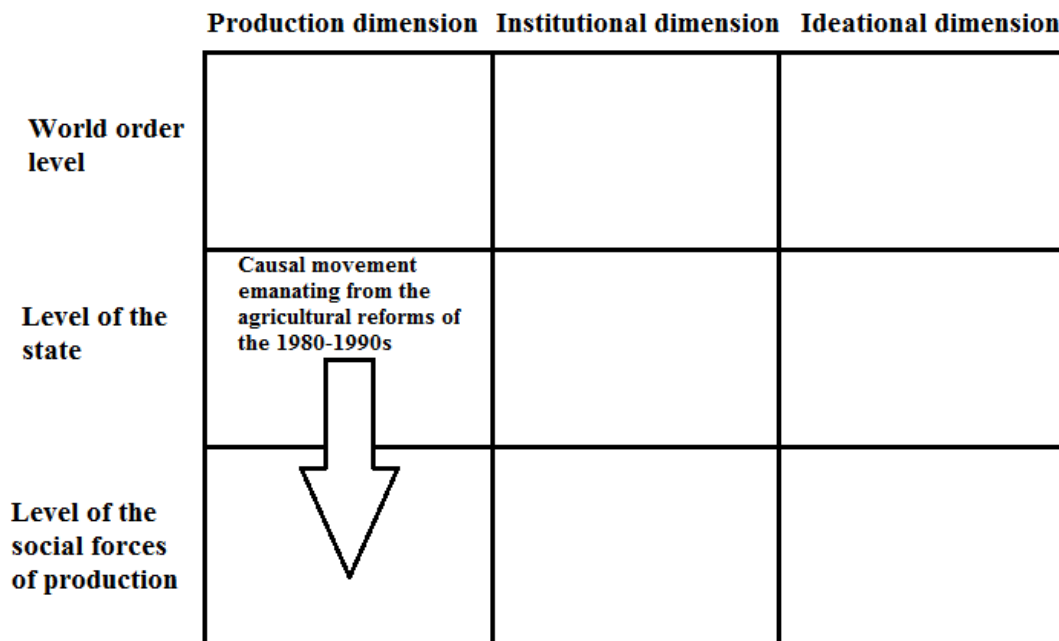


Source: author's elaboration

**The agricultural reform movement:** became the consequence of a pressed fiscal situation in the 1980s, which led to the curtailing of de-facto subsidies in form of the rural credit system. The conjunction of reforms of the minimum price system, targeted tax cuts, as well as export and import liberalizations, meant that commercial export-oriented agriculture began to grow, - partly on behalf of smallholders which faced financial problems. The agricultural sector at large, though, began to grow faster than industry in terms of its proportion of the Brazilian economy, and it also became

vital in terms of external revenue generation. From the 1990s, the reforms thereby assumed a more strategic character in terms of spurring the sector’s international competitive potential. This also meant that international regulation and market access became increasingly significant in relation to defining the sector’s future growth, and the international engagement to influence rule-making at this level may thereby be seen as a prolongation of the internal reform movement. As illustrated in figure 11 below, a causal movement departs from the level of the state within the productive dimension, towards the level of social productive forces, which refers to the economic transformations which formed the basis of the international competitive strategy of Brazilian agriculture:

**Figure 11: Impacts of agricultural reforms within Brazilian agriculture on the productive forces within the sector**

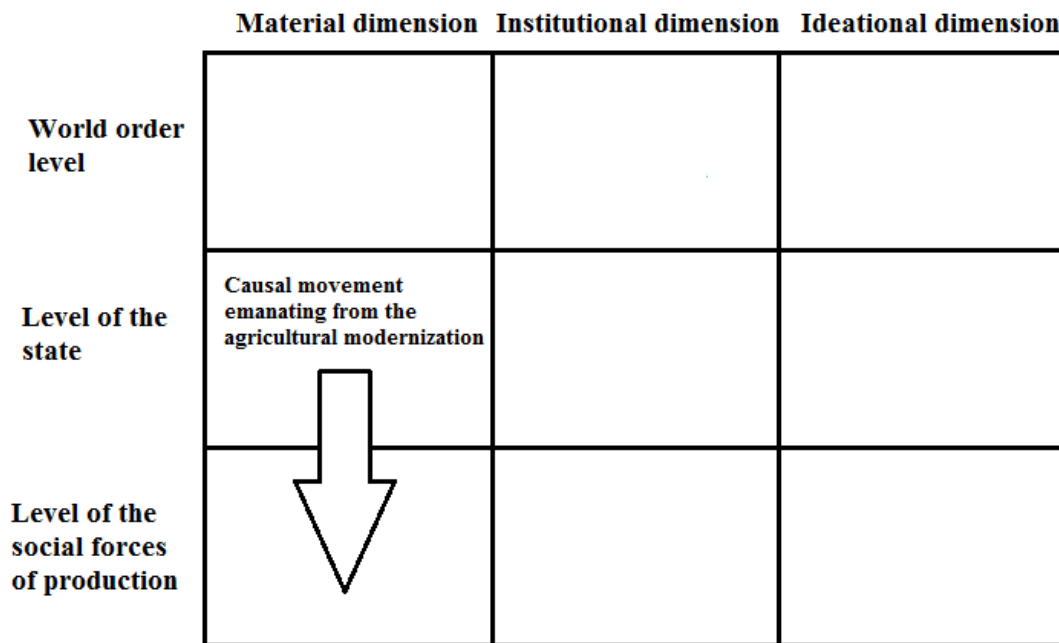


Source: author’s elaboration

**Technical modernization within agriculture:** was carried forward by national plans to open new regions to agricultural production and by strong public investment in biotechnological and agronomic research. This came to wield a significant impact on the productive sector, and constituted an essential basis which permitted the subsequent rise in production. The public engagement in creating the conditions for the growth of

large-scale agriculture thereby spurred the private sector's growth, and formed the basis for the development of its international competitiveness. In the matrix in figure 12 below, the causal movement within the production dimension emanating from the level of the state, which reconfigures the level of social forces of production, is depicted:

**Figure 12: Impacts from the agricultural modernization and inwards expansion on the composition of productive forces within Brazilian agriculture**



Source: author's elaboration

The reorientation of Brazilian agriculture and the joint public-private engagement can thereby be seen as the result of a range of dynamics, within which neoliberalism is a central component. The present chapter has summarized six central currents within this general process, which have been found to hold a high degree of explanatory value in order to account for this internationalization. Though some of these liberal currents, or movements, are globally rooted while others derive from the national level, they are all consonant with the general process of liberalization within the international political economy in the last decades of the 20th century. The food system transformation is related to this general process, but it becomes relevant to examine through separate analytical variables, in order to capture the specific impact of systemic transformation within the global agri-food system. The sub-currents of this food system transformation, treated through the material, institutional, and ideational dimensions

assume an essential value in order to explain the internationalization of Brazilian agriculture. Yet, in order to describe the specific character of this phenomenon, it has become necessary to analyze some essential domestic variables, related to the agricultural reform process, the structural transformation of the Brazilian economy, and technical modernization of Brazilian agriculture. Together, these systemic impacts thereby profoundly inserted Brazilian agribusiness within international markets and shaped the general foreign policy imperative of supporting the conditions for its participation within these. Since then, this supportive role has constituted a central element of the state's international economic engagement.



## **Chapter 5: Brazilian public-private cooperation in the course of the Doha Round**

The following chapter analyses the joint engagement in the Doha Round between Brazilian public institutions, though mainly Itamaraty, and the country's agribusiness sector through sectorial organizations. The analysis is aimed at examining the convergence of interests within this public-private cooperation, and towards assessing the strategies applied in terms of third-party inclusion, resource pooling, and institutionalization of joint efforts, with an eye to how this molded the Brazilian participation within the negotiation process. The chapter comprises of the period from the run-up to the Round in 2001 towards its eventual collapse in 2008.

## 5.1 The Road to Doha

During the run-up to the new round of multilateral negotiations, Brazil assumed a more pro-active stance in relation to the areas within which the country wielded a high degree of competitiveness, than had previously been the case. This was not least evident in relation to agriculture. As the Brazilian manufacturing sector largely was characterized by defensive interests, the agricultural field became the main area in which the country could shape the agenda through a more offensive engagement<sup>10</sup>. At this point, the WTO was perceived by Brazil as the most appropriate forum in which to pursue its interests within this field (SOUZA, 2009, p.58).

The Brazilian ambitions of profound reform within agriculture appeared to be opposed by developed countries with more protectionist interests within this area. By early 2001, correspondences between Brasília and the Brazilian representation in Geneva reflected a considerable amount of concern with what was seen as a tentative approximation between the EU and Japan, with the goal of limiting the scope of agricultural reforms, and of keeping them in line with the very restricted mandate of the AoA (Despa. Tel. 367, 18/4, 2001; Tel. 134, 31/1, 2001). A difference between these two negotiation parties was nonetheless noted: While the EU was seen as reluctant, but not outright unwilling to move forward, Japan's proposals on market access and domestic support were viewed by Brazil as a step backwards in relation to the agricultural liberalization commitments below the Uruguay Round (Tel. 121, 29/1, 2001; Tel. 218, 13/2 2001). Towards the latter half of 2001, a certain degree of approximation between the EU and the US around the need to launch a new round of negotiations was detected by the Brazilian Ambassador Celso Amorim, - though only very tacit signaling of willingness to see reform within agriculture was observed (Tel. 1362, 1/8 2001). This closing of distance between the two "Majors" did undoubtedly represent a necessary condition for negotiations to materialize. Yet, the general interests of these countries in maintaining an overall agricultural status quo - seen as rather undesirable by Brazil, - meant that some sort of counterbalancing together with other offensively minded actors would become necessary in order to obtain a more deeply reaching mandate within this field.

The "real-politiks" of the negotiations thereby pushed Brazil to look beyond some of the most influential nations in order to forge consensus upon agricultural

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<sup>10</sup> Interview with private sector representative from the CNA, Brasilia, October 3, 2016.

liberalization. This became expressed as Brazil sought to arrange a pre-Qatar meeting with nations referred to as "Friends of the Round", with the explicit exclusion of the Quads<sup>11</sup> (Tel. 249, 11/4, 2001). Since the Uruguay Round, Brazil had been part of the Cairns Group of offensively minded agricultural exporters, and in the course of 2001, this also became a significant vehicle for Brazil to project its interests, though some divergences did exist within this forum. Pressures from Cairns members thus made it possible to wield some influence upon the working program of the second phase of the negotiations mandate, so that the result was seen by the Brazilian Mission as a relatively balanced text (Tel. 584, 28/3, 2001). Some disagreements within the Cairns group did nonetheless also become evident concerning the Canadian stance on tariff quotas, and some of the South-East Asian Cairn member's lack of willingness to abstain from special safeguards mechanisms (SSMs) (Tel. 915, 15/4, 2001) or to endorse the total elimination of export credits (Tel 1275, 26/6, 2001).

Brasilia's clear aim in the pre-negotiations phase was to confront what was seen as a conservative attitude of the EU with a rather more affirmative stance. Brazil therefore sought to test the limits of how far the Cairns Group would be willing to go in the process of pursuing incorporation of agriculture within the WTO rule set (Despa. Tel. 467, 18/5, 2001). Observing that the group "was confronted with the challenge of seeking to conciliate its member's political interest in preserving the Cairns, with the heterogeneity of positions on a technical level" Ambassador Amorim defended that faced with the prospects of a new round of multilateral negotiations, the goal should be to work to maintain the group's cohesion (Tel. 1027, 11/6, 2001).

Though Brazil did not distance itself from the Cairns Group in the months ahead of the Doha meeting, it did seek to advance its interests in parallel to this forum. Brazil thereby attempted to devise a common proposal with the other Mercosul countries, and also sought engagement with the G-77 Group of developing countries, - though some divisions between the African and Asian countries on the one hand, and Latin American states on the other, were evident within this gathering (Tel. 1291, 27/7, 2001; Tel. 966 28/5, 2001; Despa. Tel. 832, 4/9, 2001). The need for a strong emphasis on the development dimension of the upcoming negotiations gained broad resonance at this point in time. This cause gained further momentum when an OECD report was released in April 2001, stating that the Uruguay Round had not led to the expected gains by

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<sup>11</sup> Referring to the "Quadrilateral Group", comprising of the EU, the US, Japan, and Canada.

developing countries in terms of access to developed country agricultural markets (Tel. 724, 12/4, 2001). The calls for increased focus on this issue eventually did gain some attention within the General Council of the WTO, and was included in the preliminary "check-list" for central items on the Doha agenda (Tel. 984, 31/5, 2001).

Efforts to pursue global agricultural liberalization did not only unfold through the pursuit of alignments with constellations of like-minded countries externally, but also assumed an important internal dimension through inter-ministerial cooperation and an incipient private sector involvement. Towards the late 1990s, pressures for the Brazilian state to assume a more offensive posture in international negotiations began to emerge from the country's agribusiness sector (VEIGA, 2005). In 1999, the Permanent Forum for Agricultural Negotiations (Fórum) had been created by different private sector entities, with the goal of providing public institutions involved in agricultural negotiations with industry inputs, which also became a central institution from the outset of the Doha negotiations (CARVALHO, 2003 & 2010 p.418; MANCINI 2010, p.148). Yet, as accentuated by Marcos Jank, a Brazilian academic with close ties to the country's agricultural sector, at the point when Brazil was about to enter the Doha Round, the country's "negotiation machinery" was still lacking far behind that of many developed countries (JANK 2002, p.15). Jank thus called attention to the need for Brazil, as an agricultural *demandeur*, to join resources from the private sector and academia in order to enhance the country's negotiation capacity at international fora (Ibid).

Although the private participation in the pre-Doha preparations had not reached the level of intensity as it would later in the round, a certain degree of involvement of such actors in Itamaraty's work did become evident. Private sector representatives were thereby invited to Geneva in order to participate in deliberations with foreign entities alongside Brazilian diplomatic staff (Tel. 1569, 17/9, 2001). On one occasion, the private sector was directly consulted on a sectorial initiative proposed by the USTR in Geneva, and the official Brazilian response made explicitly contingent upon its support, while direct contacts between Brazilian and US corporate entities was promoted (Tel. 528, 21/3, 2001). A very significant degree of inter-ministerial coordination also materialized in the months before the Doha meeting. This was not least the case with regards to the powerful Ministry of Agriculture, Livestock and Supply (MAPA) which provided a broad range of inputs and requests for the Brazilian Mission in Geneva (Despa. Tel. 752, 15/8, 2001; Despa. Tel. 366, 17/4, 2001). High-level representatives

from MAPA, as well as the Ministry for Development, Commerce, and industry (MDIC) also frequently visited the Delegation at the WTO, and took part in a series of meetings with foreign third-party actors (Despa. Tel. 437 8/5, 2001; Despa. Tel. 679 25/7, 2001; Despa. Tel. 881 20/9, 2001; Despa. Tel. 1074 6/11, 2001).

The promotion of deliberations between domestic and foreign public and private actors converges with Coleman's (2003) descriptions of a transnational space for agricultural policy-making, permeated by the influence of elite consensus formation. The increasingly complex structure of transnational hierarchies (CERNY, 2001) as well as the highly multiscalar and multinodal interactions (KUTTING & CERNY, 2015) through which these power structures are both expressed and reproduced, led to the constitution of a parallel, yet, interconnected arena alongside the more formalized multilateral sphere. Embryonic Brazilian engagements in the run-up to Doha reflect a recognition of the importance of this space, and the capacity to navigate the more fluent transnational environment around agricultural policy formation. The promotion of interactions between various domestic and foreign stakeholders hereby both serves a purpose of assessing the potential scope for consensus formation, and possibly even to draw certain actors closer to Brazilian positions.

Upon the outset of the negotiations, subsidy reductions in developed countries stood as a mutual concern for the Brazilian agribusiness and the public institutions involved in the foreign policy-making process. While a convergence around the goal of increasing Brazilian agricultural exports characterized the interactions between the CNA and MAPA, Itamaraty rather defined its goal in broader terms of reform within the WTO<sup>12</sup>. Thus in spite of slightly different underlying motivations and ambitions in terms of the scale of trade reform, a joint course for the Brazilian engagement in the remolding of the global commercial architecture had been set between the central public and private actors.

The increased indirect inclusion of agribusiness and other governmental bodies within the Brazilian foreign policy-making process constituted a hitherto relatively novel, but nonetheless necessary aspect of the Brazilian foreign engagement within the highly complex environment of commercial negotiations. As emphasized by Cason and Power (2010), Itamaraty has gone from a state of nearly complete control over the planning and execution of foreign policy, to a point at which its monopoly has been

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<sup>12</sup> Interview with Brazilian negotiator, Brasília April 27, 2018.

broken by the inclusion of a range of other societal actors (CASON & POWER 2010, p.118-120). This is corroborated by Ramanzini Júnior & Mariano (2013), who nonetheless highlight how pressures from different domestic groups have been strategically "absorbed" by the Itamaraty, meaning that much of the explanation for increased agribusiness presence in the foreign policy-making process is due to the permissiveness of the foreign establishment (RAMANZINI JUNIOR & MARIANO, 2013, p.1207-1208). In a similar vein, Doctor (2015) stresses how the previous virtual insulation of the Itamaraty has come to cede to the inclusion of - amongst others - agribusiness entities, in exchanges which nonetheless have taken place on Itamaraty's own terms (DOCTOR 2015, p.292). In a largely analogous line of argument, Anastasia et al. (2012) also stress that the incorporation of industry demands within the Brazilian executive branch more generally also has tended to take place when it coincides with the latter's particular agenda (ANASTASIA et al. 2012, p.626-627).

In the weeks before the Doha meeting, Brazil strongly emphasized its commitment to deep reform within the three pillars of agriculture; both individually and in conjunction with the Cairns Group (Tel. 1792, 19/10 2001; Tel. 1690, 11/10, 2001; Tel. 1756 12/10, 2001). A certain measure of consensus between the two Majors regarding the initiation of a new round of multilateral negotiations was also detected by the Brazilian representation in Geneva, and signals received from the European Commission also indicated that the EU might be ready to show some flexibility within this field (Despa. Tel. 892, 25/9, 2001). The political context in the post-September 11 period was also a factor which contributed to the general understanding of the need for the successful conclusion of a new round, - a perception to which the Brazilian diplomacy adhered (Despa. Tel. 944, 5/10, 2001). The sense of urgency brought about by the geopolitical context, as well as promises of a more development-oriented deal, that would be more advantageous to the countries which so far often had been relatively less benefitted by trade agreements, thereby seem to have contributed to the signature of the Doha Declaration in November, 2001.

The chapter on agriculture in the working programme inserted this area as part of the single undertaking, with the goal of concluding negotiations by January, 2005. The text stated the objective of reaching "a fair and market-oriented trading system through a programme of fundamental reform [within agriculture]" and that "the purpose is to correct and prevent restrictions and distortions in world agricultural markets." More specifically, with regards to agricultural reform, the text stated that:

Without prejudging the outcome, member governments commit themselves to comprehensive negotiations aimed at: [1] market access: substantial reductions, [2] exports subsidies: reductions of, with a view to phasing out, all forms of these, and [3] domestic support: substantial reductions for supports that distort trade.  
(WTO, 2001).

Brazil, along with most of the Cairns members, considered that the decision-making procedures had been rather adverse and non-transparent, yet, with the unavoidable tradeoffs in mind, the general outcome was not considered to be overtly unfavorable (Tel. 2033, 21/11, 2001). By officially addressing development, as well as a wide span of pending issues regarding agriculture, the Round constituted a very opportune launchpad for Brazil to pursue many of its interests within this field<sup>13</sup>. Hence, in spite of the evident obstacles in relation to the power asymmetries which the Brazilian position as an agricultural *demandeur* would have to confront, the very general formulations in the Doha Declaration did nevertheless provide an opportunity for the country to push forward on this matter, depending on the strategies chosen. Two challenges were apparent from the run-up to the negotiations: The first can be formulated as the need to form a solid and broad coalition of WTO members, which in contrast to the Cairns group would have to be sufficiently broad to transcend particularistic Brazilian offensive preferences, but still advance demands which would be in the country's general interest. The second challenge can be referred to as the deepening of the domestic alignments and cooperation around the issue of agricultural liberalization. This would imply the enhancement of existing inter-ministerial cooperation, but also a significant degree of private sector involvement in order to merge the diverse array of resources which an assertive engagement in the WTO would require.

## 5.2 A Curvy path from Doha to Cancun

Although the Doha declaration had opened the door for further agricultural reform within the international trading system, Brazilian expectations were quickly confronted with defensive maneuvering from the Majors. The Farm Bill of late 2002 was seen by Brazil as perpetuating US protectionism, and as moving in the exact opposite direction of the objectives of reducing distortion within global agricultural

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<sup>13</sup> Interview with industry representative from the CNA, Brasilia, October 3, 2016.

markets, stipulated within the Doha Declaration (Despa. Tel. 1225, 13/12, 2001). This legislative package was also highly negatively received by the Cairns Group, which began evaluating the possibilities for challenging these support policies within the Dispute Settlement Mechanism of the WTO (Despa Tel. 1227, 13/12, 2001; Tel. 1072, 17/5, 2002; Tel. 1183, 3/6, 2002; Tel. 1187, 3/6, 2002). Brazil was very clear in expressing its discontent with the Farm Bill to the US, stressing that it was not in line with the notion of a "Development Round" and that it meant that the country had aligned itself with protectionist interests (Tel. 1273, 10/6, 2002; Tel. 1285, 12/6, 2002).

Strong reservations on behalf of the EU with respect to making any significant concessions in relation to agriculture was also perceived by Brazil. By July, the US had made a proposal, which in large was seen by Ambassador Celso Amorim as a positive contribution to furthering the momentum of the negotiations (Tel. 1648, 25/7 2002; Tel. 1699 26/7, 2002). Yet, as the end of 2002 approached, Brazil expressed its preoccupation with the lack of a concrete proposal by the EU (Despa. Tel. 1097 22/10, 2002), which at this point was seen as one of the main obstacles to the progress of the Round (Tel. 2486 11/11, 2002). The EU eventually presented its proposal in December 2002. Brazil adopted a profoundly negative stance in relation to this, particularly with regards to market access, as the proposed European reductions were believed to perpetuate tariff peaks in sensitive sectors of interest to Brazil, such as sugar, beef, and dairy products (Tel. 2748, 17/12, 2002). Though Brazil appreciated that the EU had presented concrete numbers, its position was still that the European proposal fell short of the Doha mandate (Tel. 87 16/1, 2003). Criticism was also directed at the European proposal by Oxfam, which accentuated how it neglected the interests of developing countries (Tel. 2773, 18/12, 2002).

In early 2003, a new proposal was circulated by the President of the Special Session for Agriculture, Stuart Harbinson, which did imply modalities that would see the two Majors making more significant concessions within agriculture (Tel. 323 12/2, 2003). Though Brazil viewed the Harbinson proposal as a technically well founded document, it did not believe that this text went far enough within the three agricultural pillars: regarding market access, the maintenance of the Uruguay formula for tariff reduction would permit continued tariff peaks, while in relation to domestic support, the cuts in aggregated measures of support were believed to be insufficient, just like the timeframe for the elimination of export subsidies was seen as too long (Tel. 365, 18/2, 2003; Tel. 422, 25/2, 2003). Largely the same position was adopted in relation to the



second Harbinson draft, presented in March, 2003 (Tel. 637 25/3, 2003). By early 2003, the Brazilian perspectives upon the state of the negotiations were therefore rather negative, as the two main obstacles were ascribed to the EU's lack of willingness to move beyond its own proposal, and the US' strong focus upon security matters at that moment (Tel. 509, 11/3, 2003; Tel. 933 28/4, 2003).

In spite of the slow progress towards what could appear as the early contours of an agreement, Brazil's demands were initially not opposed by a united position of the two Majors, which also internally appeared relatively divided on the issue of agriculture. Thus, while in January 2003 the US sought approximation with the Mercosul and Cairns Group, the EU strode towards aligning itself with the ACP<sup>14</sup> countries. This was positive for Brazil, in so far as it deterred a new Blair House Agreement<sup>15</sup>, (Tel. 163 24/1, 2003) as the combined negotiation leverage of the Majors would be very difficult to oppose by any other constellation of states and groups within the WTO.

This state of affairs did not appear to continue as the Cancun Ministerial approached. Though deliberations with French representatives in Geneva in May had indicated that the Majors were not in the process of approximation regarding agriculture (Tel. 1104 14/5, 2003), signs of this actually being the case were observed by Ambassador Seixas Corrêa around this moment (Tel 1275, 28/5, 2003). This implied one of the worst possible outcomes for Brazil, as such transatlantic mutual understanding with all likeness would have to imply elements accommodating the different protectionist agricultural interests of both parties (Ibid). This situation was characterized by Brazil as the "Doha paradox", meaning that in order for an accord to materialize, adherence of both of the Majors would become necessary. Yet, the possible outcomes which would ensure the confluence of interests of both the EU and the US, would necessarily be marked by such protectionist inclinations that the Cairns Group, and most of the developing countries would be excluded from this. (Tel. 1499 26/6, 2003)

The Brazilian fears of a new Blair House constellation materialized as the EU

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<sup>14</sup> ACP - African, Caribbean, and Pacific Group of states.

<sup>15</sup> An agreement signed between the EU and the US in November 1992, regarding export subsidies and domestic subsidy reduction commitments. Particularly the elements of the agreement which have to do with agricultural issues meant that it was seen by many developing countries as a way for the EU and the US to impose their common interests on the outcome of the Uruguay Round, to the detriment of the less developed states.

and the US presented a joint negotiation proposal with less than a month to the Cancun Ministerial on August 13, 2003 (Tel. 1839 14/8, 2003). Although the Brazilian reception initially was tempered, closer scrutinizing of the document led to the conclusion that the text was less ambitious than the Harbinson proposal, and that it went contrary to Brazilian interests regarding all of the three agricultural pillars (Tel. 1842 14/8, 2003; Tel 1844, 14/8, 2003). Ambassador Corrêa therefore strongly emphasized the need to at least keep ambitions in line with the level stipulated by the Doha mandate. Corrêa also leveled a strong critique at the division of developing countries into different categories, characterizing this as a way of "punishing developing countries that are successful in increasing their share of world trade, while preserving privileges of certain developed countries that amply resort to subsidies to boost their decreasing competitiveness" (Tel. 1845, 14/8 2003).

Faced with the risk of consensus between the Majors predefining the negotiations agenda, Brazil acted quickly at both the external and internal level, in order to devise an alternative proposal to counter the one presented in early August, and to gather a coalition to support it. As signs of internal divisions in the Cairns Group had become evident since the onset of the negotiations (Tel 2598 25/11, 2002; Tel. 2608 25/11, 2002; Tel 1963 1/9, 2003), it became opportune for the Brazilian diplomacy to exploit the rather widespread discontent amongst developing countries about the Majors' negotiation proposal by forming an opposition to this. Three days after the presentation of the EU and US' proposal, the Brazilian representation gathered support from Mercosul, Chile, Bolivia, Kenya, and India around an "alternative framework for agricultural negotiations". Reaching consensus about the domestic support and export subsidies had been rather straightforward, while it had been somewhat more difficult to find common ground regarding market access, considering the offensive interests of Mercosul, and the more defensive interests of other developing countries (Tel. 1859 16/8, 2003). When the counter-proposal was presented a week after that of the Majors', on the 20th of August, it enjoyed the backing of 17 developing countries, counting states like India, Mexico, and South Africa. This was considered by the Brazilian Mission as very important in order to affirm the geographical representativeness of the group, which initially would be known as the "G-17" (Tel. 1878 20/8, 2003; Tel 1880 21/8, 2003; Tel. 1898 25/8, 2003).

The preparation of the counter-proposal also relied on the instant mobilization of domestic stakeholders of both public and private nature. In early 2003, different entities

from the agribusiness sector had founded the *Instituto de Estudos de Comércio e Negócios Internacionais* (ICONE) with the objective of providing specific research and technical assistance to strengthen the Brazilian negotiation position. The founding of ICONE constituted a hitherto high point in the agribusiness sectors' organizational efforts in the pursuit of an offensive agenda within the agricultural field, as previous organizational modes had been more focused on sub-sectorial concerns. ICONE became highly relevant through its quantitative work, and produced a wide array of tabulations, simulations and projections related to the negotiations, part of which was made specifically for Brazilian negotiators, while another part was directed at the general public.<sup>16</sup> Shortly after, in June the 2003, the public-private working group with focus on international agricultural negotiations, the *Câmara Temática de Negociações Agrícolas Internacionais* (Câmara) had been established, and in early July, the Informal Technical Group made up of public representatives from Itamaraty, MAPA, ICONE, and the CNA was formed (Despa. Tel. 758 3/7, 2003). The knowledge produced by ICONE became an essential basis upon which the Technical Group reached its decisions. The Technical Group eventually became an absolutely central locus of knowledge production and political coordination for the Brazilian participation in the Doha Negotiations<sup>17</sup>. The establishment of such predominantly informal institutional mechanisms for the pooling of public and private expertise proved to be extremely useful, as the work to define a counter-proposal for the Cancun Conference could begin right away. The day after the EU-US proposal had been presented, the Technical Group began elaborating an alternative document which would form the basis of the text to be presented by the group of developing countries (VEIGA, 2005). The product of the intense work with defining a counter-proposal in Brasília was directly translated into forming the core of the G-20s technical positions during the negotiations in Cancun (HOPEWELL 2016b, p.115).

The technical refinement of the Brazilian arguments was thereby made possible by the support of the agribusiness sector, which quickly positioned Brazil at the center of the G-17 (G-20), and induced this coalition with a newfound negotiation capacity (CARVALHO 2010, p.423). The elaboration of demands that would attend the general interests of a broader coalition of developing countries, and not particularistic Brazilian objectives, also constituted an exercise for the country's diplomacy to persuade the

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<sup>16</sup> Telephone interview with ICONE representative, May 3, 2018.

<sup>17</sup> Interview with Brazilian negotiator, Brasilia, April 27, 2018.

agribusiness sector that moderating offensive demands would be worth the gains in negotiation leverage, which such a coalition could provide (VEIGA, 2005). The fundamental interests of both Itamaraty and the agribusiness sector in wide-spanning agricultural trade liberalization though, do not appear to have diverged at this point in the negotiation process. Rather, it is more likely that the experience with international negotiations accumulated by the Itamaraty had left this institution with a more pragmatic approach, leading it to emphasize the importance of gathering additional external support, particularly with the internal divergences of the Cairns Group in mind.

Having linked the definition of a common agenda with the G-20 on the external level with the backing of valuable support by domestic stakeholders, Brazil could present a much more affirmative stance in the days leading up to the Cancun Ministerial, as well as during the Conference. Ambassador Corrêa thus clearly stated that the GC president's negotiation text asked too little of developed countries in agriculture, and too much of developing countries with regards to NAMA<sup>18</sup>. Corrêa also clearly emphasized that Brazil would not be ready to lower its ambition on the Doha mandate. (Tel. 1914 26/8, 2003) Brazil also engaged with Oxfam in the run-up to the Ministerial, both stating their agreement on the need to challenge developed country agricultural subsidies within the WTO (Tel. 2012 3/9, 2003). The G-20, - as it had become known by September - reaffirmed the need to advance its joint proposal at Cancun below general Brazilian coordination, and of maintaining this commitment when confronted by pressures and tactical attempts to divide the group by the Major's (Tel. 1958 29/8, 2003).

The Brazilian delegation at the Cancun Conference also came to count with representatives from the CNI, CNA, and the *Coalição Empresarial Brasileira* (Despa. Tel 949 2/9, 2003). This meant that the private sector inputs in form of both demands and technical assistance cannot be viewed entirely in a "two-level-game-fashion"<sup>19</sup>, with negotiators oscillating between these two levels and bringing a pre-defined agenda to the international negotiation table. Rather, the presence of influential agribusiness voices as close as formally possible to the point of decision-making means that a highly dynamic public-private interaction became possible, and that the constant coordination and deliberations provided the sector with a much more effective possibility to influence events.

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<sup>18</sup> NAMA - Non-agricultural market access.

<sup>19</sup> See Robert Putnam, 1988.

The G-20's more affirmative stance during the Cancun Ministerial meant that an accord in the molds of the one agreed upon between the Majors became impossible, and was thereby central in contributing to the impasse. The EU was very critical of the group's role, and attributed it with much of the responsibility for the failure to reach an agreement (Tel. 2189 3/10, 2003). The official Brazilian position was rather more positive with regards to the active, counter-balancing role which the group had managed to assume, and the need to continue close cooperation in order to cement its position was strongly accentuated (Despa. Tel. 1064 2/10, 2003). Through Narlikar & Tussie's account, the G-20 should not be viewed merely as a coalition of obstruction, but rather as a pro-active player, with a range of alternative proposals which contributed to the dynamism of the negotiations (NARLIKAR & TUSSIE 2004, p.952). The G-20 coalition is thus described by a Brazilian negotiator not only in function of its obstructive capabilities, but rather as a "propositional political force" which meant that it avoided becoming an "infantile coalition".<sup>20</sup> The group's knowledge capacity permitted it to present proposals which generated a wide degree of consensus, escaping "rhetorical formulations and naive idealisms".<sup>21</sup> The newfound ability to engage in the technical discussions, not least when they reached a high level of complexity, was highly contingent upon the capacities provided by the Brazilian public-private negotiation "machinery". The availability of such technical resources, as well as the ability to substantiate arguments advanced within the negotiation with these capacities, thereby seems to have been a necessary condition for reaching a minimal degree of equal participation in the WTO sphere.

In the course of 2003, two formal channels for interaction between trade negotiators and the rural sector were thereby established: the Câmara, and the Informal Technical Group (MANCINI 2010, 148-149). After Cancun, the Technical Group continued to support the G-20 with substantial technical assistance in the definition of its negotiation position, including the drafting of proposals to be presented (HOPEWELL 2016b, p.115). Possibly because of the intimacy between the public and the private sector, and the high degree of influence of the latter, the Technical Group was "kept off the books" by the Itamaraty, so that in spite of its *de facto* significance, the group had no formal presence within the decision-making process (Ibid 2013, p.612). This also meant that the *de jure* body responsible for the delineation of the

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<sup>20</sup> Interview with Brazilian negotiator, Brasilia, April 27, 2018.

<sup>21</sup> Interview with Brazilian negotiator, Brasilia, April 27, 2018.

official Brazilian positions wielded very little effective influence, which was conceded to the Technical Group (RAMANZINI JUNIOR & MARIANO 2013, p.1210). In spite of lacking formal status, the group functioned as the central body for internal coordination efforts. The recommendations produced by the Technical Group in large measure became translated into the Brazilian government's official position, which laid down the guidelines in Geneva, and hereby also within the G-20<sup>22</sup>. ICONE became a very central part of the Technical Group, due to its high degree of specialization, but also because of the mandate which the private sector had conceded to this institution. This meant that ICONE, - to a large extent - came to directly represent agribusiness' voice in the process of coordination of the Brazilian engagement in the Doha Round (HOPEWELL 2016b, p.114). ICONE engaged with the construction of knowledge capacities which previously only had been very timidly explored. The Institute's work thereby also paved the way for the generation of human capacities within the area of international commercial negotiations in Brazil.<sup>23</sup> A public official describes the general organizational structure of the jointly public and privately supported Brazilian efforts in the course of the Doha Round as "an extremely organized and articulated machinery" which critically augmented Itamaraty's capacity to pursue national interests within the sphere of international commercial negotiations<sup>24</sup>.

From a Brazilian perspective, the Cancun breakdown can thus be seen as a temporary, and even somewhat necessary consequence of the recalibration of its participation within the negotiations, from which it no doubt emerged in a strengthened position. This recalibration comprised of the coalition formation through the G-20, but also of the intensification of relations with the private sector in order to augment technical capacities. These capacities permitted the definition of positions which gained further repercussions as they became adopted by the G-20, but also served as an indispensable support for the density of this coalition. The concerted efforts of agribusiness entities to support Brazilian participation within the Doha Round bears witness to a significant shift towards new modes of sectorial organization, implying the assumption of new functions by these organizations (DINIZ & BOSCHI, 2003, p.33-34). The pro-active engagement in establishing institutional structures to support global market insertion stands as a central element within this shift (DINIZ 2010, p.122). This

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<sup>22</sup> Interview with Brazilian negotiator, Brasilia, April 27, 2018.

<sup>23</sup> Telephone Interview with ICONE representative, May 3, 2018.

<sup>24</sup> Interview with official in the Brazilian Senate, Brasilia, August 21, 2016.

indicates that the new structures of interest representation to some extent have averted the danger of myopic concerns and particularistic interests of certain groups becoming prevalent (MOORE & HAMALAI, 1993), and thus enhanced the collective agency capacity of Brazilian agribusiness. In line with Schneider's (2013) taxonomy, the institutionalization of state-agribusiness relations in Brazil had thereby reached an advanced stage at which a deep rooted consensus, reciprocity, and collective learning had made it possible for the country to project a somewhat audacious behavior within the WTO, and to "punch above its weight".

### 5.3 Brazil and the G-20 leaving its mark on the July Package

In the wake of the Cancun Conference, Brazilian efforts became concentrated on maintaining and strengthening the cohesion of the G-20, so that the group could continue to function as a developing-country platform, through which its demands could be advanced. Internally, the focus of the joint public-private Technical Group was directed on scrutinizing existing negotiation proposals, and on producing new texts which could help the country assume an offensive posture within the Round. On the external level, the projection of Brazil amongst developing countries in this period was highlighted by a private sector representative as a vehicle for the parallel pursuit of the interests of the country's most globally competitive sectors, not least agriculture<sup>25</sup>.

Brazil convoked a G-20 Ministerial in Rio, in December 2003, in order to solidify the group and define its future strategies (Despa. Tel. 1235 19/11, 2003). At this occasion, the importance of agricultural reform was emphasized, particularly with regards to the removal of different sorts of trade distortions, which were held as being essential to poverty reduction and economic and social stability in developing countries. The group agreed that the "major commercial partners", responsible for the largest commercial distortions within agriculture, should permit that steps were taken towards a more "just and market oriented" commercial system. The alignment and common interests with the group of African countries was strongly highlighted (Despa. Tel. 1345 12/12, 2003). A core format for the conduction of routine technical work was also agreed upon, consisting of Brazil, India, China, Argentina, and South Africa (Tel. 2242, 8/10, 2003).

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<sup>25</sup> Interview with private sector representative from the CNA, Brasilia, October 3, 2016.

Before the Cancun Ministerial, the G-20 initiative had been met with a somewhat dismissive attitude on part of the Majors, and accusations of trying to invoke ideological positions of North-South divisions (VEIGA, 2005). After the Conference, irritation with its failure led the US to adopt a retaliation strategy of pressuring its members individually, which made some Latin American countries leave the group, though the core of the coalition remained intact (EFSTATHOPOULOS 2012, p.274). In a meeting between the G-20 and the African Group, the latter also stated how the EU and the US had put pressure on them in order for them not to approach the G-20, pointing to the possible erosion of their commercial preferences. The African Group nonetheless expressed its interests in engaging in closer cooperation with the G-20 (Tel. 2701 4/12, 2003). Some internal differences regarding whether Brazil should continue to engage closely with the G-20 after Cancun, or whether the country should seek a position of pushing more offensively towards liberalization, also became evident within the Brazilian government. The Ministers of Agriculture, Roberto Rodrigues, Finances, Antonio Palocci, and Development, Industry, and Foreign Trade, Luiz Fernando Furlan, thus criticized the Minister of Foreign Affairs, Celso Amorim, for the Brazilian approximation with more defensively oriented countries such as China and India (CONCEIÇÃO-HELDT 2013, p.186).

In spite of the initially assertive reactions of the Majors, the continued coherence of the G-20 made them soften their positions. In December 2003, the European Commissioner for Trade, Pascal Lamy, participated at the margins of the G-20 meeting in Rio. Here, Lamy expressed that the EU might be ready to offer more within the field of agriculture, in case that the US also would display more willingness to negotiate, and that in contrast to this country, the EU saw the G-20 as a valid interlocutor, which was important for the Round (Despa. Tel. 1357 17/12, 2003). Lamy agreed upon the need to intensify negotiations in order to keep up with the pre-established chronogram (Despa. Tel. 1346 12/12, 2003). In January 2004, Peter Carl, from the Director General for Trade, also expressed the EC's willingness to continue dialogue with the G-20, and sought further contacts. This was interpreted by the Itamaraty as clearly cementing the group's position within the Round (Despa. Tel. 34 14/1, 2004). Brazil also adopted a positive view upon manifestations made by the US Trade Representative, Robert Zoellick in January 2004, in which he stressed the United States' recognition of the importance of agriculture within the Round, and of its will to see an ambitious result within this field (Tel. 71 15/1, 2004). The G-20 received the new signals from Zoellick



with some optimism, and viewed it as a possible novel phase of the negotiations, upon the initially harsh stance which the Majors had taken against the G-20 (Tel. 81 17/1, 2004; Tel. 143 26/1, 2004).

The slow movement back towards resumption of negotiations was somehow contrasted by the intensity with which the internal work of defining and strengthening an alternative agenda for agriculture proceeded. The Technical Group agreed to maintain the G-20s position with regards to export competition, stressing the importance of the complete elimination of export subsidies. In relation to internal support, the group also evaluated the possibility of further green box disciplines, in order to avoid distortive measures within this box. The Derbez text, which had served as the basis for the Cancun Ministerial, was also analyzed with regards to market access, and consensus was reached about rejecting its proposed modalities within this pillar (Despa. Tel. 125 30/1, 2004).

A central question in this part of the negotiations was related to the formulas chosen for tariff reduction. Until this point, the blended formula had been on the table, which implied a mixture of the Uruguay formula, the Swiss formula, and duty free lines, which also was the approach that had been preferred by the EU. Simulations of the effects of the application of the blended formula were conducted by ICONE, with an eye to how continued tariff peaks could be avoided, as these often fell on specific products of interest to Brazilian agribusiness exporters (Despa. Tel. 153 6/2, 2004). Apart from the general aim of projecting an alternative agenda for the multilateral trading system and of challenging existing asymmetries of power, the focus of the Brazilian participation in the G-20 was also highly defined by specific objectives of tailoring proposals which could be expected to benefit particular domestic export interests. The engagement within the G-20 constituted an exercise in uniting these dual concerns. This is encapsulated by Doctor (2015), who stresses how identity-driven concerns as part of the G-20 cooperation at no point came to significantly subdue more results-driven utilitarian considerations, referring to this agency as "insider activism" or "smart coalitions" (DOCTOR 2015, p.290).

Statements made by the EU in February that indicated that the Union might have backed away from the more flexible stance expressed by Lamy in December (Tel. 298 16/2, 2004) appear to have been met by a more demanding Brazilian response. Minister of Agriculture, Roberto Rodrigues advocated that Brazil should adhere to maximalist positions and seek alliances with a broad range of countries and non-state actors in order

to promote this agenda (Tel. 248 1/3, 2004). The Zoellick letter also appeared to have put some pressure on the EU, with prospects of isolating it in a more protectionist position (Tel. 582 18/3, 2004). In March, ICONE presented further analyses of scenarios presupposing implementation of the blended formula. In line with similar results produced by Indian analyses, ICONE stressed how this tariff reduction approach should mean that the largest proportionate tariff cuts would fall upon developing countries, *vis-a-vis* developed nations (Despa Tel. 353 19/3, 2004). Disputing the choice of the blended formula as the central tool for tariff reduction thereby gained the character as one of the central issues within the Brazilian agenda for the agricultural negotiations, and would constitute a parameter for evaluation of the efficiency of the G-20.

Although the US still defended the use of the blended formula during the agricultural discussions in the special session in March (Tel. 651 29/3, 2004), the emphatic rejection of this approach by both the Cairns Group and the G-20 appears to have made the two Majors make some concessions by late April (Tel. 918 22/4, 2004). An alternative "tiered approach" for tariff reduction was presented on behalf of the G-20 (Tel. 924 23/4, 2004), which thereby strengthened the group's position as it proved capable of devising technically well founded counter-proposals. Further signs of a softening of the EU and the US' positions on this issue were also detected in May, as these countries opened up for a more flexible version of the blended formula, which previously had been rigorously defended (Tel. 1133 18/5, 2004). The ability to press the north-Atlantic heavy-weights hereby came to constitute an initial indication of the viability of the Brazilian negotiation strategy, as the country - well positioned within both the G-20 and the Cairns Group - was central in maneuvering both of these coalitions to pressure the Majors on a specific issue of general interest to the members of these groups - and not least to Brazil. The private sector input in form of technical knowledge, which meant that an alternative tariff reduction approach could be presented, was central in sustaining this collective effort, as it both became necessary to seriously challenge the blended formula approach, and in devising what was presented as a more equitable solution.

The engagement of Brazilian agribusiness within the negotiation was not limited to a supportive position from Brasília. During the agricultural special sessions in April and May the Brazilian delegation counted with representatives from the CNA (Despa. Tel. 492 16/4, 2004) and from ICONE (Despa. Tel. 683 24/5, 2004). The meetings

between the Brazilian public-private actors and representatives from other members of the G-20 helped the Brazilian specialists gather suggestions from the group, which then were substantiated by calculations and projections of their implications (MANCINI 2010, p.155). The interactions between Brazilian public institutions and private agribusiness entities with external players thus intensified gradually upon the formation of the G-20, which occurred synchronically with the increase in the bargaining power of this group within the Round (VEIGA, 2005). The proposal for market access which the G-20 elaborated was thus based on the work of the Informal Technical Group, containing; 1) a strong focus upon deep cuts in the highest tariffs, 2) a tailoring of the special products category to address rural development and food security concerns of mainly developing countries, and 3) a focus on the proportionality of tariff reductions "based on the principle of less than full reciprocity between developed and developing members, so as to ensure a fair and equitable outcome" (Tel. 1189 28/5, 2004).

In contrast to the events surrounding the Cancun Ministerial, the increased assertiveness of the G-20 does not appear to have obstructed the negotiation environment in the first half of 2004. On the contrary, the Mini-ministerials in London and Paris took place in a rather positive atmosphere (Despa. Tel. 590 4/5, 2004; Tel. 1134 18/5, 2004), and Itamaraty observed that for the first time since the beginning of the Round, there appeared to be an honest will to negotiate amongst the principle actors (Despa. Tel. 668 19/5, 2004). This became even more accentuated as the President of the General Council, Shotaro Oshima, on the 16th of July presented a text on the framework for the further course of the negotiations, which also became known as the July Package (Tel. 1577 16/7, 2004). Though the text attended to the Majors' demands with regards to the blue box (the US) and sensitive products (the EU), it did converge with the G-20's preferences in other key areas. These can be highlighted as the elimination of all kinds of export subsidies, the substantial reductions of all kinds of domestic subsidies, and above all, its adherence to a tiered approach for tariff reductions (Tel. 1586 16/7, 2004). In the weeks that followed the presentation of the draft text, the G-20 maneuvered in order to establish a ceiling for the blue box payments, with which it was relatively successful. The final text of the July Package, which was approved by late July, was thereby seen as largely satisfactory by the members of the group, and as a product of its internal coherence and capacity to influence the course of the negotiations (Tel. 1603 20/7, 2004; Tel. 1698 2/8, 2004).

The July Package came to constitute a pinnacle of the G-20's, - and not least

Brazil's - influence within the Round. This was also reflected in the structure of the negotiations, meaning that the central locus of decision-making had been moved from the QUADs<sup>26</sup> towards the FIPs<sup>27</sup> (the Five Interested Parties), which apart from Brazil, counted its main partners in both the Cairns (Australia) and the G-20 (India) (PIMENTA JÚNIOR 2012, p.65). The approval of the July Package can therefore be seen as the first successful test, - and tangible result - of the strategy to pursue its agro-export interests through a pragmatic engagement with other developing countries to break the status quo of power constellations at the WTO. The way in which the domestic alignment between private expertise and public organizational capacity had managed to produce effective results, which would mold the further course of the Round, is very well illustrated through the substitution of the blended formula by the tiered approach to tariff reductions. The perception expressed by the Brazilian representation in Geneva on the approval of the July Package was also that domestic substantive interests had been attended in parallel to the significant consolidation of the role of the G-20 within the negotiations (Tel. 1700 2/8, 2004; Tel. 1746 6/8, 2004). Brazilian Ambassador Seixas Corrêa's retrospective evaluation at this point in the process was that Cancun had constituted a necessary step backwards, in order to lay the ground for a new kind of "decisional geometry", which unequivocally had changed the logic and power structures of the multilateral trading system (Tel. 1735 5/8, 2004).

The events from Cancun until July of 2004 serve to make the case, that the G-20 coalition, rather than a temporary issue-coalition, appear to fall within Hurrell & Narlikar's (2006, p.421) characterization of block-type coalitions, as it was forged together by ideational and identity based factors. The surge of the G-20 is also referred to as a "re-ideologization of trade negotiations along North-South lines" by Efstathopoulos (2012), who similarly stresses how this forum also served Brazil and India's more particular interests by positioning them within the very centre of the commercial negotiations (EFSTATHOPOULOS 2012, p.283). In a similar vein, Hopewell stresses that "Brazil and its agribusiness sector have advanced their agenda at the WTO by strategically mobilizing the politics of the North-South divide and portraying their particularistic commercial interests as a generalized interest of the Global South" (HOPEWELL 2013, p.618). The ideational underpinnings oftentimes attributed to the G-20 were also strongly politically embraced at the domestic level, as

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<sup>26</sup> The QUAD - Canada, The EU, the US, and Japan.

<sup>27</sup> The FIPs - Brazil, the EU, the US, Australia, and India.

they bore reminiscences of previous times' independent Brazilian foreign policy and engagement within the founding of the G-77.<sup>28 29</sup> The G-20 was constituted as a coalition, in which Brazilian agribusiness could be found on the offensive extreme, while Indian and other developing countries with strong smallholder concerns could be found on the defensive extreme. This did imply a range of potential divergences. Yet, as the analysis of the initial part of the negotiation process has highlighted, a possible win-set did exist in challenging the pre-Cancun status quo within the field of agriculture, and the generally privileged position in which it had placed certain protectionist interests within developed countries.

#### 5.4 Technical issues on the way to Hong Kong

After the July framework had been agreed upon, Brazil proceeded by establishing contacts to a variety of actors at the external level, and by intensifying the technical work internally. The work in the Cairns Group had slowly become adapted and somehow coordinated according to that which was undertaken in the G-20 (Tel. 2071 20/9, 2004). The Brazilian delegation also sought to guide the G-20 towards closer cooperation with the G-33<sup>30</sup> and the African Group (Tel. 2208 4/10, 2004; Tel. 2254 7/10, 2004). An understanding between Ambassador Corrêa and Minister of Foreign Affairs, Celso Amorim, appears to have existed with respect to the importance of working together with other groups of developing countries in WTO regi, and of the significance of recent events within the organization, which for the first time had made it possible to bring commercial liberalization in line with social justice (Tel. 2413 23/10, 2004). This argument was associated with a strong discursive leverage, as it made it possible to portray trade liberalization both as being in line with the foundational principles and goal of the collective efforts within the WTO, but also as something which was related to more fundamental concerns of legitimacy, and more equal opportunities for development for poorer countries. This banner of the "Development Round" thereby constituted an essential superstructure to the process of more effective bargaining and exercise of leverage within this sphere. The discourse based on

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<sup>28</sup> Interview with Brazilian negotiator, Brasilia, April 27, 2018.

<sup>29</sup> Interview with private sector representative from the CNA, Brasilia, October 3, 2016.

<sup>30</sup> A group of developing countries established before the Cancun Ministerial. The Group is characterized by relatively defensive concerns within the field of agriculture.

solidarity within the Global South was very effective when unity was forged through critique of developed country subsidies.<sup>31</sup> Yet, as later events would show, when this condition changed, much of the substantive basis on which developing country unity was based, eventually eroded.

The public-private cooperation continued unhindered upon the approval of the July framework, in spite of the slowdown in the negotiations due to the US presidential elections and the substitution of the European Commission. The focus within the Informal Technical Group was directed towards the preparation of documents that would support the G-20 upon the resumption of negotiations, as well as on different elements of the July Package, which in general terms was positively perceived (Despa. Tel. 1071 25/8, 2004; Despa. Tel. 1100 1/9, 2004; Despa. Tel. 1401 5/11, 2004). Brasília's instructions for the Delegation's work in Geneva were thereby strongly marked by the Technical Group's conclusions and recommendations, particularly those of ICONE which wielded a strong focus on ad-valorem equivalents (AVEs), tariff rate quotas (TRQs), and export credits (Despa. Tel. 1440 12/11, 2004). As part of the strategic planning, ICONE also maintained a close dialogue with agricultural sub-sectors in order to map out their respective offensive and defensive interests (Despa. Tel. 1522 2/12, 2004). The Technical Group similarly sought to establish contacts between Brazilian and the US agricultural sectors in order to identify their particular preferences with regards to tariff structures. This was seen as an important exercise of transparency, but also in order to help defining the ideal Brazilian position (Despa. Tel. 1543 7/12, 2004). The direct promotion of contacts with the US private sector demonstrates that though the overall picture of the agricultural negotiations below the Doha Round might appear as an entrenched conflict between offensive and protectionist interests, the lower levels of this process were marked by a wide myriad of contact and interactions which transgress the general lines of divisions. It also presents a much more muddy image of the realities of the broader space surrounding the negotiations, which in spite of the restriction of formal authority to state actors, was populated by an ample range of corporate agents, NGOs, and other interests organizations, which is much in line with Cerny's (2010) transnational neopluralist perspective.

Meetings were also held between Itamaraty and sectorial umbrella organizations, such as ABAG, FIESP, UNICA, ABEF, and Coimex in order to discuss Brazilian

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<sup>31</sup> Interview with Brazilian negotiator, Brasilia, April 27, 2018.

strategies during the year preceding the Hong Kong Ministerial planned to take place in December, 2005. Coming challenges and potential maneuvers by the Majors were debated at the occasion, and the private sector organizations expressed their broad appreciation of the initiative taken to involve them in the strategic discussions (Despa. Tel. 1590 17/12, 2004). Closer individual dialogue with a broad range of subsectors also took place in early 2005 with the goal of mapping out particular sectorial preferences and understanding their specific interests and concerns in relation to the Round (Despa. Tel. 371 23/3, 2005). If the incorporation of non-public actors within the Brazilian foreign policy-making process had been a relatively recent phenomenon by the outset of the Doha Round, the participation in these negotiations undoubtedly came to cement the essentiality of pooling capacities with other public and private bodies. Spillovers between the concurrent efforts at the Dispute Settlement Mechanism and the parallel commercial negotiations with the Majors in Mercosul regi, in terms of accumulated institutional learning should certainly be considered in this regard.

The public-private cooperation supporting the Brazilian engagement in the Doha Round seems to be clearly marked by reciprocity and mutual initiative. The assumption of private actors pushing public institutions towards certain courses of actions within agency theory (GETZ, 2001) thereby does not appear to fit the processes in question. In a similar vein, illustrations of the appropriation of political resources on behalf of private entities as a process of "market exchange" (SALORIO et al. 2005) also falls short of capturing dynamics of "mutual adjustment" (LINDBLOM, 1977) and the internalization of corporate concerns by public actors which is strongly emphasized within neopluralist perspectives. Conceptualizations of public-private interactions through a relational lens, with emphasis on continued exchange and incremental confidence building (HILLMAN & HIT, 1999), or through modalities of partnership, permeated by positive-sum logic and interdependence (BODDEWYN & BEWER, 1994) provide much closer approximations to the events at hand.

As the negotiations gained momentum from early 2005, one of the central questions at hand in order to move ahead within the market access pillar became related to the conversion of tariffs and taxes into ad valorem equivalents (AVEs). The choice of methodology for AVE conversion thus became the object of discussions in the Technical Group from the beginning of the year (Despa. Tel. 56 20/1, 2005). The Mission's engagement in February's special session on agriculture was guided by ICONE's inputs on the matter, which were met by a more assertive European stance

(Despa. Tel. 120 3/2, 2005; Tel. 381 16/2, 2005). This apparently technical issue had quickly become highly politicized to such a degree, that it was seen by Brazil as potentially providing a platform for a rapprochement between the Majors, in detriment of the G-20. ICONE's research within the field became central for Brazil to coordinate positions to define a common posture of the G-20 (Tel. 395 18/2, 2005), and agreement with India on AVE's was eventually reached (Despa. Tel. 488 28/2, 2005).

The seriousness of the AVE question became apparent as disagreements on this issue eventually led to the suspension of March's special session on agriculture (Tel. 678 18/3, 2005). Upon the G-20 meeting in Delhi in March, the members of this group agreed on a joint declaration, highlighting the importance of converting all non-ad valorem duties into ad valorem terms. A press release was also issued, in which they stated the danger that some WTO members might use this question to block the negotiations (Tel. 692 21/3, 2005). AVEs were also on the top of the agenda on meetings in the Cairns Group, within which the need to resist European attempts to proceed with the negotiations regardless of this pendency was strongly accentuated by Australia (Tel. 1175 27/4, 2005).

Ahead of the Paris mini-ministerial in early May, the Informal Technical Group became deeply engaged with elaboration of suggestions for a methodology for AVE calculations, in order to subsidize the Brazilian and the G-20's participation (Despa. Tel. 617 28/4, 2005; Despa. Tel. 499 8/4 2005; Despa. Tel. 736 24/5, 2005). Eventually, an agreement about AVEs was reached in Paris, which was seen by Brazil as a vital stepping stone for the continuance of the Round within the market access pillar, and as largely attributable to its own, and the G-20's efforts (Despa. Tel. 669 9/5, 2005). On behalf of the G-20, Ambassador Corrêa underlined that the agreement on AVEs would help to guarantee more transparency and to move away from the "dirty tariffication" of the Uruguay Round (Tel. 1295 10/5, 2005). As it had been the case with the discussions about tariff reduction formulas, the AVE question bears witness to how the enhanced Brazilian technical capabilities provided by the private sector permitted the G-20 to assume an offensive, yet, constructive posture. The specialization of the negotiation apparatus was associated with much agenda setting power, meaning that a general momentum could be formed, which prevented the more reluctant parties to assume a disengaging posture.

After the mini-ministerial in Paris, the G-20 sought to push forward with the negotiations, as a relatively favorable momentum was perceived to be evident (Tel.



1635 14/6, 2005; Tel. 1810 28/6, 2005; Despa. Tel. 1024 19/7, 2005). The G-20 thereby became the first players to present concrete tabulated proposals for the negotiations, which were positively received by both the EU and the US (Tel. 1919 18/7, 2005; Tel. 1953 11/7, 2005). The quality of the G-20's technical work was clearly acknowledged by both the EU and the US, and they recognized the group's proposals within the three pillars as a constructive basis on which the negotiations could proceed. At the presentation of the G-20's proposal, Ambassador Corrêa, on behalf of the group, stressed its technical consistency, how it was informed by "legitimate development concerns", and that it constituted a genuine middle ground. Corrêa furthermore mentioned that the G-20 had put its cards on the table, and that it now was time for others to do the same (Tel. 2158 30/7, 2005). Brazil and the G-20, on the other hand, were rather critical of the proposals presented by the Majors as the Hong Kong Ministerial approached (Tel. 2943 31/10, 2005; Tel. 3031 4/11, 2005; Despa. Tel. 1488 1/11). These proposals were also negatively received by the Technical Group, which likewise found them to be largely un-ambitious, and displayed a clear preference for those laid forward by the G-20 (Despa. Tel. 1496 3/11, 2005; Despa. Tel. 1577 18/11, 2005). At the outset of the Hong Kong Ministerial, the *Câmara Técnica de Negociações Agrícolas Internacionais* similarly expressed its support for the G-20's proposals on behalf of the Brazilian agricultural sector, while still stressing that ambitions regarding market access might need to be traded for greater demands in terms of internal support (Despa. Tel. 1669 6/12, 2005).

Eventually, the Hong Kong Ministerial produced what from the Brazilian perspective was seen as modest, yet, not insignificant results<sup>32</sup>, which furthermore served to cement the Brazilian leadership amongst developing countries. The Conference was also described as marked by an unprecedented high degree of developing country participation, and consequently, also more balanced results. Faced with what was seen as a relatively obstructive European posture, the final agreement

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<sup>32</sup> The final Hong Kong text contained a range of elements which were largely in line with those proposed by the G-20.

Regarding domestic support, the main changes concerned the three-tiered tariff reduction formula, disciplines to guarantee effective cuts, the language which stresses the primacy of overall cuts rather than individual cuts, as well as the exemption of developing countries from de minimis and overall cuts. Regarding export competitiveness, the changes concerned new disciplines for export credits, credit guarantees and humanitarian aid, as well as the fixation of a date for the total elimination of export subsidies (2013).

The market access pillars underwent less changes, which were limited to the agreement upon a four-tiered tariff reduction formula and differentiated thresholds for developing countries.

upon the elimination of export subsidies by 2013 was positively viewed. The general Brazilian evaluation was therefore that through its capacity to unite developing nations, the country had come strengthened out of the Conference, which had contributed positively to its international standing. (Tel. 3527 23/12, 2005; Tel. 3528 23/12, 2005)

In spite of Itamaraty's generally positive evaluation of the Hong Kong Conference, some small cracks in the G-20 coalition did nonetheless become evident. In the course of the Conference, Brazil appeared to make some concessions within the blue box to the United States. Yet, Argentina and India had insisted upon debating this question within the coalition, which prevented that Brazil give in on this issue (HURRELL & NARLIKAR 2006, p.424). Brazilian agribusiness representatives were also critical of the SSMs for developing countries, which as a group had come to account for more than half of Brazilian agricultural exports (PIMENTA JUNIOR 2012, p.66). Systemic translocations related to the rise of China within the global food system as a major destination for agricultural products, not least in relation to Brazil, also meant that the concession of SSMs to this country implied some very different implications for Brazilian export opportunities, than would have been the case before 2005<sup>33</sup>. Finally, the CNA was very explicitly critical about the Brazilian negotiators' reluctance to offer market access for industrial products, which could ensure larger gains in terms of agricultural liberalizations (CONCEIÇÃO-HELDT 2013, p.190).

Hence, the Hong Kong Ministerial had indeed positioned Brazil as an absolutely central player in the mobilization of developing countries within the WTO negotiations. This was grounded in its ability to function as an organizational vector and as a symbolic reference point for shared identity, as well as the tangible results which its many-folded negotiation capacities could produce. Yet, the Hong Kong Conference also came to pose a question of whether the pragmatic embracement of the defensive interests of many other developing countries had stretched Brazil to its limits in terms of its domestic agribusiness sector. The limited effective results in terms of market access, as well as the considerations for special treatment shown to other developing countries within this pillar may well have stretched beyond the already narrow win-set of the highly heterogeneous G-20 coalition. This space for mutual gain between offensive and defensive interests of its members did indisputably narrow down, as the content of the negotiations came to concretize. The fact that one of the most vital forces of this

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<sup>33</sup> Interview with Brazilian negotiator, Brasilia, April 27, 2018.

coalition, the emphatic *demandeurs* within the Brazilian agro-export sector, were to be found on its offensive extreme, meant that even modest concessions to defensive interests within this group implied a risk of distancing Brazilian agribusiness from the G-20, which wielded the potential of weakening its very foundations.

## 5.5 Navigating the Troubled Waters Beyond Hong Kong

Upon the Hong Kong Conference, the Doha Round lost momentum, as some of its central participants emitted very mixed signals in terms of their ambitions to see it through. In meetings between the Brazilian delegation and the EU's Director-General's for Agriculture, David O'Sullivan, and for Commerce, Jean-Luc DeMarty, the latter signaled that minimalist goals should be adopted, and that the EU did not pretend to make any new offers in terms of market access. O'Sullivan stated that the time when agriculture should be considered as the motor of the Round was now bygone, and the lack of more firm commitments from Brazil and India regarding industrial products and trade in services was the reason for the difficulties of moving ahead. These manifestations were interpreted by the now Ambassador Clodoaldo Huguency as the search for a pretext to cover for an actual lack of willingness to conclude the Round. (Tel. 108 19/1, 2006)

In early 2006, the G-20 held meetings with the legal consultancy firm Sidley Austin, which funded by the Brazilian cotton sector had helped the country reach a favorable decision in the Upland Cotton case filed against the US at the Dispute Settlement Body. At the meeting, the possibility of opening new cases against the EU and the US was discussed (Tel. 340 17/2, 2006). This may serve as an indication that Brazil, and the G-20 had reached a point at which they were considering a more directly confrontational approach towards the agricultural subsidies of the Majors, due to the slow progress in the negotiations. Yet, it does not necessarily imply that the multilateral negotiations were neglected, as the DSB mechanism also may serve as a strategy to pressure these parties to display further commitment to conclude the Round. Interestingly, the president of the special session for agriculture, Crawford Falconer, stated that the negotiations had reached a point at which, in spite of the continued need for technical groundwork, their eventual conclusion would have to depend upon the expression of political will (Tel. 157 25/1, 2006).

The Informal Technical Group nonetheless continued to subsidize the G-20's

engagement in the negotiations (Tel. 242 7/2, 2006), and representatives from the CNA and ICONE also participated directly alongside the Brazilian delegation in the agricultural special sessions (Despa. Tel. 146 9/2, 2006). At the margins of the special session in February, ICONE presented projections made of scenarios implying the implementations of different suggestions made by the EU, the US, Australia, and the G-20, stressing that the G-20's proposal continued to stand as the most far reaching, and therefore as the preferable choice (Tel. 420 22/2, 2006). This sort of technical backup at the very locus of decision-making thereby made it possible for the Brazilian delegation to adopt a highly dynamic engagement in the negotiations, as arguments informed by technical analyses could be assumed quickly in response to the presentations of other delegations, and counter-proposals put forward.

The Technical Group also subsidized the Brazilian participation in the G-6 meetings, which by 2006 had become the main forum for discussions below the agricultural negotiations. Representatives from CNA and ICONE were likewise part of the Brazilian delegation at these gatherings (Despa. Tel. 308 17/3, 2006). The proposals for market access which the Technical Group supplied to the delegation were devised so as to be in Brazil's interests, but still consciously moderated to avoid outright rejection by the other negotiation parties (Despa. Tel. 214 22/2, 2006). The Technical Group hereby adopted an unavoidable pragmatic approach imposed by political realities, and in this manner displayed a significant degree of diplomatic understanding which complemented its technical expertise. It also demonstrated a continued commitment to see results materialize within the multilateral negotiations, in spite of the dissatisfaction with the concessions made as part of this strategy which had previously been expressed by the Brazilian producers.

Towards June, the Technical Group had taken note of the differences between the EU and the US regarding market access, which were perceived as a significant factor in blocking the negotiations. The group also discussed the possibility of establishing a roof for further SSMs, and manifested its preoccupation with the lacking *de minimis* cuts for certain developing countries (Despa. Tel. 730 5/6, 2006). The special treatment of other developing countries with a large proportion of more vulnerable smallholders had been a necessary element in ensuring the coherence of the G-20. Yet, a certain measure of dissatisfaction with this did not cease to appear amongst the agribusiness participants in the Technical Group. This group sought convergence on this issue (Despa. Tel. 922 11/6, 2006), but although it counted with the rural workers

union, Contag, as well as the Ministry of Agrarian Development as members - both marked by a strong concern for smallholders -, their limited experience with trade matters meant that their real influence was checked. The bulk of the decision-making power within this group therefore lay with Itamaraty, MAPA, and ICONE (HOPEWELL 2014, p.304).

The previously broad support for Brazil as one of the leading forces within the developing world from international NGOs also began to recede, as still more NGOs came to doubt that the Round would be to the general benefit of developing countries (Despa. Tel. 763 9/6, 2006). Essential interests of the participants within the G-20 had shifted since Cancun, which spilled over into the leverage of the coalition. At a certain point in the negotiations, it thus became evident that Brazilian objectives were of a significantly more offensive character than those of its partners in the G-20<sup>34</sup>. This all fed into an ever more prevailing perception that some of the basis provided by a hitherto perceived overlap of interests between different developing countries, as well as the unity provided by a North-South discursive storyline, might be called into question.

As the ministerial meeting in Geneva in early July approached, the prospects for conclusion of the negotiations deteriorated, as a group of 57 US senators signed a joint public letter which stated that the country should make no more concessions within the field of agriculture. The Brazilian interpretation of the USTRs<sup>35</sup> role hereafter was therefore that his engagement was limited to avoiding that the US would be directly blamed for the eventual breakdown of the negotiations (Tel. 1795 7/7, 2006). This posture might be explained by Hopewell, who observes how US negotiators later have admitted that the country's adherence to the issue of development within the Doha Round mainly was due to publicity, and the aim of attracting developing countries, rather than ever having constituted an effective commitment to make any significant concessions in favor of these (HOPEWELL 2016b, p.76).

The importance of the development dimension of the Round was nonetheless strongly accentuated by Celso Amorim at a green room meeting. Apart from criticizing the US' demands for continuing to subsidize its agricultural sector in the order of US\$ 22 billion annually, regarding NAMA, the Brazilian Minister of Foreign Affairs also stressed the importance of avoiding measures which would lead to deindustrialization in the developing world. The divergences between the central players in the negotiations

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<sup>34</sup> Interview with Brazilian negotiator, Brasilia, April 27, 2018.

<sup>35</sup> United States Trade Representative

had grown to a point at which the Director-General, Pascal Lamy, stated that it had become impossible to identify a "landing zone" and that the negotiations consequently had reached a very critical "moment of truth" (Tel. 1813 5/7, 2006). Given this impasse, the president of the agricultural special session, Crawford Falconer chose to suspend meetings until Lamy had made a move (Tel. 1849 7/7, 2006).

The suspension of the negotiations by July 2006 did not lead Brazil to halt its engagement in the Round. In early August, it convoked a high-level G-20 meeting in Rio, and with the goal of reinvigorating the discussions, the African Group, the LDCs<sup>36</sup> and ACPs were also invited (Despa. Tel. 1011 2/8, 2006). Further engagement with developing countries in order to bring new life into the Round was also on the agenda in the Technical Group, which agreed upon the essentiality of seeking multilateral reform of the field of agriculture (Despa. Tel. 1042 8/8, 2006). The group also expressed its support for the G-20 as Brazil's negotiation platform within the Round, as well as its appreciation of the initiatives taken in relation to the developing countries in order to mobilize them towards the reinvigoration of the Round (Despa. Tel. 1210, 2/9, 2006). The Brazilian efforts to push for the resumption of negotiations were also strongly appreciated by the *Câmara Temática de Negociações Agrícolas Internacionais*, within which the importance of continuing to search for creative solutions without lowering overall ambitious, was highlighted. The CNA also mentioned the possibility of using the DSB instrument in order to pressure certain players to engage more actively in the process of multilateral agricultural reform. (Despa. Tel. 1043 8/8, 2006)

Although divergences and potential points of conflict had become evident between the offensively minded Brazilian agribusiness at the domestic level, and the much more defensively oriented coalition partners at the international level, the events upon the temporary suspension of negotiations in July 2006 point to the resilience of the alignments formed around the Cancun Conference. As Efstathopoulos underlines, the Brazilian assumption of leadership within the Doha Round was strongly associated with the embracement of the need to provide substantial results for its followers, and this role hereby became strongly conditioned by their support (EFSTATHOPOULOS 2012, p.270). The eventual divergences within the G-20 at the final breakdown of the Round have received much attention within academic analysis of the negotiations, but care should be taken not to underestimate the obstacles which the G-20 did in fact did

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<sup>36</sup> LDC - Least Developed Countries

endure. In spite of the evident potential for conflict with defensive interests within the group, the Brazilian foreign establishment and agribusiness stakeholders opted for continuing to concentrate efforts within the G-20. This may well have been defined by a path-dependent logic, but the fact of the matter is that the alignments forged from an early point in the Round did continue to receive significant investment by the engaged parties.

## 5.6 Resurgence and eventual shipwrecking of the Doha Round

In the period upon the temporary suspension of negotiations, Brazil continued to work towards their resumption alongside the rest of the G-20 (Tel. 2341 15/9 2006; Tel. 2718 19/10, 2006), and also proceeded with the technical supportive work with domestic private stakeholders (Despa. Tel. 1390 25/10, 2006). Deliberations took place with the Indian Minister for Commerce and Industry, Kamal Nath, who stressed the importance of developing country unity, and called attention towards the "institutional asymmetries" of the WTO, which became reflected in a selective opening of developed country markets (Tel. 2585 6/10, 2006). As 2007 approached, the prospects for the reinitiating of the negotiations became brighter, and the G-20 strongly stressed its support for the "soft resumption of negotiations" (Tel. 3191 11/12, 2006). In January 2007, Pascal Lamy hinted that there seemed to be a new impulse emanating from different groups in Geneva, in order to push the negotiations towards their conclusion (Tel. 114 23/1, 2007).

By February, Lamy announced the resumption of the negotiations, and at the occasion expressed gratitude for the support received for this to happen, from amongst others, Brazilian President Lula da Silva. The General-Director also highlighted his positive view on the prospects for concluding the negotiations, stating that "political conditions are more favorable than they have been for a long time" (Tel. 185 2/2, 2007). The G4<sup>37</sup> gradually materialized as the center of decision-making from early 2007, as the two Majors turned to Brazil and India as the leading figures within the developing world (EFSTATHOPOULOS 2012, p.277).

In spite of the re-ignition of the negotiations, a significant obstacle nonetheless presented itself as the US approved a New Farm Bill, that maintained high levels of

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<sup>37</sup> The EU, Brazil, the United States, and India.

internal support, and which did not reflect attempts of reform (Tel. 190 2/2, 2007; Tel. 228 8/2, 2007). The main issues on the agenda as the committee on agriculture resumed its work can be highlighted as: 1) blue box disciplines in terms of internal support, 2) tiered formula cuts and flexibility elements regarding market access, and 3) related to export competition, the elimination of export subsidies and disciplines regarding humanitarian aid (Tel. 257 13/2, 2007). In Ambassador Hugueneý's perspective, the Brazilian efforts were concentrated on the one hand, on the multilateral process, based on participation in the special session, and on a technical and political process, based on the coordination of the G-20 (Tel. 1415 10/6, 2007). Due to the slow pace of the negotiations throughout 2007, the country's agribusiness sector also grew evermore impatient, as negotiators struggled to keep up with the working chronogram (Despa. Tel. 860 16/7, 2007).

The impasse at the G-4 meeting in Potsdam also painted a bleak picture for this forum as a central locus in the negotiation process, and Ambassador Hugueneý even stated that it, "had been marginalized, if not totally ignored" and consequently "had run its course" (Tel. 1548 26/6, 2007; Tel. 1549 26/6, 2007). The high level of ambition expressed by Brazilian agribusiness also appears to have generated a certain frustration at the Itamaraty, as it hinted that the rural sector did not take the reality of the negotiations sufficiently into account, particularly, the European "red lights" (Despa. Tel. 834 10/7, 2007). Such negotiation realities crystallized as the USTR clearly stated that Brazilian producers should be content with what the US has put on the table in terms of domestic support reductions, as they could not hope for anything better (Despa. Tel. 859 16/7, 2007). The resumption of negotiations had thus quickly resulted in a situation not much different from that which had led to the suspension of negotiations a year before. As it appeared that domestic stakeholders and foreign negotiation partners each were pulling in their own direction, the prospects for significant progress in the negotiations thereby became rather blurred.

The negotiations gained more impetuosity as the President of the special session, Crawford Falconer, presented a proposal in form of a revised draft modalities text by early 2008. The proposal was analyzed in the Technical Group in February, within which it had a mixed reception. Disagreements between the CNA and the MDA became apparent, as the former stressed the importance of a ceiling for SSMs (Despa. Tel. 164 20/2, 2008). A revised version of the modalities text was circulated by May, which was rather more positively viewed by the Brazilian delegation in Geneva. The text was



characterized as "balanced", and as incorporating a range of proposals previously made by both the G-20 and the Cairns Group (Tel. 1119 19/5, 2008). Another draft of the revised modalities text was circulated in the run-up to the Ministerial Conference in June. Ambassador Hugueneý's perception was that it was a generally balanced text, which incorporated suggestions from the G-20 within all agricultural pillars. It was also observed that the text incorporated some concessions to developing countries in form of SSMs (Tel. 1535 10/7, 2008).

The issue of protective mechanisms for developing countries had been a central point on the agenda before the July Ministerial. Especially India had made some very affirmative statements, with Kamal Nath underlining that the country demanded greater clarity with regards to special products and SSMs. Nath furthermore clearly underlined that, "if India draws out a blank in regard to its requests, it cannot be expected to show great enthusiasm on the other issues". These signals led to some Brazilian concerns, with Ambassador Hugueneý considering the possibility that they were meant as an anticipated positioning in order to avoid being blamed for the possible failure of negotiations. (Tel. 1466 3/7, 2008)

In his speech to the G-20 at the outset of the Conference, Celso Amorim highlighted the importance of ridding global agricultural trade from the distortions produced by developed country agricultural subsidies, emphasizing that, "a development round means that developed countries should take the lead in reverting their trade-distorting support and bringing down their protection level. With that, developing country farmers will be in a position to enjoy their comparative advantages" (Tel. 1649 24/7, 2008). Carvalho (2010) nonetheless describes how the Brazilian agribusiness sector had exercised a strong pressure on Amorim in order for Brazil to distance itself from the more defensively oriented G-20, and realign itself with the Cairns around a more offensive agenda. In a letter to the Minister, the CNA strongly warned against permitting an excessive use of the SSM and furthermore demanded lower ceilings for domestic subsidies than those agreed upon by the G-20 (CARVALHO, 2010). This left Amorim in tight spot, pressed between the official discourse of unity with the G-20 and the developing countries more broadly, and the very incisive demands of the most significant domestic stakeholders on the matter at hand. The dissonance between the idealizations of the G-20 coalition, and the effective realities of its main participants drifting apart, is described by a Brazilian negotiator who states that "there was a lot of romanticism in this coalition... on our behalf(!), not

on behalf of either India or China..."<sup>38</sup>

As the Ministerial Conference commenced, the difficulties of the negotiations quickly became apparent, and on the 25th of July, Pascal Lamy urged all of the participants to consider their "red lines". On the 26th, Lamy presented the package which had been negotiated the day before, stressing that it had not been possible to include many issues of high importance to some of the members. Brazil, in spite of highlighting that the package did not contemplate all of the Brazilian proposals, agreed to adopt it as the base for the negotiations. Yet, as it proved impossible to pass the package, Lamy concluded on the 28th of July, that there was no way of denying that the meeting had failed (Tel 1733 6/8, 2008).

The July meeting was the first time that open disagreement between Brazil and India had become evident. The Indian concerns regarding the SSMs were at the center of these divergences, and Kamal Nath stressed that because Brazil or the G-20 did not wield the same concerns about this issue as India did, the country would attend its interests within the G-33. Though Brazil later had assumed a neutral stance on the SSM issue, India had eventually rejected the Lamy Package. Nath emphasized that restrictions on the SSM were unacceptable, and claimed that this concerned not only India, but indeed also a wide array of developing countries. (EFSTATHOPOULOS 2012, p.279-281)

Pimenta Junior stresses that at the final point in the negotiations, the package had come to incorporate all of the central Brazilian concerns (PIMENTA JUNIOR 2012, p.83). From a Brazilian perspective, its intense engagement and investments in assuming leadership amongst the G-20, and of projecting its influence on the wider negotiations, thereby appeared to have been compensated as much as realistically possible, - particularly considering the inescapable asymmetries of leverage in the negotiations process. Yet, as the events came to demonstrate, its myopic interests could only be obtained by leaving the platform on which it had positioned itself during the negotiations, - which it eventually did. In this regard, Diego-Fernandes emphasizes how contemporary coalitions at the WTO generally should not be analyzed through the lens of North-South divisions, as they are much more pragmatic in nature, and also often apply a rather issue-specific focus (DIEGO-FERNANDES 2008, p.425). Such observations also seem to explain the rift between India and Brazil at the July

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<sup>38</sup> Interview with Brazilian negotiator, Brasilia, April 27, 2018.

Ministerial. As the essential Brazilian objectives within the Round were related to global agricultural market opening, and its fundamental preferences therefore inclined towards offensive demands, - as accentuated by Ramanzini Junior and Mariano (2013, p.1212-1213), - it may hereby also be expected to act to pursue these in the absence of third-options. The pressing nature of the situation before the ministerial, and the diminishing middle ground which Brazil otherwise had sought throughout most of the negotiations, hereby appears to have forced this choice upon it, which for long had been postponed.

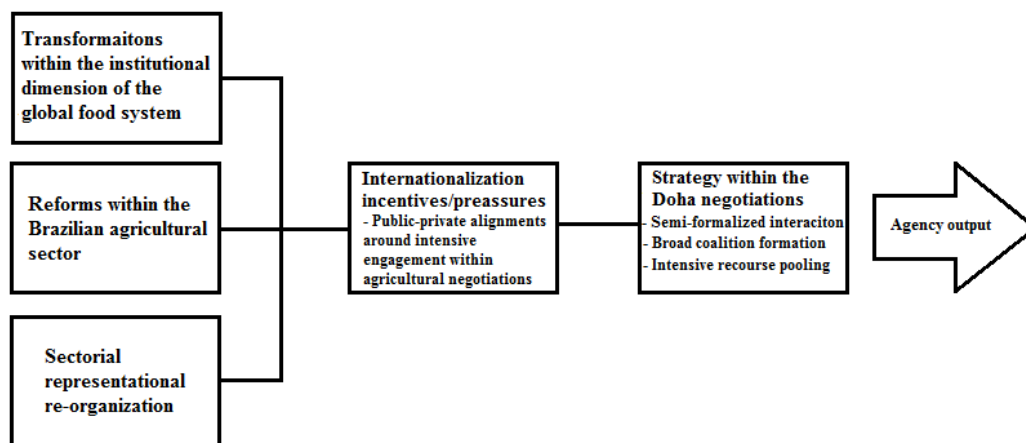
## 5.7 Partial conclusion

With the instalment of the WTO, and signature of the Agreement on Agriculture as the central framework for governance of global agricultural trade, the institutional dimension of the global food system gained volume. Food trade had now been significantly inserted within a legal framework moulded according market-oriented principles, which would set the general course for future policy-initiatives within this field. Although the initial results in terms of effective liberalization of agricultural trade were relatively timid, the constitution of the WTO provided a vehicle for parties that would be interested in pushing for further market-opening and subsidy reductions. The establishment of the WTO thus also provided a mechanism through which an increasingly competitive Brazilian agribusiness sector could pursue its interests in augmenting exports. Cooperation with the Brazilian state became essential in this respect, first of all because of the latter's representation in the WTO by juridical personality, but also because of the extremely high exigencies for technical and organizational capacity demanded within the negotiation process.

The Doha Round was born as the WTO came to incorporate development related concerns alongside its hitherto central objective of global trade liberalization, resulting in a negotiation platform which at least officially, was minded towards ensuring "development-friendly free trade". Agriculture became an absolutely central point below this heading, as this well may have been the issue which was most clearly marked by asymmetries between North and South. These institutional developments provided a clear opportunity for the Brazilian state and agribusiness to align their efforts around a strategy which implied an emphatic engagement in the negotiations with the dual objectives of; 1) ensuring agricultural liberalizations, - a common economic

concern - and, 2) positioning Brazil as a leader amongst developing countries - a concern of the political level and the foreign policy establishment. The way in which the conjunction of these developments within the central institutional framework of the global food system, - as well as the agro-industrial restructurings in Brazil, - came to spur the joint public-private participation in the negotiation process is depicted in figure 13 below:

**Figure 13: Effects of food system transformations and domestic restructurings of the productive sector upon the public-private Brazilian engagement in the Doha negotiations.**



Source: Author's elaboration.

From the outset, the participation of the Brazilian state and agribusiness sector in the Doha Round was marked by a high degree of convergence of objectives regarding agricultural market liberalization. These confluent interests and objectives were so clearly defined, that efforts could be directed at their pursuit, rather than at discussions about their definition. Charles Lindblom's (1977) notion of "mutual adjustment" thereby seems to fit the highly fluent interactions between these two parties, as they engaged in the Doha Round. The main public actors within Technical Group, Itamaraty and MAPA, came to profoundly internalize such agro-export interests exposed by its private participants, to the point that the group's general recommendations became strongly characterized by such concerns. In the later part of the Round, some tensions did appear concerning the extent to which agricultural liberalization should be pursued through a pragmatic participation in the more defensive, yet, politically dynamic G-20 group, and with regards to how many concessions should be made in this respect. It is worth noting that the defensive interests and concern for smallholder agriculture which

characterized Brazil's coalition partners in the G-20 also were evident amongst the Technical Group members of MDA and Contag. Yet, their limited leverage meant that they did not significantly influence official Brazilian positions. Furthermore, as the choice came to stand between continuing to moderate demands by sticking with the G-20, or opting for the choice most favored by Brazilian agro-export interests, the latter came to prevail.

Third-party inclusion also constituted an integral part of the Brazilian strategy during the Doha Round. Most notably, this became evident concerning the G-20 and the Cairns members, but a broad myriad of contacts with many different types of actors should also be taken into consideration. The deliberations and search for common ground with NGOs, foreign corporate actors, international organizations, and media was thereby also part of the broader Brazilian public-private Doha strategy, which did not exclusively rest upon alliances defined by firmly entrenched positions. Hence, while certain general lines of alignments can indeed be identified amongst the major actors, a game characterized by variable geometries can be observed as unfolding in parallel to the more visible events in Geneva. Likewise, it is remarkable to observe how the Itamaraty functioned as a transmission link, which facilitated direct contact between agribusiness actors and foreign public and private entities, in both informal settings, but also by bringing Brazilian agribusiness representatives into the formal spheres of decision-making.

Resource pooling between public institutions and agribusiness became an absolutely indispensable element in the Brazilian Doha strategy, which also permitted Brazil to gain a central position within the G-20 and in the mobilization efforts made in relation to other coalitions. As the Brazilian agribusiness sector possesses financial and organizational resources of a proportion which is rare in the case of developing nations, the country could muster efforts comparable to those of developed countries. The technical inputs provided by private actors thereby constituted both a means to advance the G-20 coalition's arguments in relation mainly to the two Majors, but it also made it possible to devise proposals which bore central Brazilian interests in their nucleus. This does not imply that these proposals were not seen as generally beneficial by other developing countries, and many efforts were indeed made by the Brazilian public-private entities to seek out what was seen as a balanced middle ground. Yet, due to the highly complex exigencies in terms of analysis, projection, and elaboration of commercial proposals, - restricted for all but the most resource endowed WTO members

- Brazil did reach a rather monopolistic position in terms of technical capacities within the G-20, - with the possible exception of India.

Institutions like the *Câmara Temática de Negociações Agrícolas Internacionais*, and the *Forum Permanente de Negociações Agrícolas Internacionais* did play a role in the domestic supportive and consultative apparatus behind the negotiations. Yet, it was the "Informal" Technical Group that became central in the domestic branch of the decision-making process. Summaries of meetings within the group along with its recommendations were transmitted directly to the Brazilian delegation in Geneva from June 2003 and onwards. This meant that the more assertive Brazilian stance within the negotiations correlated with the formation of this group. In spite of lacking formal status, its de-facto functional formal nature contrasted much with the lack of effective significance of the Camex. The choice of keeping the Technical Group informal was due to Itamaraty's resentment of projecting an image of close intimacy with the agribusiness sector. Yet, the high degree of importance which the Ministry irrespectively chose to delegate to this group reflects the selectivity of incorporation of non-traditional actors within the foreign policy-making process. The posterior incorporation of Contag may well have served to dampen concerns of lacking legitimacy of this form of stakeholder inclusion, although its positions differed from those of Itamaraty, MAPA, and the agribusiness representatives. Accounts from the meetings in the group nonetheless reflect a very close cooperation and a highly productive working atmosphere, marked by technical discussions and a well developed internal coordination between participants.

## **Chapter 6: Public-private cooperation as part of the Brazilian engagement in the Cotton Dispute**

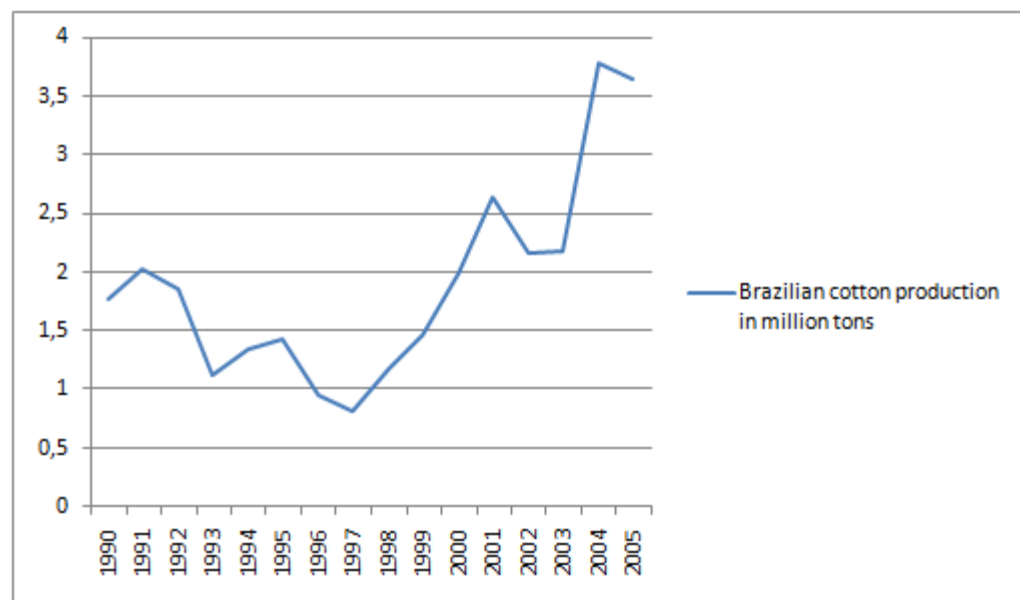
The following chapter examines the Brazilian joint public-private engagement in the Cotton Dispute from 2002-2005, as part of the analysis of research question two. The chapter therefore also seeks to evaluate to what extent the research sub-questions 5-8, related to convergence of interests, institutionalization of joint engagement, pooling of resources, and coalition formation characterizes the agency of the actors examined. The chapter initially assesses the productive restructurings of the Brazilian cotton sector from the 1990s, and how this came to entail an international orientation with focus on challenging US cotton subsidies. It then proceeds with an analysis of the domestic and international deliberations leading up to the dispute, and subsequently scrutinizes the agency of the Brazilian stakeholders in the panel and the appeal phase. A concluding analysis summarizes the central findings of the chapter in relation to research question

2.

## 6.1 Brazilian cotton production

Brazilian cotton production underwent significant restructurings during the 1990s, which both implied crisis and a geographical relocation, upon which the sector emerged with a more pronounced global competitive potential. A range of factors, such as the increasing interests rates and more difficult credit conditions, as well as the dismantling of tariffs from 55% to 0%, along with the boll weevil epidemic (*anthonomus grandis*) served to undercut the production in traditional cotton regions in the Northeast, South, and Southeastern part of the country (BARCHET 2016, p.7). Towards 1997, Brazilian cotton production thus declined, and that year reached a low point at which domestic supply only accounted for around 35% of industry needs (LASAS, 2001). Yet, as can be read from the graph in figure 14 below, production rebounded from 1998, and more than doubled in the course of three years.

**Figure 14: Brazilian annual cotton production in million ton.**

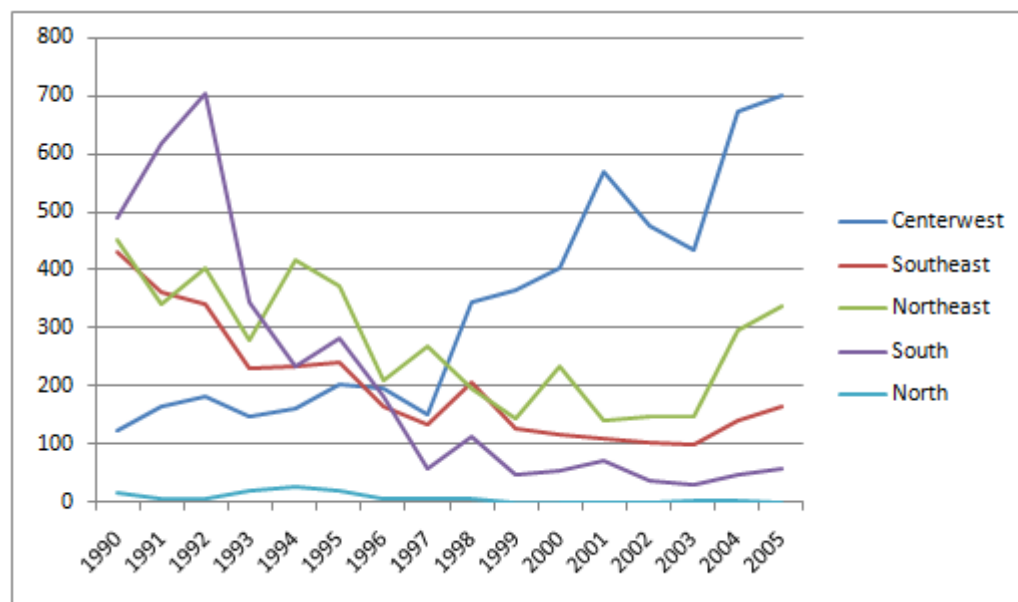


Source: IBGE 2017 (a)



The resurgence of Brazilian cotton production took place through a geographical relocation from traditional cotton producing regions in the South, Southeast, and Northeastern part of the country, towards the Centerwestern region. This region is characterized by extensive agriculture, and cotton became easily incorporated into this capital and biotechnologically intensive production model, while similarly also benefitting from the favorable institutional environment for agribusiness in this region (BARCHET 2016, p.7). As can be seen on the graph in figure 15, cotton cultivation became concentrated in the Centerwestern region, as well as the *Cerrado* in West Bahia, meaning that the region designated as Northeast did not experience a collapse in the same magnitude as the South and Southeast:

**Figure 15: Area planted with cotton in different Brazilian macro regions in thousands of hectares**



Source: IBGE 2017 (b)

As Brazilian cotton production began to resurge, exports also rose markedly from the late 1990s through the beginning of the 2000s. Yet, on the global market, Brazilian cotton became subjected to competition from a large volume of US production which was heavily subsidized. The subsidy measures applied by the United States at the turn of the century can be categorized as; 1) *direct payments*, through which producers received financial supports depending on the quantity harvested and area sown, 2)

*export credit guarantees*, extended by the US Commodity Credit Corporation, 3) *step 2 payments*, minded upon diminishing the difference between domestic and international cotton prices, 4) *marketing assistance loans and loan deficiency payments*, provided by the USDA's Farm Service Agency (FSA) through the Commodity Credit Cooperation<sup>39</sup>, and 5) *counter-cyclical payments*, implying a trigger mechanisms which was activated when cotton prices fell below a historically determined target price. (RIDLEY & DEVADOSS 2012, p.154)

In spite of efforts to pursue a more liberal trade regime within the field of agriculture throughout the 1990s, the US support for its cotton sector continued to rise. The high degree of protectionism in this area should be viewed through the lens of the deeply politically entrenched sectorial interests, organized below the National Cotton Council, (NCC). The NCC is a large contributor to political campaign funding and is active on a range of different levels on which it seeks to advance its sectorial agenda (LIMA, 2006; SCHIMANSKI 2006, p.36). Within a notably subsidized agricultural sector in the US, cotton stands out as a particularly large beneficiary of governmental support (RIDLEY & DEVADOSS 2012, p.148). Thus, at the turn of the millennium, aggregated US support measures reached a level of 130% of the total production value, meaning that in spite of a depressed price level on the world market, US exports rose markedly (CUNHA & SPINDOLA 2013, p.316; SCHNEPF 2011, p.2).

While continued US protectionism had come to draw attention from agro-exporting countries such as Brazil, the Farm Bill<sup>40</sup> of 2002 elevated negative sentiments amongst these competitors as it perpetuated and expanded a series of controversial support measures. As the bill established a level of domestic support for cotton of US\$ 4.14 billion in 2002, - up from US\$ 2.42 billion in 2001 - it was considered by a range of Brazilian stakeholders to infringe the Peace Clause<sup>41</sup> below the AoA. It thereby opened the possibility of challenging the US cotton support programme within the WTO dispute settlement body (DSB).

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<sup>39</sup> The programme permits producers to obtain a loan from the US Government with output serving as a loan collateral. Repayments vary according to world prices for cotton, meaning that in cases when this falls below the loan rate, repayments are similarly lowered.

<sup>40</sup> General legal framework in the US for governing the agricultural sector, including the definition of subsidiary and other support measures. The law is renewed on a quintannual basis and overseen by the United States Department of Agriculture.

<sup>41</sup> The 'Peace Clause' refers to the Article 13 of the Agreement on Agriculture, and states that exports subsidies and domestic support measures of any country which have been permitted below the AoA cannot be challenged below other provisions of the WTO. The Peace Clause was set to expire by January 1, 2004.

As an increasingly competitive cotton producer and exporter, Brazil stood in a situation in which future market access appeared to depend on its disposition to challenge the legality of the domestic agricultural framework of the US, below the mechanisms for market-oriented governance of global agriculture, which had been instituted with the AoA. This would mark the incipient stages of a turning point, at which Brazil moved from internalizing the precepts of an increasingly permeative institutional framework for global agriculture, towards becoming an active projector of its own commercial agenda through the institutional dimension of the global food system. This more offensive posture within the WTO thus appears to be intrinsically associated with the domestic enhancement of production capacities in line with an agro-industrial restructuring towards the technological frontier. It also reflects the Brazilian embracement of the ideational basis of a liberally inclined multilateral commercial framework, - and below this, the logic of competitiveness, - meaning that the infringement of the principles of fair competition on behalf of the US helped to push Brazil towards WTO litigation.

## **6.2 Initial deliberations**

Towards the late 1990's, the perception that the US cotton subsidies had reached a level at which they violated the Peace Clause, and thereby became directly incompatible with WTO law, became ever more common at the ministerial level in Brazil. Data from MAPA showed that the amount of US cotton subsidies from 1998 and onwards had surpassed the 1992 benchmark of the Peace Clause, and hence could be considered illegal (COLSERA 2004, p.99). By 2001, the total amount of subsidies were estimated to have reached approximately US\$ 4 billion; two times the permitted amount of US\$ 2 billion (SCHNEPF 2011, p.5). The Brazilian Ministry of Foreign Affairs had first raised the issue of the US cotton subsidies in the International Cotton Advisory Committee, in 1998, within which it debated the suspension of the Step 2 payments and a reevaluation of special import quotas. By May 2001, the Brazilian representation in Washington for the first time directly stated its preoccupation with the level of US cotton subsidies, which had reached US\$ 4.2 billion by 2000. (LIMA-CAMPOS 2004, p.113)

The private sector had also come to identify the problems associated with the

apparent indirect damage to Brazilian cotton production caused by US subsidies. By 2001, the Association of Brazilian Cotton Producers (ABRAPA) had contracted a private consultancy firm to study the possibility of applying anti-dumping or compensation measures, which nonetheless concluded that the WTO would be the most appropriate forum for moving ahead with the case (SCHIMANSKI 2006, p.65). Historically low cotton prices in 2002 eventually spurred initiative at the governmental level to assume contact with the private sector in order to consider the possibilities of challenging the US cotton subsidies<sup>42</sup>. A central figure in linking the initial public and private efforts towards contesting the US cotton regime was Pedro de Carmargo Neto. From previously leading the sectorial interest organization, *Sociedade Rural Brasileira*, Camargo entered MAPA in 2000, when he began to serve as Secretary of Production and Trade; a position from which he became strongly engaged in the organization of the Brazilian interests related to the cotton issue (STEFANO 2016, p.34). Viewing the process in retrospect, Camargo emphasizes how uncertainties regarding the consistency of the case by early 2002 had resulted in a more cautious approach by Itamaraty, the Ministry of Finance, ABRAPA, and the textile industry (CAMARGO 2004, p.84). Throughout early 2002, MAPA nonetheless became a strong driving force in favor of proceeding with the cotton case, while elements of the private sector and the foreign establishment were somewhat resentful of the costs and risks of failure associated with WTO litigation.

In April 2002, MAPA published a technical note emitted by the Department of Agricultural Trade Policy, and elaborated in conjunction with ABRAPA, the National Association of Cotton Exporters, and Itamaraty. The note provided consistency for the pursuit of the case within the WTO, and became an important landmark for the course of action later taken (CAMARGO 2004, p.84; SCHIMANSKI 2006, p.66). Meetings between a delegation from Itamaraty headed by then chancellor Roberto Azevêdo, ABRAPA, and private trade policy consultants also resulted in the conclusion that with rising global soy prices, it would be more preferable for Brazil to focus on the cotton issue, rather than the US soy subsidies, - which also were on the table at the time (ANDERSEN 2004, p.117).

As expressed by ABRAPA's president, Jorge Maeda, the Minister of Agriculture Pratini de Moraes' direct assumption of contact with APRABA became a turning point

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<sup>42</sup> Interview with former ABRAPA president, Brasília, May 10, 2018.

in terms of cementing a public-private consensus around the need to push ahead with the cotton issue. A key point for MAPA was that APBRAPA would guarantee its willingness to provide the necessary financial resources for the case, with which the organization eventually agreed. Hereupon, support was also secured from Itamaraty, the Ministry of Development, as well as from President Fernando Henrique Cardoso. The CNA also stated its adhesion to this course of action, which meant that domestic consensus had been reached regarding the general goal to be pursued. (MAEDA 2004, pp.55-56)

It becomes interesting to observe how the initiative to a large extent appears to disseminate from MAPA, which pushed strongly in the direction to confront the US cotton regime. This bears witness to a high degree of internalization of business interests, which become so closely associated with the public institution's own aspirations, that it actually anteceded private initiative in terms of pushing for improved global market access for the Brazilian cotton sector. When comparing this approach to Itamaraty's initially more cautious stand, it also becomes relevant to note that MAPA's concern was more exclusively related to Brazilian agribusiness interests. MAPA therefore had less to lose by a potentially unsuccessful outcome of the dispute proceedings. Itamaraty, on the other hand, was obliged to view the possible gains in relation to the potential costs of challenging a "soft spot" of the US commercial - and domestic - policies, and was therefore forced to consider the potential repercussions of the case in a wider array of issue-dimensions.

The actions taken domestically in order to move towards challenging the perpetuation of the US cotton subsidies, and the eventual establishment of inter-institutional consensus in relation to this issue, appears to have rapidly spilled over onto Itamaraty's international agency. From May 2002, Brazil also began to raise the issue of US cotton subsidies in a range of multilateral fora. The new US Farm Bill became the object of discussion in a meeting in the Cairns Group on the 14th of May, as the law ensured the continuation of a high degree of domestic subsidies, - not least within the cotton sector (Tel. 1004, 14/5 2002). Later in May, a joint letter of concern regarding the newly approved US Farm Bill was formulated by the Cairns Group, stressing that the sheer size of the subsidy support packages was very likely to hurt farmers in developing countries (Tel. Dis. 1060, 17/5 2002). During its meeting in Paris on the 16th of May, the Cairns Group also critically discussed the Farm Bill with regards to the further course of the multilateral negotiations, and a general understanding regarding the

need to confront the US subsidies was reached. This also implied the possibility of enabling the WTO dispute settlement mechanism (Tel. 1072, 17/5, 2002). On the 29th of May, ahead of the 30th session of the Committee on Agriculture, Itamaraty thus transmitted a range of questions to the United States' delegation regarding the reference period for the US cotton subsidies below the Peace Clause, from 1992-1994 (Tel. Dis. 550, 29/5, 2002). The solicitation of official subsidy data from the United States can be seen as a first step in order to pave the ground for an eventual contestation of the US cotton regime below the dispute settlement body, but also as a significant signal of Brazilian willingness to litigate the matter, in case the Farm Bill would not be altered.

In May and June 2002, Brazil became engaged in close deliberations with Canada and Australia regarding the perceived threat from the 2002 Farm Bill. After a meeting between Pedro Camargo and the Australian permanent representative in Geneva, David Spencer, the possibility of launching a joint complaint at the DSB was thereby evaluated (Tel. 1120 24/5 2002); a point which also was discussed with the Canadian representation early in June (Tel.1183, 3/6 2002). The initial response from the United States' permanent representative was to refuse to meet with the Cairns Group upon its public manifestations of discontent with the Farm Bill. Yet, simultaneously, the US actively sought contact with other groups within the WTO, such as Mercosul, which was perceived by the Brazilian representatives as an intent to drive a wedge down between Cairns Group members (Tel.1187, 3/6 2002). Thus, while the Australian perception at this point was that the US had gone "too far" with its new Farm Bill, and that bringing the matter to the DSB should be considered, other members of the Cairns Group were rather more cautious due to the high degree of technical complexity required to take such action, as well as the potentially negative repercussions due to openly challenging the United States on this matter (Tel. 1187, 3/6 2002). The signals received from Canada by the Brazilian delegation nonetheless hinted at its willingness to enter a possible dispute in the role of third-party (Tel. 1230, 6/6 2002).

Upon initially having rejected direct contact, the head of the US delegation in Geneva, Al Johnson, agreed to meet with the Cairns Group members. While Al Johnson denied that the Farm Bill contradicted the WTO rules, critical interventions from Cairns representatives stated that it was unfortunate that Washington with this legislation had chosen to align itself with protectionist commercial interests, instead of those that were more inclined towards commercial liberalization and the globalization of markets (Tel.1253, 8/6 2002). The same sort of argumentational leverage was applied by Brazil

during a meeting between Al Johnson and the Mercosul countries in June. On this occasion, the Brazilian Ambassador, Seixas Corrêa, strongly distanced himself from that which he characterized as an alignment between the US and the EU on the cotton issue in the molds of new "Blair House Accord"<sup>43</sup>. He likewise accentuated how this would serve to provide a momentum for protectionist interests within developing countries, thus spilling negatively over onto ongoing trade negotiations (Tel. 1285, 12/6 2002).

The strategy of highlighting negative repercussions of US protectionism through the Farm Bill was also applied by other Cairns Group members in the meeting within the Committee on Agriculture in early July, in relation to the Doha mandate. Ambassador Seixas Corrêa specifically pointed towards the alleged inconsistencies between the Farm Bill and the AoA, and claimed that it would be difficult for the US to stick to its commitments of keeping its aggregated measures of support below US\$ 19.1 billion, as stated below this agreement (Tel.1480, 2/7 2002). Brazil had thereby chosen a discursive position as the competitive and market-oriented actor, which played in accordance with the foundational principles of the World Trade Organization. This became even more accentuated as the US had been an absolutely central driving force in establishing the WTO, and below this, an essentially liberal framework for global agricultural governance through the Agreement of Agriculture. The inconsistencies which marked the US commercial policies within the area of agriculture thereby constituted an important foundation of legitimacy from which Brazil could depart in order to specifically challenge the US cotton regime.

In July 2002, effective steps were taken in the direction of bringing the US cotton subsidies before the WTO Dispute Settlement Body. The Minister of Agriculture, Pratini de Moraes, contacted ABRAPA President Jorge Maeda, informing him that the Brazilian government had taken the decision to file the case, and that it expected private sector support for this course of action (TOLLINI 2004, p.60). Knowing that it would likely become a costly commitment, yet considering that it potentially could provide substantial benefit for the Brazilian agricultural sector as a whole, ABRAPA pledged to underwrite this engagement (Ibid 2004, p.61). ABRAPA thereafter undertook a range of efforts to collect the necessary resources amongst its member organizations. Cotton

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<sup>43</sup> The Blair House Agreement was signed between the US and the EU in the course of the Uruguay Round Negotiations in November 1992, and established a series of relatively moderate agricultural support commitments.

producers would thus pay a certain amount out their own pockets according to their number of hectares, and lotteries were also held at different events in order to gather funds. The sector also sought to mobilize partners for the case within the broader agro-industrial complex, meaning that producers of fertilizers, pesticides and machinery, and on one occasion even a US company, would support the case.<sup>44</sup>

The mutual understanding internally, between public and private stakeholders, came to pave the ground for a more firm signaling externally. On a conference of the International Cotton Advisory Committee in Washington D.C., between the 7-9th of July 2002, ABRAPA openly stated that Brazil would challenge the US cotton subsidies before the WTO, and also invited other cotton producing countries to join the lawsuit (LIMA-CAMPOS 2004, p.114). As stated by ABRAPA consultant at the time, João Luiz Pessa, Brazil could not have found a better stage to openly dispute the agricultural protectionism of developed countries, than the auditorium of the World Bank in the very capital of the United States. The presence and firm statement of support from MAPA representative, Pedro Camargo, was highlighted by Pessa as an important signal of broad internal Brazilian unity to move forward on this issue (PESSA 2004, p.72). The domestic consensus reached between public and private interests regarding the US cotton subsidies appears to have formed an essential basis for Brazil to present its intention to litigate the matter in a more definitive tone. It becomes interesting to observe, that although the initiative at first was taken by the Ministry of Agriculture, ABRAPA was first to announce the Brazilian position. This external display of internal unity thereby also serves as a means of attraction in relation to other cotton producing countries potentially interested in backing the case, by way of exhibiting the Brazilian resolve and domestic consensus on the matter.

Although by July 2002 all of the central Brazilian stakeholders had committed to moving ahead with the cotton case, a certain degree of forethought was presented by Itamaraty, with regards to the risks associated with such an ambitious undertaking. Roberto Azevêdo, then serving as Chief of the General Coordination for Dispute Settlement<sup>45</sup> (CGC) at the Ministry of Foreign Affairs, had been maintaining close contacts with foreign legal and economic experts throughout the summer of 2002. Azevêdo was emphatic about producing concrete econometric evidence that the US had indeed been violating the Peace Clause with detrimental effects for other cotton

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<sup>44</sup> Interview with former ABRAPA president, Brasília, May 10, 2018.

<sup>45</sup> Coordenação Geral de Contenciosos



producers. Yet, results indicating a 12% downwards global price effect on cotton eventually convinced Azevêdo,<sup>46</sup> who subsequently called on ABRAPA to affirm its commitment to see the case to its end. The worst possible scenario for Itamaraty would be for Brazil to initiate the case, and not being able to follow through without the juridical and legal support from the private sector. In response, ABRAPA reaffirmed its resolve, and that it would make sure that the necessary resources were provided. (PESSA 2004, pp.72-73; TOLLINI 2004, p.61)

From this point and onwards, ABRAPA began to work closely with the CGC in order to construct a solid technical base for the case (IGLÉCIAS 2007, p.88). In 1992, an anti-dumping case initiated by Itamaraty and the Maeda Group had proved unsuccessful exactly because of the lack of sufficient professional private sector support (MAEDA 2004, p.54). Itamaraty therefore believed that it would be important for Brazil to shield itself against attempts from the US to provide technical arguments which could undermine the consistency of the Brazilian accusation, and thus asked that ABRAPA hired support from a specialized legal agency (MARIANO et al. 2011, p.13). Eventually, the choice fell on Sidley Austin Brown & Wood LPP, which previously had assisted Brazil during the Bombardier case in the 1990s.

The private sector thereby came to occupy a central position in the incipient Brazilian dispute settlement strategy, particularly with regards to its provision of resources to underwrite this engagement. ABRAPA constituted a centerpiece for the private organizational efforts. With origin in Mato Grosso, ABRAPA was founded in 1999, as the sectorial organization in this state was extended to the national level. By the early 2000s, the organization had come to englobe approximately 80% of the Brazilian cotton producers (MAEDA 2004, p.55). Previous ABRAPA executive, Hélio Tollini, sustains that the organization constitutes an exception to otherwise relatively fragmented sectorial interests organizations within Brazilian agriculture, which meant that its high degree of organizational capacity made it very relevant in the course of the cotton dispute (TOLLINI, 2008). As the Brazilian private sector does not possess the same formal mechanisms for interest group representation as is the case in the US, the successful interaction with public agencies depends on its capacity to navigate a space permeated by informal interactions (STEFANO 2016, p.30). Yet, as much initiative and commitment to pursue the cotton case had originated from the public sector, a relative

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<sup>46</sup> Videoconference interview with Sidley Austin lawyers on May 2, 2018.

lack of institutionalized procedures for their cooperation does not appear to have constituted any obstacle. Although the Dispute Settlement Coordination below Itamaraty did provide a forum for many of the initial deliberations, these were by no means limited to this body.

The decision to bring the US cotton subsidies before the DSB was somewhat exceptional because it constituted a very rare frontal contestation of the United States' agricultural policies. It thereby defied existing general power asymmetries between Brazil and the US, but also challenged the latter within an institutional arena in which these asymmetries in terms of organizational, legal, and financial resources were perhaps even more accentuated. The increased degree of complexity which accompanied the formation of the DSB below the WTO also meant that states had to rely on a very significant array of resources in order to substantiate the cases brought before the tribunal (BAHRI 2016, p.643). The legal capacity, and well-defined procedures to structure public-private cooperation in cases of dispute settlement of the US and the EU, is seldom possessed by developing countries, and thus creates a significant obstacle for their possibility to benefit from this mechanism (BUSCH et al 2009, pp.576-577; CATBAGEN 2009, p.301; RAMANZINI JUNIOR & VIANA 2012, p.64).

With such circumstances in mind, ABRAPA became highly essential for the pooling of private sector resources, in order to procure the expertise required for Brazil to successfully challenge the US cotton regime (SHAFFER et al. 2008, 459). The Brazilian cotton producers provided approximately 88% of the financing, while the CNA and the Brazilian Export and Investment Promotion Agency and MAPA assisted with the remaining amount (MANCINI 2008, p.130; TOLLINI 2004, p.65). Though the total expenses would amount to some US\$ 2 million, the initially estimated costs, which the regional cotton associations below ABRAPA pleaded to assume, were in the order of US\$ 286.000 (PESSA 2004, pp.73-74). Since early 2002, Sidley Austin Brown & Wood LPP had been holding meetings with Roberto Azevêdo in Geneva, and the company had been elaborating memoranda and gathered information which would strengthen the argument that the US cotton subsidies from 1999-2002 were in discordance with the Peace Clause (ANDERSEN 2004, pp.117-118). ABRAPA's choice of Sidney Austin later that year eventually became determined by the company's previous positive record in the Embraer-Bombardier case, its knowledge of the United States' domestic legal framework, and by the fact that it had a branch in Geneva

(PESSA 2004, p.73). Overlapping results of initial research pointing to a strong Brazilian case, which was conducted in parallel by both Pedro Camargo's team at MAPA, and by specialists at Sidley Austin, also appear to have convinced ABRAPA that contracting this firm was a good choice<sup>47</sup>. Many of the company's lawyers had also previously been working in USTR<sup>48</sup> or in the US Department of Commerce (ANDERSEN 2004, p.118).

With different responsibilities delegated amongst the various public agencies and private actors, the ground had been paved for effective action in WTO regi. In a meeting in the Brazilian Chamber of Commerce, CAMEX, on the 19th of September, the Brazilian formal request for consultation was authorized and transmitted to the country's representation in Geneva (Tel. Dis. 993, 24/9 2002). The decision to open a case against the US at the DSB was hence preceded by thorough initial evaluation of the technical basis for such course of action, so that a reasonable potential for a positive outcome was present from the very outset (AZEVEDO 2004, p.92). On the 27th of September 2002, Brazil requested formal consultations with the US regarding a range of support measures for upland cotton, which it claimed were inconsistent with WTO legislation below Article 5(c), 6.3(b), and (d), 3.1(a), 3.1(b), and 3.2 below the SCM Agreement, the Article 3.3, 7.1,8, 9.1 and 10.1 of the AoA, and Article 3:4 below GATT 1994 (WTO, 2014).

The process of decision-making leading up to the final choice to enter with a challenge against the US cotton support measures implied a significant degree of private sector involvement. These events also point to a very accentuated coordination capacity within the cotton sector. The sectorial restructurings around the turn of the millennium had led to a concentration of the bulk of productive activities on a handful of large-scale producers. ABRAPA was therefore constituted as a highly coercive entity, and bringing the principal producers together in order to reach consensus on whether to support and underwrite litigation against the US cotton regime became a relatively simple task.<sup>49</sup> This is highly convergent with Olsen (1965) as the relatively limited scope of significant actors within the cotton sector meant that coordination was facilitated, and that issues of free-riding thereby also were largely avoided. Applying a perspective molded by transaction costs theory (GETZ 1997; 2002) on the case at hand would lead

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<sup>47</sup> Videoconference interview with Sidley Austin lawyers on May 2, 2018.

<sup>48</sup> The United States' Trade Representative is responsible for counseling the US President with regards to trade policy and international trade negotiations.

<sup>49</sup> Interview with former ABRAPA president, Brasília, May 10, 2018.

to a two-pronged explanation of the successful mobilization, as the cotton subsidy issue both implied a specific and a diffuse impact within the Brazilian agribusiness sector. The more specific and concentrated impact falls on direct cotton producers, which thus became willing to bear the brunt of the costs associated with the DSB challenge. The more diffuse impact, was on the Brazilian agro-industrial complex more broadly, comprising of input providers and associated activities, meaning that many actors within these categories also made certain contributions to this course of action.

### **6.3 The first consultations and coalition formation around the cotton issue**

After the formal petition for the initiation of proceedings towards a case at the DSB had been handed in by Brazil, Itamaraty sought to schedule the consultations which would constitute the first step in that direction (Tel. Dis. 1061, 11/10, 2002). By November 19, two weeks before the initial consultations were set to take place from the 3-4th of December, Itamaraty sent an extensive list of questions spanning over a broad range of measures<sup>50</sup> below the US cotton support regime from 1992-2002 (Tel. Dis. 1213 19/11, 2002). The preparatory work was firmly assisted by ABRAPA, which apart from its financial support also provided data and other important information in order to strengthen the Brazilian case. During this phase, there was a particularly close cooperation between ABRAPA, Scott Andersen from Sidley Austin and Dan Sumner from the University of California - which both had been contracted by ABRAPA - Lino Colsera from MAPA and Djalma Aquino from CONAB (TOLLINI 2004, p.62-63). The first consultations were thus preceded by a preparatory meeting between the Brazilian delegation in Geneva and Jorge Maeda and Hélio Tollini, from ABRAPA. The cotton producer organization's lawyers also participated in the Brazilian delegation during the consultations (TEL. DIS. 1261 27/11, 2002).

Though the array of actors on the Brazilian side represented very different public or private institutions, their efforts were closely integrated in the work towards

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<sup>50</sup> The Brazilian questions addressed US support measures within areas such as; Exports volumes, deficiency payments, production flexibility payments, direct payments, loan deficiency payments, marketing loan gains, commodity certificates, crop insurance programs, step 2 payments, exports credit guarantees, foreign sales corporations, market loss assistance, counter-cyclical payments, conservation programs, support for cotton seed and export, models and studies, and other types of support for US upland cotton.

strengthening the Brazilian case at the DSB. This became evident in a high degree of resource pooling, as the different actors each contributed with capacities at the instance where they became needed the most. The diverse nature of the actors involved also meant that no clearly defined hierarchical framework existed to formally define the roles of each agent. An ABRAPA executive thus describes the lack of formalized bureaucratic structures to guide the lines of cooperation between the Brazilian public institutions, the private sector, and its contracted legal experts as a very important circumstance which permitted efficient interactions:

I believe that if it had been necessary - and even more so in Brazil - to formalize things, nothing would have happened [...] because for instance, while ABRAPA paid the contracts with the lawyers, everything was made in ABRABA's name. It was ABRAPA who provided the money, so it was as if the lawyers worked for ABRAPA, while they were lending their services to the Brazilian government.<sup>51</sup>

(Interview with former ABRAPA president, Brasília, May 10, 2018 (English translation)).

So, very possibly because of the dynamism inherent in interactions that were not subjected to the rigidity of bureaucratically defined roles and procedures, the largely informal modality of coordination seems to have resulted in a highly effective order of work.

The initial consultancies from 3rd of December to the 17th of January did not result in any consensus between the parties. Reports by the Brazilian representatives present reflect the perception that the answers provided by the US delegation were largely evasive and inconsistent (Tel. 2690 5/12, 2002). Upon a meeting in the CAMEX on the 6th of February, authorization was thus given to proceed to bring the case before a panel (Tel. Dis.131, 6/2, 2003; Tel. 300, 10/2, 2003). The Brazilian perception was that the US cotton subsidies violated the Agreement on Agriculture, Subsidies and Countervailing Measures of the GATT 1994, as well as the SCM articles 4.2 and 7.2. This dissatisfaction was expressed as Brazil highlighted that in the year 2002, US cotton subsidies reached a level of US\$ 4 billion, while the total value of production was estimated at US\$ 3 billion, - a subsidy rate of 130%. In its statement to the Dispute Settlement Body, on the 19th of February, Brazil thus advanced the argument that "low cost efficient producers" such as itself and developing countries in Africa were significantly hurt by US cotton production, which was referred to as "high cost" and "subsidy generated" (Tel. Dis. 176, 18/2, 2003). The Brazilian Ambassador Seixas

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<sup>51</sup> Interview with former ABRAPA president, Brasília, May 10, 2018 (English translation).

Corrêa highlighted the alleged inconsistencies of the US responses to the Brazilian enquiries during the consultancy phase, and the negative consequences of the new Farm Bill for efficient producers in the developing world. The US representatives responded that the cotton subsidies were in accordance with the country's WTO obligations, and that Brazil should focus its energies on the negotiations below the Doha Round, instead of "litiga(ing) a dispute that will not provide Brazil with the result it desires". At the occasion, the delegations of Argentina and India read support declarations for Brazil, and hinted that they might join the dispute as third-parties, along with Canada. (Tel.399 20/2, 2003)

The Cotton panel was formally established at a DSB meeting on the 18th of March, 2003 (Tel.590 18/3, 2003). From the very outset, the process became characterized by disagreements on a wide array of substantial and procedural issues between Brazil and the US. The selection of panelists became an initial point of discord between the parties. ABRAPA was consulted in relation to the definition of criteria for the Brazilian suggestions for panelists. These were formulated as; 1) econometric understanding for one of the panelists, 2) thorough legal knowledge for another, 3) avoidance of judges from countries with strong protectionist agricultural interests, 4) acceptability of judges from third-party countries, 5) caution with names from the Uruguay Round countries, and 6) preference for judges with experience from commercial negotiations (Tel.590 18/3, 2003). Particularly the emphasis on a technical profile is remarkable, as it reflects a certain degree of Brazilian confidence in having a strong technical/legally founded case. Another noticeable issue has to do with the tentative division of the world into countries with offensive agricultural interests, and those with defensive interests, which is reflected in the third and, to some degree, the fifth criterion. In spite of the cotton case being a sectorial issue, this hints at the contours of a perception of a global landscape of agricultural policies, in which political allies are believed to be found amongst other developing countries, as well as the Cairns Group members such as Canada, Australia, and New Zealand, as opposed mainly to the EU and the US. The prevalence of such perceptions may also be underscored by the schisms between mainly developed and developing countries in the run-up to the Ministerial Conference in September, 2003.

A meeting convoked by Brazil on the 31st of March, with the intention of designating a facilitator for the cotton case, ended without concrete results, which by Brazil was ascribed to the reluctance of the US to move ahead with the proceedings

(Tel.715, 1/4, 2003). The Brazilian representation continued working towards putting the selection of a facilitator on the agenda for meetings in April (Tel. Dis. 326 2/4, 2003). The selection of panelists was also characterized by the same procedural obstacles and draw outs. By early April, the WTO secretariat proposed a range of names (Tel. 732, 2/4, 2003) but the parties could not reach an agreement (Tel.779, 7/4, 2003). Communications between Geneva and Itamaraty express that these obstacles were strongly ascribed to the US by Brazilian diplomats, and also reveal the perception of being exposed to "all kinds of harassments" by the US in order to slow down the process (Tel.872 17/4, 2003). By early May, it had therefore become clear that it would not be possible to reach agreement between Brazil and the US regarding the selection of panelists (Tel.1039, 7/5, 2003), and three names<sup>52</sup> were finally chosen by the WTO secretariat later that month (Tel.1218 21/5, 2003).

The divergences regarding the selection of panelists reflect the determinant character of technical issues of mainly juridical and economic nature. The ability to bring these types of capacities together in order to strengthen a case thereby becomes highly important to augment chances of success at the DSB. A lawyer from Sidley Austin thereby outlines the panels as veritable "battle of experts", and stresses that "If you don't have a mastery of both the law and economics, you are going to be in trouble because the parties are very good at turning what looks like a very simple case, into a very complex case".<sup>53</sup>

The disagreements regarding procedural matters were not limited to the choice of panelists, but extended to other issues. The Brazilian delegation expressed much dissatisfaction with what it described as a clear lack of will on behalf of the US to provide the information regarding the country's cotton production, which Brazil had requested (Tel. Dis. 414, 23/4, 2003; Tel. Dis. 465, 5/5, 2003). ABRAPA's president at the time, Jorge Maeda, also claimed that the US representatives sought to obstruct the proceedings by sustaining that the data procured by Brazil did not exist, meaning that the Brazilian team working with the case had to seek out the information itself (MAEDA 2004, p.57). Roberto Azevêdo similarly underlined that apart from omitting crucial information, the US adopted an unprecedented practice of consistently handing

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<sup>52</sup> The panel judges chosen were Dariuz Rosati, a Polish economist who had participated in the "Brazil-Aircraft" panel, Mario Matus Baeza, Director of the Bilateral Economic Issues Department below the Economic Division of the Chilean Ministry of Foreign Affairs, and Daniel Moulis, a lawyers of the Freehills World Trade Law Group.

<sup>53</sup> Videoconference interview with Sidley Austin lawyers on May 2, 2018.

in documents after the deadlines had expired (AZEVEDO 2004, p.93). The US also sought to postpone the panels, as it claimed that the question regarding the applicability of the Peace Clause demanded a separate meeting in order to clarify this issue (Tel. 1198, 20/5, 2003). The US petition to establish a special session in order to treat the Peace Clause, and leave substantial issues for posterior sessions, was seen by Itamaraty as a maneuver of distraction, with the aim of delaying the proceedings and tapping into Brazilian financial and human resources (Tel. Dis. 558, 23/5 2003). These events indicate the fundamental importance of internal consensus and the high degree of determination by the central actors engaged within the Brazilian cotton case, as well as the resources at their disposal: Even though a firm technical base and a coherent argument in line with the central normative principles of the WTO was in place before Brazil entered the dispute, the unconventional methods applied by a "heavy" player within the WTO system such as the US constituted a set of elevated entry-costs, which may have been difficult to assume for a less resource-endowed country. The strong private sector commitment to assume the financial expenditures, which went far beyond the initial estimates, hereby appear as an indispensable basis for Brazil to be able to move forward with the case.

Challenging a country as influential as the US within the global trading system did nonetheless spark concerns of negative reactions towards Brazil within other spheres. When Brazil initiated the consultancy phase, the US threatened to remove the country from the General System of Preferences, although it never followed through with this threat (MARIANO et al 2011, p.17). Former Minister of Agriculture, Roberto Rodrigues, thus stresses that by mid-2003, certain sectors within Itamaraty were still resentful that moving forward on the cotton and the sugar disputes against the US and the EU would negatively affect the Cancun negotiations in November. Rodrigues attributes the firm position to continue pressing ahead within the DSB to the engagement of Minister of Foreign Affairs at the time, Celso Amorim, as well as the Minister of Finance, Antônio Palocci and the President's chief of staff, José Dirceu (RODRIGUES 2004, p.140-141).

The personal engagement of Roberto Azevêdo in the function of Chief of the Dispute Settlement Coordination the Ministry of Foreign Affairs, is highlighted by different participants in the decision-making process as absolutely central to the advancement of the Brazilian efforts. A lawyer from Sidley Austin thus emphasizes that that "Roberto Azevêdo is not even a lawyer, but he is one of the best lawyers that I have



worked around. He did a fantastic job."<sup>54</sup> An ABRAPA executive also stresses Azevêdo's role in continually informing and consulting the organization about the course of the dispute:

The Ambassador would always come back to Brazil and report on the Brazilian position [...] the Ambassador came and told us that this, or that, was happening in a certain area, "do you agree with that?" so that was how it was, he wasn't even obliged to do all that. It was the private sector, but he always consulted the private sector because at the end of the day, that is very important.<sup>55</sup>

(Interview with former ABRAPA president, Brasília, May 10, 2018 (English translation)).

The engagement on behalf of Amorim and Azevêdo indicates that although certain sectors of Itamaraty initially had some reservations about moving ahead with the case, other parts of the Ministry were much more firmly inclined to back the Brazilian efforts at the DSB.

The cotton dispute came to unfold throughout a significant change in the political administration in Brazil, which nonetheless doesn't appear to have constituted an obstacle. ABRAPA executive, João Pessa, thus ascribes a high degree of importance to the continuity which came to characterize the Brazilian commitment to maintaining a persistent stance on the cotton issue, meaning that the case which had been conceived in the Fernando Henrique Cardoso administration was carried over into the Lula government without any significant changes (PESSA 2004, p.77). Celso Amorim, on the other hand, claimed that there was a change with the inauguration of the Lula administration, resulting in a more assertive attitude within the Dispute Settlement Mechanism, but also within multilateral negotiations, which at first was met with some degree of skepticism (AMORIM 2004, p.129-130).

While the considerable degree of internal unity constituted an important basis for a consistent engagement in the cotton dispute, gathering external support became equally important in terms of presenting the cotton complaint as a legitimate concern with a broader resonance, beyond myopic Brazilian commercial interest. Brazil thus received backing from Cairns Group members such as Australia, Argentina, Canada, Pakistan, Paraguay, Thailand, Venezuela and New Zealand, but also from developing countries such as Benin, Chad, and India, who likewise entered as third-parties.

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<sup>54</sup> Videoconference interview with Sidley Austin lawyers on May 2, 2018.

<sup>55</sup> Interview with former ABRAPA president, Brasília, May 10, 2018 (English translation).

Particularly the support from the West-African cotton producers became important in order to argue that the US cotton subsidies were causing a significantly negative impact on cotton producers, for whom this commodity often represented a substantial part of the economy. In April, Bukina Faso, Mali, and Chad stated their interest in working together with Brazil within the dispute settlement system (Tel. 873, 17/4, 2003). Hereupon, Brazil sought an approximation with the West-African countries on the cotton subsidy issue (Tel. Dis. 559, 23/5, 2003). From May 2003, the West-African Economic and Monetary Union also began to publicly voice its critique of the US cotton subsidies (Tel. 1077, 12/5, 2003). On the 27th of May, a document was circulated by Mali, Chad, and Benin which strongly criticized the US cotton subsidies - along with those of the EU and China. The document called for a mechanism to compensate the losses incurred by African cotton producers, and for the phasing out of existing cotton subsidies to be decided at the Cancun Ministerial Conference. In communications to Brasilia, the Brazilian Ambassador Corrêa expressed that through its formulations, the document managed to "steal the banner of liberalization" from the US, and that it would be in Brazil's interest to aid this initiative (Tel. 1263, 27/5, 2003).

The US cotton subsidies constituted a particularly sensitive issue for the so-called C4 Group of African cotton producers. This was due to the high proportion of cotton in these countries' composition of exports, constituting 22% for Mali, 33% for Chad, 37% for Bukina Faso, and 47% in the case of Benin (EAGLETON-PIERCE 2012, p.84). This also meant that Oxfam had become engaged in the issue, and in 2002 released the report *Cultivating Poverty: The Impact of US Cotton Subsidies on Africa*. The report called for international attention to the allegedly negative distributional effects of US cotton subsidies, estimating their consequences in 2001 in terms of a GDP loss of 1% for Burkina Faso, 1,7% for Mali and 1,4% for Benin, while the loss of export earnings were believed to reach 12% for Burkina Faso, 8% for Mali, and 9% for Benin (OXFAM, 2002).

This situation, in which the C4 countries found themselves to be negatively affected by the US cotton support regime, in spite of being internationally competitive, has been characterized by Eagleton-Pierce as paving the way for a discursive construal of these countries as "competitive victims" of the North-American cotton policies (EAGLETON-PIERCE 2012, p.94). The activities of these African countries thereby complemented those of Brazil (Ibid, p.92), and helped lay the basis for a narrative with emphasis on the "just cause", which would shape a foundation of legitimacy for their

international agenda on the cotton issue. The alignment of transnational actors such as NGO's further served to augment the repercussions of this agenda, and also diluted the image of a bilateral dispute, which was partly substituted by a representation of the power of particularistic interests in certain developed countries. Considering the restructuring of the Brazilian cotton sector in the 1990s towards large-scale agribusiness farming, being able to enjoy the legitimacy representations of a disadvantaged developing country appears as a somewhat remarkable turn of circumstances.

The ties to the C4 countries constituted an important support for Brazil throughout the cotton case, although these countries could not enter directly into the dispute due to fear of retaliation from the US<sup>56</sup>. Considering the approximation with the C4 as part of the broader Brazilian strategy in the cotton dispute, the significance of relying on the alliance with these African nations can be understood in terms of the discursive resource potential (LEVY & PRAKASH, 2003) which these countries possessed, and which Brazil, - and its cotton producers, - subsequently could draw upon. Through Dahan's (2005) representation of political resources, public image and political reputation is thereby presented alongside resources such as organizational and financial endowments. The value of the image of Brazil as one amongst many developing countries unfairly subjected to the consequences of US cotton subsidies can thus be seen to constitute an important source of political legitimacy, obtained through skillful maneuvering (DEMIL & BENSEDRINE, 2005). The discursive resources of the C4 hereby became essential supplements to the organizational and financial Brazilian capacities.

## 6.4 The panel and the appeal phase

On the 20th of June 2003, Brazil handed in its first submission to the DSB. This submission was exclusively focused on refuting the US claim that its support measures were in accordance with the Peace Clause, - the issue to which the first panel from the 22-24th of July had been dedicated (Tel. 1503, 26/6, 2003). The Brazilian delegation was led by the General Coordinator of Dispute Settlements, Roberto Azevêdo, and included the lawyers from Sidley Brown and Wood, Scott Andersen, Christian Lau, and Luz Sosa - contracted by ABRAPA, - as well as the agricultural economist, Dan

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<sup>56</sup> Interview with former ABRAPA president, Brasília, May 10, 2018 (English translation).

Sumner, who also was on this organization's payroll (Tel. Dis. 801, 15/7 2003; Tel. 1776 29/7, 2003).

A meeting with third parties, - Argentina, Australia, Benin, Canada, China, the EU, India, New Zealand, Pakistan, Paraguay, Taiwan, and Venezuela - preceded the panel. With exception of the EU and China, the third-parties were largely supportive of Brazil (Tel. 1763, 26/7, 2003). During the meeting, Daniel Sumner made a presentation in which he advanced the argument that the US cotton subsidies from 1999-2002, even through the country's own calculation methodology, surpassed those of 1992, and thereby were not in accordance with the Peace Clause. The Brazilian Ambassador viewed Sumner's presentation as a vital technical element in support of the juridical arguments advanced by Brazil at the meeting (Tel. 1776 29/7, 2003). The panel eventually ruled in favor of Brazil regarding the preliminary matters discussed at the occasion (Tel. 1763, 26/7, 2003).

In the course of the panel phase, the cotton issue also gained much visibility beyond the DSB level; not least within the negotiations below the Doha Round. In the run-up to the Cancun meeting, the C4 West-African cotton producers elaborated a document which called for special measures in favor of cotton, minded upon poverty reduction. The initiative was positively received by Brazil and the Cairns Group countries, but met with dismissal on behalf of the US and the EU (Tel. 2004, 3/9, 2003). The Cancun Conference thereby firmly put cotton on the international agenda, but also became strongly divided over this issue, which eventually contributed to the breakdown of the Ministerial (EAGLETON-PIERCE 2012, p.105-106). After the Cancun meeting, Brazil continued its cooperation with the C4 countries and became active in the sectorial initiative below the Doha negotiations, within which it expressed its support for the West-African cotton producers' position (Tel. 2640, 27/11, 2003). It is difficult to evaluate the specific effect which the discussions about cotton below the Doha Round had on the case within the DSB context. Though in principle, this body should be strictly focused on the technical arguments presented before it, and thereby insulated from broader global debates, it nonetheless becomes difficult to discard any possible indirect spillovers of this nature. The alignment with the C4 Group certainly does appear to have been perceived by Brazil as an opportune strategy to strengthen its claim that the US cotton subsidies were illegal, and to some degree also immoral. This cleared the path for making the argument that the issue of reform of the US cotton support regime was grounded in legal, as well as ethical rationality.

Towards the second panel from the 7-9th of October, disagreement regarding procedural issues continued to characterize the process, as the US again delayed the submission of its responses to the Brazilian questions. This led Brazil to clearly state its frustration with this practice before the panel (Tel. Dis. 894, 14/8, 2003). At the second panel, Brazil sought to emphasize a series of alleged US violations of WTO law, as well as the danger that continued subsidies would hurt the Brazilian cotton sector in the period from 2003-2007 (Tel. Dis. 1062, 2/10, 2003). The Brazilian delegation was composed by Roberto Azevêdo, Lino Colsera from MAPA, the ABRAPA hired agricultural economist, Daniel Sumner, ABRAPA's team of lawyers, as well as Andrew McDonald from the Liverpool cotton association and Christopher Ward, - a cotton producer from Mato Grosso - who both served in the role as expert witnesses (Tel. 2355, 24/10, 2003).

The preparatory work in gathering testimonies of the effects of the US cotton subsidies on Brazilian cotton producers had been conducted by ABRAPA. The sectorial organization amounted a series of accounts by producers who claimed to have been hurt by US subsidies, in some cases motivating them to abandon this crop due to low profitability (CUNHA & SPINDOLA 2013, p.317). ABRAPA also invited the president of the Liverpool Cotton Association, Andrew McDonald, to testify in front of the panel, aiming the testimony at explaining certain essentials of the cotton business and the workings of the global cotton market (MCDONALD 2004, p.68-69). ABRAPA also arranged the invitation of the cotton producer from the Brazilian state of Mato Grosso, Christopher Ward, who contributed with an important economically elaborate testimony<sup>57</sup>.

A central point for Brazil to prove before the panel was that the US cotton support regime had caused "serious prejudice" to Brazilian production. While legal argumentation permitted the Brazilian delegation to make the claim that the subsidies were illegal below WTO law, it would have to rely on econometric evidence in order to specify the numerical value of these losses (TOLLINI, 2014). The agricultural economist from the University of California, Daniel Sumner, had been contracted by ABRAPA for the specific purpose of developing econometric data to support the Brazilian claim. Instead of constructing an entirely new econometric model, Sumner

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<sup>57</sup> Videoconference interview with Sidley Austin lawyers on May 2, 2018.

opted for applying the FAPRI<sup>58</sup> model which was used by the US Congress to analyze the effects of the Farm Bill (SUMNER 2004, p.124). Sumner applied the FAPRI model in the construction of counterfactual scenarios, implying different estimates for global production, consumption, and prices, varying according to the level of US subsidies (DAEMMRICH 2012, p.226-227). Sumner's study provided Brazil with a technical argument for affirming that the US subsidies had caused "serious prejudice" to its cotton producers, in line with the way this notion had been formulated in the WTO agreement on Subsidies and Countervailing Measures (SHAFFER et al. 2010, p.80). The Brazilian Ambassador reported that Sumner's presentation, focused on demonstrating the causal nexus between the level of US cotton subsidies and depression of world market prices, had been very difficult for the US delegation to counter (Tel. 2355, 24/10, 2003).

The high degree of technical complexity which the cotton case had come to imply, meant that the panelists, - none of whom were more closely familiarized with agricultural economics - were in a position in which they had to make decisions on technical issues, which implied very deep political ramifications (DAEMMRICH 2012, p.226). The depth and level of technical sophistication within the arguments brought to bear on the case by the parties involved, thus appears to have surpassed even the capacity of the WTO apparatus within central areas. Such circumstances underline the importance of the Brazilian public-private cooperation on establishing a firm technical foundation for the case, as even a legally elaborate argument might well have stranded on the lack of concrete data to prove the numerical magnitude of the alleged "serious prejudice". Brazil did have a strong case from the outset of the proceedings, yet, the ability to frame this case in an opportune manner nonetheless became essential in order to pursue successful litigation, as is emphasized by a Sidley Austin lawyer:

To me, what made the difference is that in a situation where both the economic and legal teams on both sides are of comparable strength, it is the facts that matter, and the ability to make good use of the facts. And the US had bad facts to play with. Enormous amounts of subsidies, for a big producer and a big exporter on the world market, those weren't easy facts to deal with. Now, conversely they were nice facts for us to have. But it still requires a good and experienced team to deal with all of the things that the US would throw at you. It wasn't a case that would develop into a no brainer, write a few papers and it seems obvious, a 100% subsidization, how can you not win that case? Well, there's really a team on the other side, and they will make your life hell.<sup>59</sup>

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<sup>58</sup> FAPRI - The Food and Agricultural Research Institute, is a joint programme between the University of Missouri and Iowa State University.

<sup>59</sup> Videoconference interview with Sidley Austin lawyers on May 2, 2018.

(Videoconference interview with Sidley Austin lawyers on May 2, 2018.)

The engagement of the Brazilian stakeholders in the cotton case with leading specialists, beyond Itamaraty - and even beyond Brazil, - thereby seems to have been absolutely essential, as does the private sector's willingness to provide the financial resources necessary to contract this expertise.

Brazil and the US both handed in their individual submissions for the third and last panel, set to take place from the 2-3rd of December, 2003. The Brazilian submission contained a critique of the perceived lack of will on behalf of the US to hand in important information about the country's export support measures, as well as a series of arguments leveled against its domestic subsidies. The US submission sought to refute the Brazilian arguments, but was read by Brazil as being relatively incomplete, as many submissions only were delivered in partial form. The Brazilian delegation was composed of Roberto Azevêdo, diplomats from the Itamaraty, and the lawyers and experts contracted by ABRAPA. (Tel. Dis. 1275, 28/11, 2003; Tel. 2919, 26/12, 2003) The econometric models, and the methodology and presumptions on which they were constructed became a central object of discussion during the third panel. These discussions were so comprehensive that they reached the point of questioning the very underlying economic principles on which the other party's claims rested (DAEMMRICH 2012, p.237). Daniel Sumner aimed at advancing the argument that the rise in subsidized US cotton prices would spill over into increases in production volumes (Ibid 2012, p.228). The third session marked the end of the panel phase, and the parties thereafter awaited the panelists' ruling, which would be delayed well into 2004.

After the third panel had ended in December 2003, ABRAPA President Jorge Maeda assumed contact with the Brazilian Ambassador in Geneva, Seixas Corrêa, informing that the organization's funds were close to being exhausted due to the expenses related to the case. Initially estimated at some US\$ 400.000, the costs of the econometric studies and legal counseling had surpassed US\$ 1 million by late 2003. In a telegram to Brasília, Ambassador Corrêa stressed the importance of ABRAPA's technical support in an eventual appeal phase, and the need to assume any possible additional expenses. Corrêa also accentuated the historical significance of the challenge to the US\$ 12,9 billion Farm Bill, which the Brazilian engagement in the cotton dispute constituted. (Tel. 2852, 17/12, 2003)

The objections, preliminary questions, and emissions of information on behalf of the US, even though they had mainly been rejected and criticized, meant that the total costs of the case had risen markedly (ANDERSEN 2004, p.121). In January 2004, Itamaraty reached an agreement with ABRAPA as the latter pledged to assume all eventual costs towards the conclusion of the panel phase, after which it could not guarantee any further financial commitment. At the time, Itamaraty's general perception of working together with the private sector in the hiring of specialized legal support was that this had been a very positive experience, and that mechanisms to facilitate such cooperation should be further institutionalized with future dispute settlement cases in mind (Tel. Dis. 30, 14/1, 2004).

As the parties handed in their final comments in March 2004, the substantial part of the cotton dispute had reached a closure. At this point in the process, ABRAPA's team of lawyers expressed that Brazil's chances of winning the dispute were very reasonable with regards to the alleged Peace Clause violations, the US export subsidies, and export credit guarantees. This was also sustained in relation to the challenge of proving that previous US cotton support measures had resulted in "serious prejudice" to Brazilian cotton production, though recently rising cotton prices had made it more difficult to make the case for "future serious prejudice". In communications to Brasilia, Ambassador Corrêa expressed the belief that a positive outcome in the case might wield profound impacts on the jurisprudence of the WTO, and set a precedent which would present a range of new opportunities for Brazil within the dispute settlement system. (Tel. 657, 29/3, 2004)

Towards the end of the panel phase, a change in Itamaraty's perception of the international repercussions of the cotton case became evident: from initially being somewhat cautious towards the potential negative consequences of challenging the US agricultural subsidies, the cotton case became seen as a point of departure towards pushing for liberalization of hitherto protectionist agricultural domestic policy frameworks in developed countries. This change in mood appears even more remarkable when considering the short time period of less than two years in which it took place.

Although the final panel report had been planned to be circulated in May 2004, it was repeatedly delayed until its eventual release on the 8th of September, 2004 (Tel. 657, 29/3, 2004; Tel. 1975, 6/9, 2004; Tel. 781, 6/4, 2004; Tel. 1997, 8/9, 2004). The final report came out positively for Brazil on a range of different areas: 1) violation of



the Peace Clause were detected<sup>60</sup>, 2) direct payments were found not to qualify below the green box category<sup>61</sup>, 3) the Step 2 program payments were found to be prohibited both to exporters and to domestic users, 4) export credit guarantees were interpreted as effectively constituting export subsidies, and finally 5) US domestic support measures were found to have caused "serious prejudice" to Brazilian producers through price depressions on the world market from 1999-2002. On the other hand, the Foreign Sales Corporation and Extraterritorial Income Act of 2000 was not found to be incompatible with the United States' export subsidy commitments in relation to cotton. (WTO, 2004)

The panel ruling had thereby proved to be very positive for Brazil on almost all of the issues of contestation. Due to the magnitude of the cotton dispute, both in terms of its largely extended time period, its unprecedented technical depth, and the asymmetries between the parties engaged within it, the result drew much international attention, and became emblematic for Brazil's more offensive posture on agricultural issues within the WTO system from the turn of the millennium. Upon the favorable ruling, Pedro Camargo from the pan-sectorial rural organization *Sociedade Rural Brasileira*, who had been one of the driving forces first pushing forward with the case, called the Ambassador Corrêa in order to discuss the possibility that Brazil could enter with a case against the US subsidies for rice production (Tel. 2069, 20/9, 2004). This appears to reflect the perception that the success of the cotton sector had demonstrated that the dispute settlement mechanism below the WTO constituted an institutional dimension within the global framework for agricultural governance, within which Brazil could pursue its agricultural interests through direct litigation, rather than being restricted to multilateral negotiations. The cotton sector's successful engagement thereby left a model which other branches of Brazilian agriculture could adopt to increase their global market access.

After the panel's ruling, a series of meetings were planned between Itamaraty and ABRAPA's lawyers, in order to coordinate the Brazilian strategy during the expected appeal phase (Tel. Dis. 1212, 20/9, 2004; Tel. Dis. 1229, 22/9, 2004). On the 18th of October, the US appealed a range of points below the panel's ruling (Tel. 2346 18/10, 2004). Hereupon, different meetings were coordinated with ABRAPA's lawyers to take place in the days leading up to the audience at the appellate body, which was set

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<sup>60</sup> The Peace Clause was found to have been violated as US cotton subsidy measures from 1999-2002 were found to have averaged US\$ 3.28 billion, exceeding the permitted US\$ 2 billion.

<sup>61</sup> The "green box" is defined in the annex 2 of the Agreement on Agriculture and refers to subsidies which are deemed legal as they do not distort trade, or at the most, cause only minimal distortion.

to take place from the 13-15th of December (Tel. Dis. 1525, 2/12, 2004). Due to a heavy workload, the appellate body was not able to circulate its final report on the 17th of December as had been planned, which became postponed to the 3rd of March, 2005. In the beginning of 2005, Brazil continued to engage in the international discussions about the cotton issue. It received the publication of the first report on cotton and development by WTO Director General Supachai as a positive contribution to its efforts within the Doha Round and DSB (Tel. 158, 21/1, 2005). Brazil also participated actively in the first session of the cotton subcommittee in February, stressing the importance of the committees' work, and affirmed its common stand with African cotton producing countries on this issue (Tel. 483, 28/2, 2005).

The appellate body's decision was circulated on the 3rd of March, 2005. The organ upheld the panel's findings on the major issues of, 1) Peace Clause violations, 2) serious prejudice to Brazilian cotton production, 3) Step 2 Payments, and 4) export credit programs (WTO, 2014). The Brazilian perception therefore was that the appellate body essentially maintained the panel's findings, thereby cementing the positive outcome for Brazil (Tel. 544, 3/3, 2005). The Appellate Body's report was adopted by the Dispute Settlement Body on the 21st of March, 2005. At a meeting in the DSB on the 20th of April, the US stated that it would comply with the decisions of the DSB, but that it would need a "reasonable time period" for their implementation. At the occasion, Brazil underlined that it lamented that the case had drawn out as much as it had, and that it would follow the implementation thoroughly (Tel. 1097, 20/4, 2005). The compliance and implementation proceedings, along with the posterior direct negotiations between Brazil and the US, would eventually continue until 2014, when a final agreement was reached.

Analysis of the processes of public-private cooperation as part of the Brazilian engagement in the cotton dispute highlights the central importance of the shared commitment to follow through with the case, on behalf of a range of central stakeholders. Reflecting on the successful outcome of the case, an ABRAPA executive thus emphasizes:

"I really think that was the thing; having the right people, at the right place, at the right time. I think that was the confluence which led to the result. Because I tell you, that if it had been a moment at which the government wasn't interested, then even though you say that you will undertake the costs of the process, if the government has not political interest, then it won't lead it, it

won't happened, because it is a governmental action." Interview with former ABRAPA president, Brasília, May 10, 2018 (English translation).<sup>62</sup>

The central role of ABRAPA within the general supporting framework for the Brazilian participation in this dispute settlement case also becomes relevant to consider. The ability of this organization to coordinate interactions not only with the central institutions, but also between individuals and other private entities is highlighted by a Sidley Austin lawyer:

We mainly worked with ABRAPA [...] they were fantastic. They did a great job, they supported the case, and they financed the case as much as they possibly could, and when they ran out of money they got the Brazilian government to take over and start financing the case. They provided us with 15 or 16 different farmers who provided us with declarations and who testified on the negative impact of low prices on their business, they got us Andrew McDonald, the president was a fantastic guy. ABRAPA could not be more supportive than they were, they did really a fantastic job in supporting the case, and well, it worked pretty well for them, they ended up with 750 million dollars, they helped the Brazilian cotton industry so it was a pretty good result. I can tell you, that has never happened in the WTO dispute settlement and I don't think that it ever will happen again. That surprised all of us.<sup>63</sup>

(Videoconference interview with Sidley Austin lawyers on May 2, 2018.)

The cotton dispute thus bears witness to the centrality of business associations as collective platforms for joint and efficient organization of sectorial demands and political articulation (QURESHI & TE VELDE 2013). In line with Lucas (1997, p.75) the high degree of centralization of the cotton sector appears to have permitted it to present its concerns at the political level in a very coherent manner. It similarly becomes possible to identify a range of principles indicative of efficient state-business relations in the case examined, as conceptualized by Sen & Te Velde (2009) in form of a high degree of transparency, reciprocity, and credibility (p.1269). The cooperation between ABRAPA, Itamaraty, and MAPA even seems to reach beyond this, and to comprise of functional integration and informal, yet de-facto, institutionalized modus operandi.

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<sup>62</sup> Interview with former ABRAPA president, Brasília, May 10, 2018 (English translation).

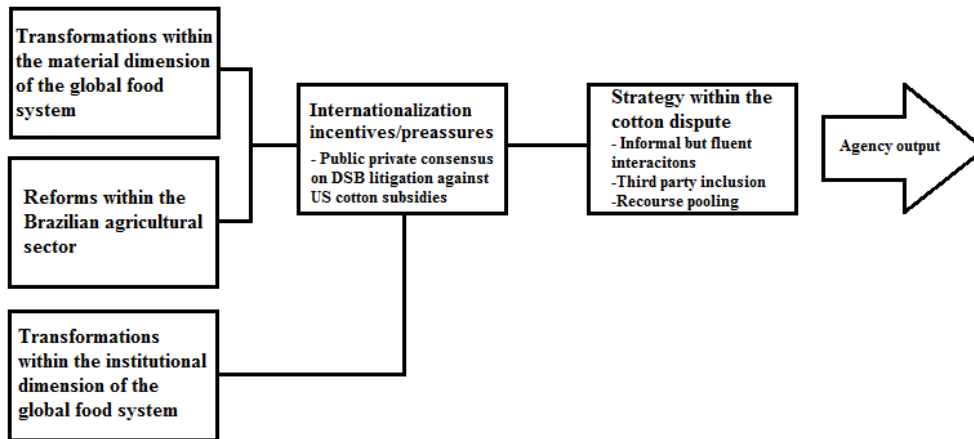
<sup>63</sup> Videoconference interview with Sidley Austin lawyers on May 2, 2018.

## 6.5 Concluding analysis

The engagement of Brazilian public entities and agribusiness within the Cotton Dispute was preceded by a profound process of productive restructuring towards a large-scale mode of cultivation. This productive reorganization was molded by the technological and managerial transformation associated with the proliferation of an agro-industrial cultivation model within developing countries. This transformation was nonetheless facilitated by the wave of reforms within the Brazilian agricultural sector, which through the removal of tariff protection and the alteration of credit conditions produced a shock which accelerated the drastic decline of cotton cultivation in traditional producer regions, and nurtured the surge of globally competitive production in the *Cerrado* region. As Brazil again became a cotton exporter, the international market conditions became of concern to cotton producers, which at this point had become more closely organized below ABRAPA. This new sectorial cross-national organization thereby directed attention towards the dismantling of the US cotton subsidy regime, which came to constitute a common interest for both producers, and a range of public organizations.

The establishment of the Dispute Settlement Body below the Agreement on Agriculture implied a significant change within the global food system, as it provided an institutional vehicle through which domestic agricultural policies could become subjected to international litigation. It thereby constituted a necessary structural condition for Brazil to challenge the incompatibility between the US cotton support measures and the liberal underpinnings of the global trading system. As illustrated in figure 16 below, the joint public-private Brazilian mobilization in the cotton dispute can thereby be understood as a result of the conjunction of changes within the material dimension of the global food system, facilitated by domestic agricultural reforms and stimulated by institutional transformations within the global food regime:

**Figure 16: Food system transformations, agricultural reforms and the joint public-private Brazilian engagement in the cotton dispute.**



Source: author's elaboration

The public-private cooperation during the cotton case examined appears to have been a successful Brazilian experience on many accounts. This seems to have been the case when the general outcome is considered, but also when the specific instances of cooperative engagement are evaluated though a focus upon converging interests, coalition formation, the institutionalization of joint efforts, and the pooling of resources.

There does appear to have been a rather significant convergence of interests within the group of public and private Brazilian actors examined in the foregoing. They were all driven by the objective of enhancing the global market access and commercialization conditions for the Brazilian cotton sector in more concrete terms, but also by the broader repercussions which the contestation of the US agricultural protectionism would imply. There was nonetheless a certain degree of initial skepticism, particularly within the Itamaraty, with regards to the consequences for Brazil's relationship to the US, as well as the risk associated with loosing the dispute. Thus while MAPA displayed an offensive posture from early on in the process, Itamaraty's initial hesitation reflects that other foreign policy concerns were weighting against this course of action. This also indicates that the turn towards a more assertive Brazilian posture in terms of demanding international agricultural liberalization was not as fully materialized, as it would be by the end of the dispute.

In the course of the cotton dispute, the central Brazilian stakeholders came to rely significantly on the inclusion of third-parties. The eventual inter-institutional consensus regarding the course of action to be followed, and the deep commitment of the private sector, came to form a solid domestic basis in order to project the Brazilian agenda internationally, helping to form coalitions around the issue. At first,

deliberations were made within the Cairns Group. The strong resonance which the resistance to the US Farm Bill had within this forum meant that many countries from this group later joined the case as third-parties backing Brazil. The C4 West-African nations also constituted valuable partners for Brazil to present the case as reflective of a broader emancipatory struggle by developing nations against developed country agricultural subsidies, highlighting the selectiveness of the latter's adherence to the principles of a liberal trading system. Though not directly minded upon the Brazilian cotton sector, the engagement of NGO's such as Oxfam within these debates also supported this general narrative, from which the Brazilian contestation below the DSB could draw a certain measure of legitimacy. The exposure which the cotton issue gained in the parallel discussions within the Cancun Ministerial, and in the WTO Cotton Subcommittee, also furthered the international momentum of the cause, with potentially positive spillovers for Brazil in the DSB context.

The public-private cooperation in the case examined appears to have been highly effective, in spite of its relatively low degree of institutionalization. Apart from the CGC, no particular institutional vehicle appears to have been facilitative of public-private interactions as part of the dispute, but this does not seem to have proven to be a significant obstacle: as all of the central actors had internalized the importance of the case from an early point in the process, they proved to be capable of mustering a very high degree of joint organizational efforts without relying on predefined formalized procedures. Due to the diverse character of the public and private, - as well as domestic and international, - actors engaged in the case, no clearly defined hierarchy appears to have been evident, which neither seems to have been associated with any significant obstacles. On the other hand, the high degree of success of the joint cooperation efforts in the cotton dispute did spur the Itamaraty to consider further institutionalization of such interactions with future disputes in mind. The public-private cooperation in the case examined thus largely approximates Bahri's (2016) description of Brazilian PPP<sup>64</sup> in relation to dispute settlement cases, which the authors characterizes as "flexible", "semi-formal" and "dynamic".

The public-private cooperation in the cotton dispute also displays a high degree of resource pooling, constituted by the complementary capabilities of each of the central stakeholders. A very broad array of financial, organizational, and discursive resources

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<sup>64</sup> Public-Private Partnerships

were applied in the course of the process examined. Yet, profound legal capacity and econometric modeling capabilities stand as the central pillars upon which the outcome of the ruling rested. The ability to project such highly specialized technical capacity rested overwhelmingly on the financial contributions by the private sector, as well as the organizational resources of all of the entities engaged on the Brazilian side of the dispute. That ABRAPA's finances became stretched to the limit bears witness to the quasi-prohibitively high costs which often are associated with presenting a well-founded case below the DSB, pointing towards the extremely high entry barriers which this constitutes for many developing countries.

## **Chapter 7: Joint lobbying by Itamaraty and UNICA in the formation of the EU Renewable Energy Directive**

The following chapter analyzes the joint lobbying between the sugarcane producing organization, UNICA, and Brazilian foreign establishment aimed at influencing the European Union's Renewable Energy Directive (RED) in the period from 2006-2011. With the goal of answering research question 2, the chapter departs from scrutinizing the surge of the issue of climate change consciousness as a significant ideational shift within the global food system. The analysis subsequently proceeds to assess the joint motivations which gave rise to the cooperation between Itamaraty and UNICA minded towards influencing policy formation processes in Brussels. It furthermore seeks to examine the mechanisms through which this cooperation has unfolded, with a particular focus on the degree of its institutionalization, its inclusion of third-party actors, as well as the role of joint resource pooling.



## 7.1 Climate change and the contemporary food system

Although the earliest computerized simulations indicated that carbon dioxide emissions resulting from human activity were causing changes in the global climate date back to the late 1960s, the issue only gained significant public attention from the 1980s. Throughout the 1990s, efforts to confront this phenomenon accelerated within different global political arenas, and due to its wide array of socio-technical ramifications, climate change became a central point on many global governance agendas. This was not least the case within the field of agriculture, which particularly due to the mode of production and expansion within the contemporary global food system constitutes an absolutely central part of any viable strategy to address and mitigate the effects of climate change. This, thus became a discursive imperative with roots in tangible natural phenomena, which both central public and private actors within the global food system to some extent had to engage with.

The intertwinement of agriculture and climate change should be conceived of though the strong feedback loop which exists between this human activity and natural phenomena: the agricultural sector proportionally accounts for a very noticeable part of human induced emission of greenhouse gases (GHGs), while the sector on the other hand also is extremely vulnerable to the effects of climate change (FAO, 2016). As such, climate change constitutes a fundamental challenge to the modern food system (LENGNICK 2015 & MILLER et al. 2013; WHEELER & BRAUN 2013). The degree to which agriculturally related activities contribute to climate change has been the object of much scholarly inquiry, and a variety of different estimates have been made. While CO<sub>2</sub> emissions from cultivation activities - seen in isolation - are relatively stable, agricultural activities account for 58% of methane and 47% of nitrous oxide emissions (IAASTD, 2009). IPCC estimates have pointed to agricultural activities constituting 10-12% of anthropogenic GHG emissions (IPCC, 2007). Within these figures, meat and fish production count for approximately half of emissions (SODANO & HINGLEY 2013, p.77). Elements fundamental to the mode of industrial agricultural production, which is highly characteristic of the contemporary food system, imply a significant amount of GHG emissions. Fertilizer production, cultivation with the aim of converting vegetable to animal protein, and the substitution of natural habitats with arable land are thereby fundamental drivers which have led some estimates to ascribe 30% of global GHG emissions to agriculturally related activities in a broad sense (GRAIN, 2009).

Land use change constitutes a very essential part of the total impact which agriculture yields on climate change. OECD estimates thus indicate that 17% of total GHGs directly concern agricultural activities, and additional 7-14% can be related to land use changes (OECD, 2015). The question related to whether the production of biofuels contributes to these emissions, or rather serve to mitigate them through the substitution of fossil-based fuel consumption, is the object of much discussion. In addition hereto, their potential impact on food availability is also a circumstance which contributes to the complexity in evaluating the expediency of biofuels in strategies to combat climate change (CGIAR 2009, p.4).

Deforestation, - with particular emphasis on the tropical regions - has become a very critical driver of agriculturally related GHG emissions. This phenomenon gained momentum during the 1990s, when approximately 16 million hectares annually were deforested (ARCHANA 2013, p.28). Deforestation has contributed markedly to GHG emissions related to human activities through additional emanations of CO<sub>2</sub> (58%), methane (21%), HFCs and HCFCs (15%) and nitrous oxide (6%) (ZHUANG et al. 2012). Tropical deforestation materializes through a variety of processes, such as cattle ranching, palm oil and soybean production, logging, infrastructure development and mineral extraction, smallholder and slash-and-burn agriculture, and charcoal production. As these dynamics overlap, this can also lead to a detrimental spiral as these processes become mutually self-enforcing, and thus exacerbate emission problems (GORTE & SHEIKH, 2010). Livestock production and large-scale agriculture are some of the most fundamental drivers of deforestation globally, but also in relation to this process as it has unfolded on the Brazilian Cerrado and Amazon region (BENNETT, 2017). Tropical deforestation in Brazil reached particularly grave proportions in the period from 1996-2005, when an annual average of 19.500 km<sup>2</sup> were cleared (NEPSTAD et al. 2009, p.1350). As much as 80% of this has been ascribed to cattle ranching (Ibid). Yet, as is mentioned in the following sections of this chapter, the drivers of deforestation in Brazil are often strongly interrelated and overlapping, as both interests related to logging, cattle ranching, and eventually cultivation of export crops collide, and become evident at different stages of the process in the same areas.

The central position of Brazil as the country with the largest part of the Amazon within its national territory has meant that this country has become object of a much international attention, as the issue of climate change has gained increased salience. Noticeable efforts of mitigation were thus made from 2005-2009, when deforestation

fell to 36% of historical highs (NEPSTAD et al. 2009, p.1350). Although Brazil sought a more defensive position on the United Nations meeting on climate change held in Vienna 2007, as it preferred reiterating past commitments instead of assuming new ones, this posture in part became untenable in the face of international pressures (FEARNSIDE 2009, p.1009). Thus, although President Lula affirmed that a goal of zero-deforestation was unrealistic, the country eventually assumed the responsibility of reduction to 20% of historical levels by 2020 (TERRA, 2009).

Some voices have argued that the monetarized value of the CO<sub>2</sub> reduction obtained by halting deforestation could constitute a large potential source of income which would surpass the forgone gains by economic exploitation of the Amazon (FEARNSIDE 2009, 1004). This depends on market forces' capacity to allocate resources into mitigation and conservation efforts to such a scale that it would halt the process of deforestation. Other perspectives have been more critical of the potential of private sector initiative to confront such problems, thus pointing to both market failures, as well as the very model of production and expansion of industrial agriculture as fundamentally contradictory to any consistent transition towards climate sustainable cultivation (SODANO & HINGLEY 2013, pp.87-88). Independently of the merits of such opposing perspectives, sustainability-related concerns, - and particularly those related to climate change - have indeed become an undeniable discursive vector within the contemporary corporate-environmental food system (FRIEDMANN, 2005). The degree of centrality which this issue has assumed within different levels and spheres of global governance has thus meant that some sort of engagement, - even if initially reluctant - has become a necessary part of private actors' marketing strategy, both in terms of an offensive branding of their products, but also with possible shielding of the corporation from negative attention in mind. Due to the magnitude of the problem of climate change, as well as its intrinsic links to agricultural production, this question has gained a certain degree of prominence amongst other sustainability-related concerns. Selective appropriations of environmental standards have thus also come to flourish with regards to "climate friendly" product labels, which have paved the way for a new mode of accumulation (Ibid, p.230) for corporations in the food sector. Although these trends may have become evident somewhat later in Brazil than in many developed countries, by the 2000s the surge of climate change within the ideational dimension of the global food system had become manifest through a series of institutional repercussions. This left a new landscape of standards, rules and intangible norms, which

both private and public actors have had to navigate in order to foment the global market conditions for Brazilian agricultural produce.

## 7.2 Structural changes within the Brazilian sugarcane sector at the turn of the millennium

Although the history of sugarcane production in Brazil stretches back to the early Portuguese colonization, its economic significance in recent decades was spurred by the initiation of the *Pró-Álcool* programme in 1975. This state-led programme with the goal of decreasing petroleum import dependency after the global energy crisis of 1973-74 meant that cane cultivation destined for alcohol production to be used as vehicle fuel increased markedly from 1975-1985. The average annual growth rate in this period was 9,70% compared to 3,21% from 1961 to 1975, meaning that production more than doubled to approximately 200 million tons by 1985 (CHADDAD 2016, p.79-80). The Sugar and Ethanol Institute<sup>65</sup> was established during this period in order to oversee the industry. This institution regulated the sector in a strongly interventionist manner by determining prices, and performed the function of a centralized management of the general development of Brazilian cane production (Ibid, 81).

In the course of the 1980s, external market trends, such as the decrease in the price of petroleum as well as an increase in the price of sugar, meant that ethanol became a less attractive option. Coupled with the economic crisis, which meant that official fiscal incentives for ethanol production were dismantled, ethanol became increasingly reprioritized (MACHADO 2014, p.239). With the 1988 Federal Constitution, governmental intervention was scaled down, which in relation to the sugar sector meant that the influence of the Sugar and Ethanol Institute was diminished. A significant step towards deregulation was also taken in 1991 through the law 8.178, which opened up for the lifting of price controls in given situations. All price controls were eventually abandoned in 1996 for both sugar and ethanol (MORAES & ZILBERMAN 2014, p.47-48). This came to mark a transitory phase for Brazilian sugarcane production, which became increasingly market-oriented and characterized by the logic of competitiveness. As part of this development, the industry also entered a period of consolidation, which initially became centered on the Brazilian electricity

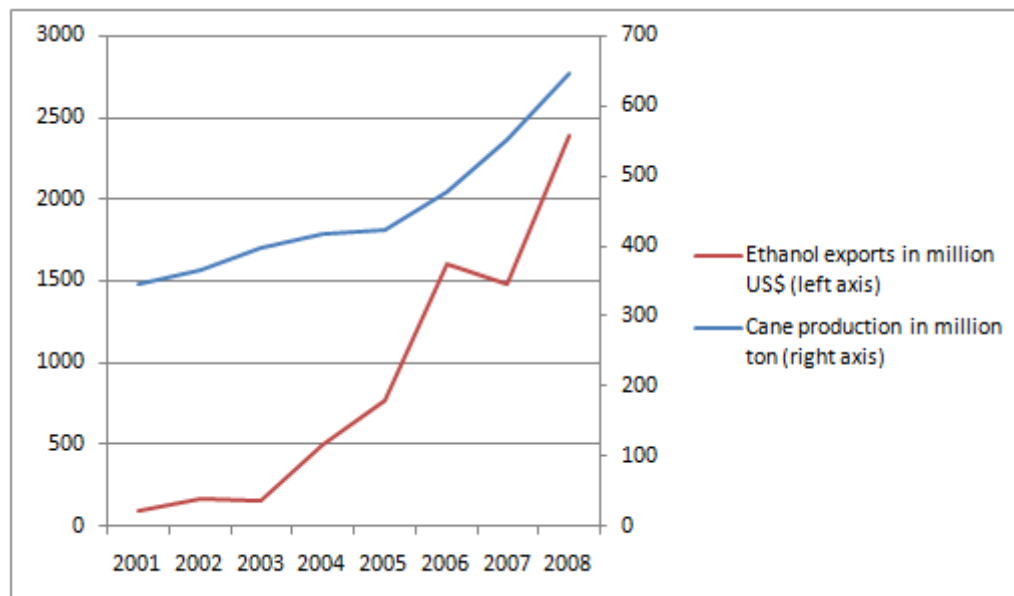
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<sup>65</sup> Instituto de Açúcar e do Álcool

company Cosan (CHADDAD 2016, p.81). The consolidation process intensified from the turn of the millennium, as mergers and joint ventures became a means to reach a higher level of professionalization as well as the necessary scale to widen distribution networks and engage in exports. Some enterprises within the sector were converted into to publically traded companies, and a series of foreign agricultural traders and energy corporations entered the industry (Ibid, 82). In 2006, Petrobrás also announced large investments within the industry, with the goal of both supplying the domestic market and exporting ethanol (SPENCER, 2006).

The 1990s spelled a more favorable scenario for Brazilian ethanol, as the global oil prices steadily began to recover from the turn of the millennium. Together with productivity and yield gains in ethanol production, this encouraged auto manufacturers to seek to increase commercialization of biofuels engines (MACHADO 2014, p.240). Production of flex-fuel vehicles able to run on both ethanol and gasoline hereby began to increase more significantly within Brazil from 2003, along with domestic biofuel consumption. Expansion of domestic cane production was also linked to a significant surge in ethanol refinement, as can be observed on the graph in figure 17 below:

**Figure 17: Graph of cane production and ethanol exports from 2001-2008.**



Sources: IBGE 2016; ITC - International Trade Centre 2016.

As can be observed from the graph, though cane production nearly doubled from 2001-2008, ethanol exports rose from a very low level in 2001 to more than US\$ 2

billion in 2008. Domestic production during this period appears to be steadily growing, and thereby also capable of supplying a quickly increasing external demand.

In spite of the surge in ethanol exports during the first decade of the 2000s, lack of international market access still remained a central obstacle for further Brazilian exports. The question of market access was increasingly linked to the rising issue of climate change, so that the ability to frame Brazilian ethanol as an environmentally sustainable substitute for gasoline became an essential feature in defining its export potential. On the other hand, the Brazilian ethanol industry also came under attack for causing deforestation, detrimental labor conditions and food inflation. After at first having displayed a rather passive posture in relation to this criticism, the industry gradually began to assume a more offensive strategy. This became evident when Marcos Jank became president of UNICA - the Union for Cane Sugar Industries in the state of São Paulo. He led the efforts to insert Brazilian sugarcane producers into the global sustainability agenda and to improve communication with external stakeholders. (CHADDAD 2016, p.85)

This strategy converged with the efforts of the Lula Administration to create an international commodity market for Brazilian biofuels, within which Brazilian ethanol would be strongly consolidated. Itamaraty, also became a significant actor within these efforts (MACHADO 2014, p.237). The Brazilian government and commercial diplomacy thereby entered the global sustainability debate in favor of the country's biofuels and against what was perceived as an underlying protectionist stance towards Brazilian ethanol in developed countries (EWING, 2008). The possibilities for international commercialization of ethanol which presented themselves in the beginning of early 2000s had thereby created an overlap of interests between the state and private sector organizations. In order to pursue this objective, these actors needed to devise a strategy which took the structural impact of increasing climate awareness and certain sustainability-related imperatives into consideration. This was also very much the case in relation to accessing the incipient European biofuels market, meaning that commercial interests were forced to incorporate a discourse which highlighted the environmental benefits of the production model of this particular export-commodity.

### 7.3 Initial formulation of an EC biofuel policy framework

The nascent institutionalization of a European strategy for biofuels development can be traced back to the European Council Resolution of June 1998 on renewable sources of energy, which called for the increased utilization of biomass in order to augment the generation of renewable energy (COUNCIL RES. 98/C 198/01). This goal was specified in the Commission's Green Paper, "Towards a European strategy for the security of energy supply" from 2000, which stated the objective of reaching a level of 20% renewable energy utilization in road transportation, by 2020 (GREEN PAPER, COM/2000/0769). This helped to pave the way for the establishment of more concrete measures for sustainable development at a European Council meeting in Gothenburg, in June 2001, amongst which the advancement of biofuels was an essential part.

The ambitions of limiting CO<sub>2</sub> emissions through the proliferation of biofuels usage in the transportation sector reached a crucial moment with the "Directive on the promotion of the use of biofuels or other renewable fuels for transport" (DIRECTIVE 2003/30/EC), from May 2003. The Directive aimed towards the gradual increase of biofuels and other renewable fuels in the transportation sector, in line with the general objectives of confronting climate change and increasing energy security. An immediate goal was set for reaching a level of 2% biofuels in gasoline and diesel for transportation usage by the end of 2005, and in the intermediate term, a target of 5,75%, was established for 2010 (DIRECTIVE 2003/30/EC). This Directive became a center piece for the European Union's incipient biofuels regime. It also came to spur the European Commission's (EC) Biomass Action Plan of 2005, which embraced a range of comprehensive objectives with regards to the promotion of biomass in electricity generation, heating, and the transport sector. A central objective within the plan was also to mold the regulatory environment in favor of a market-based development of bioenergy. In spite of recognizing the limitations of biofuels in terms of climate change mitigation, these were nonetheless singled out as the only short term viable alternative for petroleum-based liquid fuel substitutes. The biomass Action Plan came to serve as an initial coordinating step, as part of a broader strategy for increasing the participation of biomass in the EU energy matrix, intended to be followed up by a range of measures related to supply management, financing, and research (ACTION PLAN, COM(2005) 628).

By early 2006, this general movement towards increasing the share of biofuels in

the transportation sector had drawn much interest from potential stakeholders, but also led to disputes about how this demand should be met. This was not least also the case with Brazil, which due to its extensive and highly competitive ethanol production stood in a unique position to supply the EU. Yet exactly because of its elevated production capacity and low cost, Brazilian ethanol had also become the object of fears from within the Union, that it would squeeze domestic suppliers. This became clearly expressed in debates about the future biofuels regime in the European Agricultural Council in early 2006. In these discussions, the relatively protectionist positions of France, Belgium, Italy, Lithuania, and Austria were countered by the European Agricultural Commissioner, Mariann Fischer-Boel, who demonstrated a more open stance towards Brazilian ethanol imports through mandatory biofuel quotas for the transportation sector. The interpretations within the Brazilian foreign establishment at this point hinted that although the EU appeared to be committed to creating a market for biofuels, Brazil's ambitions to supply this demand were opposed by a range of protectionist interests and strong agricultural lobbies. (Tel 63, 25/1 2006)

This may have led to an understanding within Itamaraty, that if the formation of the EU biofuels policy should become open to Brazilian ethanol, a pro-active engagement through various channels of influence was necessary. The question of sustainability became absolutely central in this regard. As the formation of a European biofuels regime to a large extent had been spurred by environmental issues, this opened a field of contestation within which all participants were subjected to the imperative of aligning their discourses and reinforcing their particular arguments with sustainability related concerns. This capacity would thus ultimately come to define the access for parties interested in supplying EU biofuel markets. Due to the distinct constitution of the Brazilian biofuels production, - which was based upon the refining of sugarcane into ethanol - as well as the country's particular geographical features with large native natural habitats, different environmental issues became evident in relation to Brazilian biofuels. Yet, this did not necessarily compromise Brazilian ethanol, but also held the possibility for this country to apply an offensive posture in relation to questions of sustainability, above all, regarding the favorable energy balance of Brazilian ethanol when compared to fuels based on European food crops.

Such an offensive posture minded on accentuating the environmental benefits of Brazilian ethanol was adopted in the Brazilian participation at the Amsterdam Sustainability Forum on the 24-25th of April, 2006 (Tel 233, 30/3, 2006). Here,



Itamaraty's representative sought to answer concerns related to Brazilian cane production, stressing that it only occupied 0,6% of Brazilian territory, its favorable carbon balance of 8.3, that production expansion took place on degraded pastures, and that cane cultivation was situated at a great distance from the Amazon region (Tel. 343, 3/5 2006). In March the same year, the EC's Green Paper "A European strategy for sustainable, competitive and secure energy" had been presented. As the name indicated, the three-folded objective within this policy document was related to, 1) the promotion of renewable energy, 2) the creation of a competitive internal energy market, and 3) the improved coordination of EU energy supply and demand within an international context (GREEN PAPER, COM(2006)105). In relation to biofuels, this policy document fed into the Brazilian interpretation of the lucrative potential related to the prospects of the creation of a European biofuels market, which at the level of 5,75% biofuels in the transport sector by 2010 would constitute an annual 18,6 million ton of oil equivalent. Yet, access to this market was perceived as strongly dependent upon a non-discriminatory system for environmental certification, which therefore was identified as a central concern (Tel. 274, 10/4 2006).

The process of developing a European regime for compulsory biofuel participation in the Union's energy matrix occurred in parallel to trilateral discussions between the EU, the US, and Brazil about the creation of an international forum for biofuels, which would serve to establish common criteria and transparent norms for global ethanol trade (Tel. 511, 28/6 2006). Trade in biofuels had thereby become characterized by a diversity of determinants beyond supply and demand, tariffs, or to some degree even direct emissions. A series of social and environmental concerns related to the diverse impacts along the entire production cycle also assumed a character of product feature, which determined its potential for market access. This resulted in a high degree of complexity for Brazilian stakeholders interested in promoting ethanol, as they now had to construct their case in defense of this commodity within a variety of different dimensions, all of which were initially of a somewhat diffuse character, due to the lack of further specification.

The Itamaraty eventually embarked upon a multifaceted strategy in order to call attention to what was perceived as the sustainable aspects of Brazilian ethanol production. This was expressed at a public audit in the European Parliament, at which Itamaraty's representative, Marco Túlio Cabral, stressed that ethanol production was situated at a great distance to native rainforests, and that its further expansion was likely

to occur on degraded pastures, - and thus not at the expense of other crops. It was furthermore emphasized that medium wages in cane plantations often were higher than those in other branches of Brazilian agriculture, and that the rate of formal employment was relatively high. The official Brazilian posture expressed at this point was to respect the decisions taken within the EU with regards to the establishment of sustainability criteria for biofuels, as long as these criteria were in accordance with the rules below the multilateral trading system. The Brazilian foreign establishment's evaluation of its early efforts to promote biofuels was nonetheless that it had been possible to transmit a positive image of their sustainable nature to European policy makers, and that fears that a nascent European market would be flooded by cheap Brazilian imports were unwarranted (Tel. 559, 6/7 2006).

The Brazilian representation in Brussels continued its active push in defense of the sustainability of Brazilian ethanol, which also included engaging in public consultancy about the EU biofuels policies. In its official statement, Brazil pointed to a range of positive social, economic, and development related aspects of this production. This included a favorable carbon balance in relation to conventional gasoline, low water consumption and soil erosion, and high formalization and salaries of the workforce engaged in the cultivation and harvest of sugarcane. A viewpoint advocated strongly by Brazil was that the sustainability of its ethanol production should not be evaluated from a strict local environment impact perspective, but rather more generally in terms of its total CO<sub>2</sub> emissions when compared to gasoline or even European biodiesel, with a much less favorable carbon balance (Tel. 571, 7/7 2006). In spite of the uncertainties with regards to the particular conditions for future market access, the rapid growth of the European biofuels market, which by that time had become the world's fourth largest, appears to have made this highly attractive within a Brazilian commercial perspective (Tel. 705, 25/8 2006).

Throughout 2006, the Itamaraty followed the development of the Brazilian biofuels policy framework closely and sought to maintain a sectorial dialogue with the EC. The Brussels Mission similarly prioritized representation in public events related to the issue (Tel. 748, 13/9 2006; Tel. 761 15/9 2006). At this point in 2006, a range of essential conditions were in place for the Brazilian interests in offensively promoting ethanol: the soaring oil prices, with Brent doubling from US\$31 in 2004 to US\$62 per barrel by the beginning of 2006 (EIA, 2016), the increasing rootedness of climate change awareness in the EU's energy strategies, as well as the more self-confident, -

and to some measure assertive - Brazilian commercial diplomacy, provided the conjunction of factors which opened a window of opportunity. The Brazilian representation in Brussels appears to have been rapid and consequent in terms of grasping this strategic opportunity, by displaying a pro-active engagement on behalf of the country's agribusiness sector. This provides an interesting alternative to perspectives that tend to emphasize internal pressures on the state towards facilitation of external market-access (MORAVCSIK, 1998), and suggests that the Brazilian case might be marked by a high degree of internalization of such considerations within the country's foreign policy establishment.

The signals which emanated from the EC throughout the beginning of 2007 were perceived by the Brazilian diplomatic representation at the EU to be slightly positive. In January 2007, the EC proposed emission reductions for vehicle fuel of 1% pr. unit of energy annually from 2010-2020, and that gasoline could contain up to 10% ethanol in 2020 (Tel. 111, 1 Feb 2007). This could mean that a large future market would arise for Brazilian ethanol, in the case that access was obtained. A preliminary proposal from the Commission for the European biofuels framework also implied that "poor-performing" biofuels were discouraged, while more environmentally friendly and supply-secure sources would be encouraged. It was similarly stressed that the system, in line with the WTO rules, should be non-discriminatory in terms of imports in relation to domestic supply, and that it thereby would not be allowed to function as a barrier to trade. The tariff rates of 192¢. pr. m<sup>3</sup> was identified as a significant obstacle for Brazilian exports. With transport and administrative costs at around 200¢., prices in Brazil would have to fall below the equivalent of 300¢. pr. m<sup>3</sup> in order for exports to become viable, which was not always the case. The Brazilian commercial diplomacy at this initial stage therefore also came to rely upon internal pressures in favor of tariff reductions or import quota concession in effect of a possible EU-Mercosul agreement. (Tel. 238 2/3 2007)

The progress in the Commission's work with the creation of a framework for biofuels also appears to have encouraged the intensification of Brazilian efforts to influence the decision-making process. The Mission at the EU thus facilitated a visit by Members of the European Parliament (MEPs) to Brazil in order to inspect the sites of ethanol production, with the intention of mitigating what was perceived as some common "misunderstandings" about the environmental and social aspects of Brazilian ethanol. This visit received support from UNICA. (Tel. 399, 17/4 2007; Tel. Dis. 479 11/9 2007)

Itamaraty's efforts to convince stakeholders in Brussels about the sustainable nature of Brazilian biofuels also came to rely upon knowledge inputs from UNICA (Tel. Dis. 120 15/3 2007). This sectorial organization thus contracted vital technical expertise which was fundamental in supporting the foreign establishment's argument in favor of Brazilian ethanol<sup>66</sup>. The significance of technical knowledge hereby became central to the stakeholders engaged in shaping the RED biofuels framework. As emphasized by Laurent (2015), existing studies of the decision-making process behind the establishment of the RED have tended either to perceive it as an essentially political struggle between different groups which engage in a "policy based evidence gathering" in favor of their own position, or on the other hand, as a strictly technically driven and largely depoliticized process (LAURENT 2015, p. 140). The present analysis is inclined towards the first explanation of a policy-driven evidence gathering. Yet, this does not exclude the possibility that the scientific merits of the evidence in some instances might have come to dictate certain outcomes, above prevalent political interests. Although the process appears to have been highly politicized, the capacity to successfully engage within it was strongly dependent on the coherent presentation of scientifically informed arguments, which thereby became an indispensable pillar within the Brazilian stakeholders' resource endowments.

In the course of 2007, the Brazilian representation in Brussels also engaged in the mobilization of domestic capacities beyond the Ministry of Foreign Affairs in order to draw upon their competences. In 2007, the chief of the Brazilian department of energy, Antônio Simões, visited Brussels. At this occasion, Simões emphasized the benefits of Brazilian ethanol in terms of emissions reduction, and stated that the country was on course to establish a national certification scheme for biofuels. In general, the signals received from the Trade Delegation at the Commission were that although some of the future biofuels consumption related to the renewable energy targets would be met by producers within the EU, a significant share would also have to be imported. This contributed to the Itamaraty's impression of the EC's disposition to cooperate on the issue (Tel. 434 24/4 2007).

These positive feelings were carried over into the International Conference on Biofuels which was held in Brussels from the 5-6th of July, 2007. The Conference counted with the participation of a large number of prominent figures, such as Brazilian

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<sup>66</sup> Interview with Brazilian diplomat, Brasilia, August 28, 2018.

President Lula da Silva, his Chief of Staff Dilma Rousseff, and the President of the European Commission, José Manuel Barroso. In his speech at the event, President Lula stressed that the Brazilian ethanol production had grown in parallel to an increase in food production, as well as a decrease in the deforestation rate. Lula furthermore argued that poverty was not related to low global food production, but rather to a lack of access to food and skewed income distribution. At the event, Barroso also stated that although biofuels were indeed associated with a series of environmental risks, they could still be managed through sustainable production. The EC president furthermore reiterated the European Union's plan to meet the 2020 target of 10% biofuel consumption in gasoline through both domestic production and imports. For her part, Dilma Rousseff accentuated the importance of the development of transparent international technical rules for the certification of biofuels, and also pointed towards the Brazilian government's aim to establish a national certification scheme. The Brazilian sugar producing sector was also represented at the Conference by the president of UNICA, Marcos Jank. He underlined the sector's positive environmental, social, and economic performance, but also recognized concerns related to climate change, and stated that the sector was open to discussions on such issues. Jank's general arguments sought to stress the case that Brazilian ethanol production had a positive emissions profile compared to biodiesel based on staple food crops, and that the tradeoff between food and energy production was related to irrational resource uses, and the lack of ability to benefit from the comparative advantages of different global regions in terms of agricultural production. (Tel. 802 26/7 2007)

The cooperative atmosphere of the discussion on biofuels at the conference should also be viewed in the light of the formulation of the EU-Brazil Strategic Partnership, which was signed in parallel to the Conference. The general impression of the Brazilian Mission was thus that the country had managed to position its biofuels production in a positive light, and had gained much recognition as a leader within the field (Tel 748 11/7 2007; Tel. 734 10/7 2007). At this point in the process, it had become evident how Brazil, with a certain measure of initial success, had managed to seize the environmental agenda and proliferate a the narrative of Brazilian ethanol as a part of future sustainable solutions. The internal alignment around this agenda becomes evident from the mobilization of the presidential diplomacy and the sectorial organizations which thereby resulted in a highly coordinated front in pursuit of a common objective. The personal engagement of President Lula meant that the efforts to

influence the EU's nascent biofuels regime not only became transmitted on lower levels of diplomatic interaction. Influence upon the policy-makers shaping the Directive draft was thereby both transmitted horizontally, through the representation of Itamaraty and private stakeholders such as UNICA, but there also appears to have been an attempt to vertically impact this process, by way of reaching a common ground on the issue with the Union's leadership.

Towards the end of 2007, the Itamaraty paid ever more attention to the EC's work with the establishment of sustainability criteria for biofuels, as this approached a more concrete formulation. The definition of common standards for biofuels was a very essential element of the Brazilian strategy, and served as part of the more general objective of establishing ethanol as an international commodity (Tel. Dis. 295 6/6 2007). This general objective thereby constituted a fundamental principle of guidance for the Brazilian engagement in the process of public consultancies and informal discussions about the formation of sustainability criteria, within which the representation sought to be present. The EC also invited the Brazilian Mission to exchange perspectives on the matter (Tel. 1031 28/9, 2007). Fluid contact appears to have been particularly evident between the Brazilian Representation and the Directorate General of Energy and Transport. Amongst the central governmental bodies of the EU system, the EC, and particularly the Directorate General for Trade and Energy, was the institution which demonstrated the most receptive attitude towards Brazilian ethanol<sup>67</sup>.

The gradual specification of the sustainability criteria proposal also came to imply certain Brazilian concerns regarding the question of land use change, due to increased biofuels production. At an informal meeting at the EC in October, the plans to rely upon IPCC guidelines for land use change related emissions was presented. A second new criterion related to the inclusion of permanent grasslands into the definition of areas with a high carbon stock caused some measure of concern amongst the official Brazilian representatives at the meeting. Depending on a specific date of conversion, - in relation to which 2003, 2005 and 2007 were on the table, - the area in question might not be considered eligible for certified biofuels production. The Brazilian delegation therefore questioned these proposals in relation to existing multilateral trade rules below the article XX of the GATT, and underlined that such criteria would have to be justified in a very clear and objective way in order to be compatible with these regulations (Tel.

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<sup>67</sup> Interview with Brazilian diplomat, Brasilia, August 28, 2018.

1135 29/10, 2007).

The uncertainties about to which degree the specific formulation of the proposal for sustainability criteria by the EC would be inclusive towards Brazilian ethanol further spurred the organizational efforts of the representation in Brussels. The representation's working programme on energy for 2008 thus reflected action planned on a range of different levels, spanning over 1) direct dialogue with the Commission about energy policy in order to reach a common ground, 2) the organization of visits of politicians, non-governmental figures, and the press to sugar producing regions in Brazil, and finally 3) direct private sector inclusion of amongst others, UNICA, in order to promote the sustainability profile of Brazilian biofuels within the European public sphere (Tel. 1209 19/11, 2007).

UNICA gradually became more involved in the process towards the end of 2007, as the organization had planned to open an office in Brussels by early 2008. In a lecture held for European Agricultural Associations in November, the International chief of UNICA - Geraldine Kutas, - made a strong case for the Brazilian sugar sector's social and environmental standards, and underlined that UNICA was positively minded towards the establishment of a certification scheme. Kutas nonetheless stressed the importance of such a system adopting impartial scientific criteria for biofuels certification, which otherwise could lead to challenges in the WTO (Tel. 1252 3/12, 2007). The direct inclusion of private sector interests within the Brazilian representation's efforts to influence the new Renewable Energy Directive is reminiscent of the neopluralist account of Lindblom and Woodhouse (1977; 1993) which emphasizes the special attention granted to corporate interests compared to other societal interests groups, as well as the efforts by policy-makers to directly include them in decision-making. In this case of commercial foreign policy planning, the trend described by these neopluralist authors, for government to internalize business interests as societal interest, can thereby be reinterpreted as the definition of certain private sector interests, as national interests.

At a meeting discussing a preliminary formulation of the sustainability criteria in the EC in early 2008, Brazilian preoccupations were further fueled by the classification of forests, grasslands, and humid areas as ineligible for certified biofuels production, in case these areas had been converted to cultivation after 2003. The Brazilian Mission's representatives were particularly worried about the inclusion of "permanent grasslands" in the criteria, and strongly questioned the basis for the definition of vegetation adopted

by the EC (Tel. 5 7/1, 2008). Yet, the final proposal, which was presented by the Commission on January 23 2008, was somewhat more positively received by the Brazilian representation at the EU. The sustainability criteria included in this proposal maintained the goal of 10% biofuels by 2020, and determined that biofuels eligible below these criteria would have to 1) imply a reduction of at least 35% CO<sub>2</sub> in relation to conventional fuels, 2) the commodities used in this production should not originate from areas considered to have a high carbon stock, such as wetlands or forests, or 3) that commodities used for biofuels should not originate from areas that were considered as highly biodiverse that had been converted to agricultural production from 2008 and onwards, such as forests, natural reserves or highly biodiversity grasslands. The proposal contained the possibility to either recognize private certification schemes that would be in accordance with the sustainability criteria, or to recognize certification through bilateral or multilateral trade agreements with the Union. Also contained in the proposal, once certified by the EU, individual member states would not be able to deny the entry of biofuels, though they would be entitled to demand information about the compliance with the sustainability criteria, which should be subjected to independent audits. Though compliance with the sustainability criteria was presented as entirely voluntary, the fact that it would determine all types of preferential access to the European market, - which otherwise were associated with high entry barriers, - meant that all potential biofuels exporters would be forced to adopt these standards. (Tel. 146 8/2 2008)

The sustainability criteria were largely received with optimism by the Brazilian Ministry of Foreign Affairs. The substitution of the formulation of "permanent grasslands" with that of "highly biodiversity grasslands" - to be specified at a later point - was seen as a partial victory. That alteration was believed to have been due to the work of the Brazilian delegation, which had been expressed by third-party diplomatic sources (Tel. 69 24/1 2008). A small degree of uncertainty was nonetheless left with regards of the specification of "highly diverse grasslands", which it was feared, could come to span over large swathes of the Brazilian Cerrado Savannah-like vegetation or Catingaa (drylands) (Tel. 146 8/2 2008). UNICA expressed content with the Commission's proposal. The organization's CEO, Marcos Jank, similarly welcomed regulation which would combine sustainable production with cost-effectiveness. UNICA emphasized the importance of its non-discriminatory nature in relation to imports but also called for the clear definition of the specific sustainability criteria, so as



to avoid contradiction of the principle of non-discrimination (PRnews, 2008 (2)).

Though UNICA did provide some support for the Brazilian Mission's efforts to influence the EC's proposal for the RED, examination of the initial part of this process nonetheless indicates that this role was relatively peripheral, and that most initiative was taken by the Itamaraty. It becomes interesting to evaluate this engagement in relation to the process which has been described as "the internationalization of the state" by neo-Gramscian authors. This notion may in general terms be illustrated as the external imposition of a market-oriented political logic, succeeded by an international engagement of the particular state in question, molded according to this logic. Cox (1987) applies a strong focus on the first part of this process, which also becomes relevant in order to understand the restructurings of the Brazilian agricultural sector and its increased international orientation, which has been treated in earlier chapters. Itamaraty's demonstration of pro-active initiative in relation to impacting the formation of the RED mainly relates to the later stages in the process of internationalization of the state, at which point the internal restructurings have led to a reorientation of the mode of international participation. In this respect, Cox's description of a change from a national towards an international corporatism, in line with which most of the state's attention becomes directed towards internationally oriented sectors (1987, p.263), does appear to provide an appropriate frame for the ethanol diplomacy pursued during the 2000s.

The Itamaraty's engagement in Brussels spans over some of the essential functions of the state in a market society, described by Apeldoorn et al. (2012) as both "market creation" as well as "external representation" (2012 (2) p.475). The Brazilian participation in the establishment of the International Forum for Biofuels in parallel to the efforts to influence standards setting within the RED, bear witness to the fundamental centrality which the formation of a commodity market for biofuels had come to occupy within the country's foreign commercial policy. The high degree of pro-activity, rather than private sector pressure, characterizing the comprehensive work undertaken by Itamaraty in order to impact the decision-making process related to the RED provides some interesting insights in relation to the notion of external representation of domestic capital, treated by Apeldoorn et al. (2012). Concerns related to market access of competitive economic sectors seem to have been internalized by the state to such a degree, that an overlap of public-private interest is evident. In line with Bieler and Morton (2004), this independent agency on behalf of the Brazilian public actors also demonstrates that the globalization of markets and surge of a range of

significant transnational actors not necessarily has come to weaken the state. Rather, it may be said to have reshaped its participation within the international system towards facilitation of international insertion of competitive domestic sectors. Though Robinson (2005) points towards the increasingly transnational character of private capital, a particular feature of contemporary Brazilian capitalism over a broad range of different sectors, should nonetheless be emphasized as their strong national rootedness. To some measure, this has materialized as a reversed loyalty from the state towards the relatively concentrated commodity sectors with international competitive potential, the interests of which have been incorporated as a central foreign policy concern.

#### **7.4 Transmission of the Renewable Energy Directive in the Parliament and the European Council**

After the Commission presented its proposal for the Renewable Energy Directive, the Brazilian efforts became concentrated upon its following transmission in the European Parliament and the European Council. In parallel to the negotiations about the RED, the European Parliament also elaborated the Fuel Quality Directive (FQD), which likewise contained a range of dispositions regarding biofuels. This implied the possibility that the definition of sustainability criteria for biofuels would be removed from the RED, and instead defined through the FQD, as both of the rapporteurs of these directives in the Parliament favored at this point. This could mean that a range of sustainability criteria related to social issues also would become effective, along with significantly stricter environmental regulations. The impression expressed by the Brazilian representation in Brussels was that it would be clearly preferable if the sustainability criteria were kept within the RED, both because this process was believed to be more open to influence, and because it was feared that the obligation of a 10% biofuels mix in gasoline by 2020 would be removed. The Itamaraty therefore made a direct petition to the member state representatives, in order to defend that the sustainability criteria were kept within the RED. In addition hereto, Brazil also began to evaluate the strategy of seeking a common ground with other biofuels exporters such as the US, Indonesia, and Malaysia, in order to further press decision-makers in the EU on this issue. (Tel 160, 14/2 2008; Tel. 161 14/2 2008; Tel. Dis. 66 15/2 2008)

The joint action with other developing countries in relation to the formation of

the EU's biofuels policies became a central part of the Brazilian strategy. At a meeting in March, a group of developing countries agreed upon the importance of establishing sustainability criteria in order to overcome resistance against biofuels import within the Union. They furthermore stated their common support for the target of 10% biofuels by 2020, as well as the gradual reduction of fuel emission of 10% annually from 2010-2020. Consensus was also reached in relation to the strategy of seeking active engagement in public debates related to the issue of biofuels, in order to avoid excessively complex sustainability criteria, which might function as barriers to biofuels imports. A joint letter was formulated by the ambassadors of Brazil, Argentina, Malaysia, Indonesia, Malawi, Mozambique, and South Africa in which they sought participation within the ad-hoc working group made up by representatives of the parliament and the Commission, in order to express their viewpoints within that forum (Tel. 317 12/3 2008; Tel. 348 17/3 2008). The European response to this petition was positive, and representatives from the group of developing countries began to take part in the working group's meetings. It is interesting to observe, that Brazil became represented by a diplomat from the Mission as well as a representative from UNICA, which shortly before had opened an office in Brussels (Tel. 456, 16/4 2008).

The definition of sustainability criteria for the EU biofuels regime had thereby resulted in an incipient coalition formation between a range of stakeholders, who's interest converged around this issue. The nature of this coalition is also remarkable, as it consisted of a highly heterogeneous group of developing countries, as well as private stakeholders from these, - in this case UNICA - who also provided the coalition with financial, organizational, and knowledge resources. A Brazilian diplomat also emphasizes the importance of this group as it served to present the ambitions of exporting biofuels to the EU in the light of a legitimate development related concern, rather than as the myopic self-interest of Brazil and its powerful agribusiness sector<sup>68</sup>. The cooperation with this agglomeration of developing nations thus provided a noticeable degree of discursive resources for the Brazilian strategy. In this respect, a certain likeness with the G-20 Coalition, which had formed some years before during the Doha Round negotiations, can be detected. Yet, while the G-20 acted in a multilateral international forum, in which procedures and formal authority relations were clearly defined, the group of developing countries acted as "sovereign lobbyists"

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<sup>68</sup> Interview with Brazilian diplomat, Brasilia, August 28, 2018.

in a process essentially related to internal European energy policies. The articulation of the group's interests nonetheless appears to have been welcomed by European institutions, which to some degree incorporated its suggestions as one amongst many different stakeholders in a pluralistic policy formation environment.

The Brazilian efforts at influencing the EU sustainability criteria continued along the same lines as in the foregoing years, though now with intensified and higher participation from UNICA. Public campaigns and assumption of direct contact with policy-makers were amongst the central tactics. This both became expressed in plans to invite European Ambassadors to a meeting in Brasília, in order to explain the alleged benefits of Brazilian biofuels (Tel. 187 21/2, 2008) and through a visit of a delegation of European Parliamentarians to a Brazilian ethanol processing plants (Tel 508, 28/4 2008). In a similar vein, biofuels and sustainability criteria were also planned as a central part of discussions during the EC President, José Manuel Barroso's visit to Brazil in March, at which he met with Brazilian President Lula da Silva (Tel. 284 5/3 2008; Tel. 304 10/3 2008).

UNICA participated actively in the publicity campaign in favor of the sustainability of Brazilian ethanol on a range of levels. The organization served a central function by providing the technical-scientific knowledge which supported the Brazilian efforts to win opinions of the public and policymakers in Brussels. UNICA's support made it possible to engage within the discussion related to sustainability, by accepting this as an essential premise for biofuel certification, and by framing the Brazilian ethanol as a low-emission alternative to other variants of biofuels, and thus the most environmentally friendly. (Tel. Dis. 175 16/4, 2008) UNICA worked closely with the Brazilian representation in Brussels in the organization of conferences about sustainable biofuels and in identifying key stakeholders in relation to whom this argument was made (Tel. Dis. 192 25/4 2008).

UNICA's expert inputs also became significant in refining the technical arguments of the group of developing countries, as they presented their posture to European institutions (Tel. Dis. 272 17/6 2008). This became evident in talks between developing countries and EC representatives in June 2008, during which a UNICA specialist presented a range of arguments in favor of biofuels on behalf of the developing countries. These were related to issues such as omissions in the proposed methodology for emission calculation, due to the lack of inclusion of clean energy generated from the rest production in form of sugarcane fibers and leaves, as well as the

alleged potential flaws in the methodology for calculation of indirect land use change (ILUC) as a consequence of cane expansion. Informal discussions with central decision-makers from the European Parliament occurring in parallel to the official meeting also provided an opportunity for UNICA representatives to strengthen the case for Brazilian ethanol, which appears to have been reattributed by positive signals from European politicians. This contributed to the Brazilian Mission's perception of the importance of UNICA's expertise in terms of raising the levels of the technical debates and in establishing a constructive contact with the Commission in relation to the issue. Communications with Brasilia also indicate that at this point in the process, Itamaraty believed to have obtained a position of leadership amongst the developing country biofuel producers, due to its position as an important interlocutor, articulating the interests of this group to the European institutions. (Tel. 770 28/6 2008)

The cooperation between Itamaraty and UNICA appears to have constituted the core of a broader developing country issue-coalition. In line with Levy and Egan (2003) their centrality in this coalition aimed at stabilizing the field of European biofuel governance in a manner more permissive to their interest must be understood through their varied array of economic, organizational, and ideational resources. This can also be expressed as the combination of field stabilizing agency on the material, discursive, and organizational levels: on the material level field stabilization relates to the elaboration of a very coherent product strategy for ethanol, on the discursive level it becomes evident through the proliferation of a narrative based upon the environmental benevolence of Brazilian biofuels, and on the organizational level, it becomes expressed through the coordination capacity which permitted the formation of a very heterogeneous coalition of both public and private developing country stakeholders.

In late June 2008, the group of developing countries sent a letter to the MEPs, in which they stressed the imperative of the European biofuels policy framework being coherent in relation both to the RED, as well as FQD. They furthermore emphasized the importance that it would assume a non-discriminatory and scientifically robust character, as well as the 10% biofuel goal for 2020. At this point, the Brazilian interests regarding biofuels had to be strategically formulated in relation to a policy environment in the European Parliament, which also was highly fragmented concerning this issue. Within this sphere, three general positions were identified by the Itamaraty, formulated as 1) a "green group" which was largely negatively disposed towards biofuels, 2) a "moderate group" in favor of non-discriminatory rules combined with high standards,

and 3) a group linked to agricultural interests in favor of biofuels, but with a more protectionist agenda. The Brazilian representation's analysis suggested that it would be most opportune for Brazil to align itself with the "moderate group", which also was the most numerous. (Tel. 757 26/6 2008)

The Brazilian engagement in coalition formation thereby did not only comprise of the creation of links with the other public and private developing country stakeholders; the heterogeneous nature of the constellation of different interests within the European institutions, also meant that the attempts to reach a general consensus spanned over groups within these. The fluency of both informal and formal contacts with bodies within the EC, but to some measure also with MEPs, indicates that this has been the case. Yet, the further attempts at consensus building went from the core of potential biofuels exporters to include segments within the EU, the more the Brazilian actors were forced to accept the inevitability of regulatory measures which in other cases might have been thought of as overly intrusive.

The Renewable Energy Directive was initially passed in the Commission for Environment, Public Health and Food Security in the European Parliament, with a range of amendments on the 7th of July, 2008. One of the amendments mandated that 40-50% of renewable energy in the transport sector by 2020 had to come from sources such as electricity, hydrogen or biogas lignum-cellulose, - thus significantly diminishing the share of biofuels. Other amendments had to do with the exclusion of areas which until 2005 were occupied by savannahs and scrublands from the production of certified biofuels. This amendment led to Brazilian concern, as it was believed to exclude a very large share of tropical biome fit for agricultural production, which until recently was covered by native vegetation. The Brazilian Mission in Brussels similarly expressed concern with regards to the amendment determining the criteria for ILUC related emissions, as well as the introduction of criteria related to "high conservation value land", which spanned over aspects related to local community needs and traditional cultural identity. The amendment which made sustainability criteria below the RED valid for compliance with the requirements below the FQD was nonetheless more positively received. Though many of the amendments added to the RED after its transmission in this commission were perceived as worrisome by the Brazilian Mission, a certain degree of faith in their subsequent modification or removal in further instances was nevertheless expressed in internal communication. (Tel. 859 17/7 2008)

Upon the initial treatment of the RED, the Brazilian representation devised an

action plan for its further transmission in the Parliament. As the goals related to a certain proportion - around 10% - of biofuel mix in gasoline by 2020, as well as the validation of the RED sustainability criteria in the case of the FQD appeared to have been consolidated, efforts were subsequently concentrated upon questions related to carbon stocks and biodiversity. The action plan was minded on the assumption of contact and presentation of the Brazilian case to decision-makers within the European Parliament, Commission and the Council, amongst which the Commission was evaluated to be the instance with the highest degree of sensitivity in relation to avoiding the establishment of regulations which might conflict with obligations below the WTO (Tel. 919 25/7 2008). In a letter to the MEPs, the Brazilian Ambassador, Maria Azevedo Rodrigues, criticized a range of amendments to the RED, and also stated that the restrictions to agricultural production on recently incorporated native lands constituted an unfair trade barrier for developing countries, which in many cases had not exploited their agricultural potential as much as developed states (Tel. 1040 10/9 2008).

The possibility of initiating a case at the WTO was always present in the discussions as a last measure of resort, which served as a bargaining leverage in favor of the Brazilian position. The process thereby also reflected a more general trend, as developing countries, - and particularly Brazil, - at that time became increasingly willing to challenge the commercial regulation of developed countries. As earlier examined, though the institutionalization of a comprehensive multilateral trading system initially served as an externally induced push to Brazilian agriculture towards international markets, it was later partly appropriated by Brazil, in order to instigate an even more profound market opening for agriculture globally.

The concerns related to the compatibility of proposed sustainability criteria with the WTO regulations appear to have been partly heard in the committee for Industry, Research and Energy in the European Parliament. In its treatment of the RED, the Commission removed the interdiction against biofuels produced on areas previously characterized as "permanent grasslands" as being of "high conservation value" and included the energy produced by fibers and leaves in the calculation of the total energy balance. This was positively received by the Brazilian Mission, though issues such as the remaining prohibition of biofuel production on "savannahs and scrublands", the inclusion of ILUC related emissions, as well as the alteration of the end year for land conversion from 2008 to 2003, were perceived to constitute significant remaining hurdles. Upon the modification of the RED project in this committee, Brazilian

attention was directed towards the European Council and the European Commission, which were believed to be more friendly-minded towards biofuels than the Parliament, due to pressures from domestic constituencies and outlets of the press, that were rather skeptical towards biofuels. (Tel. 1078, 18/9 2008)

As focus again was directed towards the European Commission and the European Council, it did become evident that their positions converged more with the Brazilian posture, than that of the Parliament. At a meeting between the group of biofuel producing developing countries and the French Presidency of the European Council, the former presented a series of concerns related to the ILUC definitions, allegedly diffuse concepts in terms of high biodiversity value, burdensome reporting in relation to social and environmental issues, retroactive dates for land conversion, and other issues related to the proposed methods for impact assessment (Tel. 1184 10/10 2008). Later in October, the group of developing countries formulated a letter to the European Commission, Parliament, and Council, in which they in a more assertive tone stated their concern with certain of the sustainability criteria on the table at the moment, and even mentioned the possibility of raising the issue in the WTO, if the final RED was to imply an excessively exclusive edge towards their biofuel production (Tel. 1257 28/10 2008).

The Brazilian delegation also worked in close conjunction with UNICA in terms of advancing a common agenda related to biofuel policies within the European general public. A seminary about biofuels which was formally sponsored by the Brazilian Mission in Brussels, yet, informally supported by UNICA, was held on the 7th of October, 2008. Amongst participants were central politicians from the European Parliament and the European Commission. During the seminary, representatives from institutions related to Brazilian agribusiness and UNICA argued for the favorable carbon balance of Brazilian ethanol production, and also sought to underline that due to a large number of degraded pastures, the dynamics of land change in Brazil made it very unlikely that cane production expansion would lead to deforestation. The seminary made it possible to facilitate informal contacts between UNICA and representatives from the European Agricultural Commission. (Tel. 1185, 10/10 2008) The embassy also actively included UNICA in the preparations for a visit of Commission representatives to Brazil on a study trip with the purpose of gathering knowledge in relation to that and other issues (Tel. 1227 31/10 2008). Biofuels were also part of the agenda during the Energy Commissioner, Andris Piebalgs' visit to Brasília in November. Following his



visit, Pielbalgs stressed a range of positive aspects related to biofuel exports from developing countries to the EU. (Tel. 1360, 20/11 2008; Tel. 1359, 20/11 2008)

In early December, an accord regarding the Renewable Energy Directive was reached between the European Commission, Council, and Parliament. The paper defined a range of criteria which were very much in line with the Brazilian position; 1) the maintenance of the 10% biofuels goal for vehicles by 2020, 2) a minimum carbon reduction requirement of 35% to be raised to 50% from 2017, 3) the removal of criteria prohibiting production on areas previously covered by forests with 10% tree coverage as well as savannahs and scrublands, 4) temporary suspension of inclusion of criteria concerning ILUC related emissions while analyzed further towards 2010, 5) a more restricted list of areas that were non-eligible for sustainability certification due to being of "high biodiversity value" mainly comprising of primary forests, highly biodiversity grasslands and protected areas, 6) finally, fixed criteria related to land tenure, food security, and labor conditions were replaced with a system of regular monitoring and reporting to the EC in relation to these questions. In correspondences to Brasilia, the Mission pointed towards the significance of the Brazilian role in influencing the RED, stressing both its direct assumption of contact with European policy-makers, its coordinating function at the center of the group of developing countries, as well as its cooperation with UNICA in terms of its specialist knowledge and its advocacy in favor of Brazilian biofuels targeting European policy-makers. (Tel. 1431 4/12 2008)

Telegrams from December also displayed the Mission's perception of the decisiveness of the Brazilian engagement within the process of establishing the RED, resulting in a "generally balanced" text (Tel 1505 16/12 2008). UNICA CEO Marcos Jank expressed content with the adoption of the Directive and welcomed the creation of a market for sustainable biofuels, which Brazilian producers would be in a favorable position to supply. Existing effective national legislation in Brazil was emphasized by Jank, as a factor which would make it very viable for Brazilian ethanol to comply with the sustainability criteria. Finally, the development of a methodology for assessment of ILUC-related emissions impact was also positively received, but in the same vein, Jank underlined the importance of clear guidelines for their calculation, so as to avoid that they would become an obstacle to trade (PRNEWS, 2008).

The tight cooperation between UNICA and the Brazilian representation in order to influence the formulation of the RED during 2008 occurred in a space characterized by a broad array of different kinds of actors, and in a variety of different dimensions.

This became manifest as a highly plural process, with character as a continuous flux of decisions and events, in relation to which these different stakeholders' agency unfolded. In order to understand the essential mechanisms of influence, the dimensions of 1) agency and coalitions, 2) resources and 3) discourses and dominant narratives, become useful as points of departure. In terms of agency and coalition formation, the joint engagement between UNICA and Itamaraty managed to mobilize a wide span of actors in a coalition in favor of a certain non-rigid formulation of the sustainability criteria. Both UNICA and Itamaraty also engaged directly with EU policy-makers and managed to bridge divisions and to some extent, approximate their positions towards the Brazilian agenda. Resources, both in terms of financial capacity to organize significant public events, and above all, knowledge-resources in terms of a high degree of technical inputs to strengthen arguments in specialized discussions, also became highly significant inputs, which to a large measure were provided by UNICA in order to support the common agenda with Itamaraty. Finally, the capability to construct a narrative of sustainability around Brazilian biofuels became absolutely essential. Though the sustainability debate related to biofuels naturally did have a strong base in technical issues, the continued scientific uncertainty with regards to their diversified impacts meant that the capacity to propagate the environmentally beneficial character of Brazilian biofuels also became important, in order to win over opinions in the public sphere and amongst policy-makers.

In Levy's Gramscian terminology, the Brazilian public-private joint interest representation in opposition to a range of either protectionist or environmental opposing coalitions, can be termed as a "war of position", stabilizing the field of European biofuel governance in accordance with interests of their own stakeholder coalition. Corporate political strategies (LEVY & NEWELL, 2002) are evident in the process examined, particularly in relation to the discursive challenges of existing knowledge which constitutes the basis of regulation within a field, and on the organizational level, through the construction of broad issue coalitions. As stressed by Levy & Egan (2003), the complementarity of resources within the Brazilian coalition became essential for its relative success in influencing the agreement on biofuels below the RED, as primarily knowledge, and to some extent financial resources, were provided by UNICA, - thus complementing the organizational capacities of Itamaraty. In line with Levy & Newell (2002), the formation of the RED biofuels regime unfolded as a broad series of micro processes, which nonetheless were conditioned by the macro processes of increasing

climate change awareness, the food crisis, and surging oil prices at the time. These structural circumstances thereby provided a set of imperatives according to which all actors had to accommodate their strategies, but which nonetheless left a significant room for the agency of the parties involved in this process.

## **7.5 Efforts to influence the specification of the sustainability criteria below the RED**

Upon the agreement about the RED, the Mission and UNICA continued their work to publicly promote Brazilian biofuels, with regards to the issues still to be more concretely specified within the Directive. Itamaraty continued to maintain the dialogue and manifest its positions ahead of the EC and the Parliament (Tel. 59 14/1 2009). At a meeting between the Brazilian Ambassador, Ricardo Neiva Tavares, and the European Director General for Transport and Energy, Paul Hodson, the latter explained the possibilities for Brazilian ethanol of entering the European market. The Director General mentioned the existence of the option to seek a bilateral agreement with the EU. Yet, as the article 14.8 of the RED implied the possibility for the Commission to unilaterally recognize private voluntary certification schemes compatible with the sustainability criteria below the RED, this was recommended by the General Director. The latter was seen as the most preferable option for all, as the negotiations of a bilateral agreement could result in a prolonged and highly complex process. (Tel. 267, 25/2 2009)

It is interesting to observe how the specific establishment of certification was conceded to private initiative, and how this was actively promoted by the EC. Voluntary certification schemes provided a useful method for cost reduction for public institutions, as only general production guidelines are established by regulators, which subsequently concede the specification of measures and monitoring to private actors. The evidence examined suggests that the initiative to incorporate private certification as a possibility for compliance with the RED came from the EC. This indicates a clear disposition of European regulators to rely upon private initiative in order to cope with the costs and responsibilities of ensuring that biofuel production beyond European borders meet the EU's environmental standards.

The reliance upon private certification schemes also increased the relevance of

participation within the technical processes through which sustainability criteria were established, and to seek their definitive conclusion, so as to be able to embark upon the construction of these certification schemes. UNICA was therefore also actively involved in the preparatory phase for the Second Conference on Biofuel Standards, which was to be held in Brussels on the 19-20th of March, 2009. Together with a range of public and private entities, UNICA was part of the Task Force on Biofuels, which would define the Brazilian position in the tripartite meeting with the EU and the US, minded upon the elaboration of common technical standards for biofuels (Tel. Dis. 72 27/2 2009; Tel. Dis. 90 13/3). UNICA representatives also participated in the conference, which became characterized by much discussion about the quantification of emissions related to ILUC. At this point, discussions related to criteria concerning social issues had largely faded into absence (Tel. Dis. 130 2/4 2009).

On the 23rd of April, the Renewable Energy Directive was adopted by the European Union. In the final version, the RED was integrated with the FQD in terms of their consequences for biofuel standards. The former thereby defined that 10% of the energy value in fuel had to derive from renewable sources by 2020, and the latter stipulated that a 6% reduction in emissions from the transportation sector had to be reached between 2010-2020, making the two highly compatible. The sustainability criteria adopted below the final version were in general terms equal to those agreed upon in December 2008. The Brazilian reception was also positive, though some degree of skepticism was articulated with regards to what was perceived as a generally vague formulation of "highly biodiversity grasslands" which were made ineligible below the sustainability criteria. The Mission aimed towards participating in public consultancies in order to influence the specification of this criterion. The criterion related to ILUC was planned to be examined further towards the end of 2010. In relation to this issue, EC representatives invited Brazilian participation in the public consultancies which were to define the possible establishment of regulation on this issue. Responsibility to monitor compliance with the sustainability criteria was laid upon producers and other agents within the supply chain. All in all, the Brazilian interpretation was that though adherence to the sustainability criteria was deemed as strictly voluntary, in practice, it came to constitute a vital imperative for access to the European biofuels market, as the ensuing fiscal incentives were perceived to be essential in order to overcome significant external barriers. (Tel. 566, 28/4 2009)

Also in April, the Second Meeting in the Brazil and EC Dialogue on

Environmental and Social Sustainability and Climate Change took place in Brasilia. At the meeting, the recent Brazilian Agro-Ecological Zoning plan was presented, which sought to demonstrate the non-existence of the possibility that sugarcane production could expand into the Pantanal wetlands or the Amazon. UNICA also participated, and presented the initiative of the "Table for Dialogue for Perfection of Cane Sugar" in which the organization also participated. In relation to the issue of biofuels and developing country exports to the EU, Brazilian participants at the meeting asserted the importance of sustainability criteria, but also stressed the danger that they might come to constitute trade obstacles. In relation to the question of ILUC, the lack of a specific methodology for considering the particular national or regional production characteristics was pinpointed. This fed into the general Brazilian argument, that it was important to avoid treatment of biofuels in a selective and subjective matter, and that their generally sustainable profile should be considered in comparison to fossil fuels (Tel. Dis. 240 2/6 2009).

A seminary held in Rotterdam in May also treated the issue of indirect lands use change and spurred debates regarding the different mathematical methods for calculating related emissions. Along with Brazilian public sector representatives, UNICA was amongst the participating organizations. During the seminar, the Brazilian delegation drew attention to the high elasticity of the productiveness of the Brazilian lands, particularly in relation to livestock, meaning that cane expansion would more likely lead to intensified livestock production on existing areas, rather than expansion of pastures (Tel. 746, 5/6 2009).

UNICA's efforts to convince European policy-makers of the environmental benefits of Brazilian ethanol did nonetheless result in a certain measure of back lashing. This happened as UNICA had the dubious honor of being selected as the worst lobbying campaign of 2008, by the NGO, Corporate Observatory Europe, which denounced the Brazilian sugar industry for green washing (MULLER, 2008). Upon this event, the Brazilian Mission actively sought contact with NGO stakeholders in relation to biofuels issues, with the goal of engaging in a constructive dialogue and dismantle the negative attitudes towards Brazilian ethanol (Tel. 745 5/6, 2009). The negative environmental framing of Brazilian private lobby activity had constituted a significant risk to the efforts to promote ethanol as a sustainable fuel source eligible below the EU's new biofuels regime, because it directly contradicted the narrative which was sought constructed around this product. The Brazilian representation's swift response and pro-

active engagement in order to mitigate possible negative repercussions of these events should thereby been seen in this light. The same pro-active engagement became evident in relation to the work in the group of developing countries, in which Brazil signed a joint letter critical of the ILUC calculations methods proposed by the EC. The letter also called for the EU to engage in regular meetings with this group of states in order to establish mechanisms of contact and consultancy in relation to the process of specifying this sustainability criterion. (Tel. 1678 16/12 2009)

In December 2009, the Commission presented its work in specifying sustainability criteria for "highly biodiverse grasslands" in a public consultation. Due to the recently approved Agro-Ecological Zoning plan for sugarcane, evaluations by the Brazilian Mission indicated that the definition presented would not threaten Brazilian sugarcane. The most significant element of uncertainty was related to whether non-natural grasslands would be included in the final draft, which was believed to potentially impact upon soy exports for biofuels production (Tel. 1689 17/12 2009). The sustainability argument in favor of Brazilian ethanol became strengthened by a study commissioned by the Director General for Trade in March 2010, which concluded that Brazilian ethanol was the most efficient solution to obtaining emissions reductions in relation to vehicle fuels (Tel. 445, 26/3 2010). UNICA was quick to grab this opportunity for positive press cover, and in an interview UNICA's chief representative in the EU, Emmanuel Desplechin, emphasized that apart from not impacting upon food prices, production of ethanol would also help reaching significant CO<sub>2</sub> reductions. Desplechin furthermore accentuated the importance of the EC's engagement in stakeholder dialogue and consultation to ensure that different positions were heard and that their knowledge capacity was relied upon. (Tel. 469 31/3 2010) Itamaraty and UNICA also sought regular contacts with both Brazilian and European universities in order to promote a dialogue which might present Brazilian biofuels through a positive environmental framing<sup>69</sup>.

During most of the year of 2010, the efforts to project the beneficial aspects of Brazilian ethanol to the European policy-makers and general public unfolded in a context in which the technical specification still was under elaboration. Hence, although the RED had been passed, there was still a significant margin of gain to be made from influencing the particular configuration of the criteria. The implementation process of

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<sup>69</sup> Interview with Brazilian diplomat, Brasilia, August 28, 2018.

the sustainability criteria was to a large extent delayed due to internal divergences as well as technical difficulties in detailing the regulations and assessment methods related to both ILUC and highly biodiverse grasslands (Tel. 428 22/3 2010). Due to the complications related to the detailing of the ILUC criterion, the EC elaborated a range of studies with tentative proposals for an adequate methodology that were submitted to public consultancy by mid 2010 (Tel. 640 6/5 2010). In relation to voluntary certification schemes and soil carbon stocks, more specific guidelines were published by the Commission in June. Compared to previous texts, the rules for certification implied a change in the procedures for monitoring that were focused upon key sites, which was believed to facilitate and cheapen these costs. This alteration was ascribed to the active engagement of industry interests in the regulatory formation process, amongst which the role of UNICA was underlined by the Brazilian Ambassador. At the occasion of the publishing, the European Energy Commissioner, Gunter Oettinger underlined that the European standards for biofuels, were amongst the most rigorous in the world (Tel. 797 10/6 2010). UNICA expressed a general contentment in relation to the guidelines, yet, called for the clearer definition of criteria related to biodiverse grasslands and a methodology to identify degraded lands, in order for private industries to develop certification in accordance with the EU requirements (Tel 798 10/4 2010). UNICA's European representative, Emmanuel Desplechin also underscored how Brazilian ethanol allegedly implied much more substantial CO<sub>2</sub> emission savings than the 35% mandated in the RED (BBC, 2010). At this point, UNICA had already begun to establish a certification scheme in cooperation with other private sector actors to make ethanol eligible for European market access. (Tel 798 10/4 2010).

In the second half of 2010, the process of specifying the remaining sustainability criteria was intensified. By August, the EC opened a public consultancy regarding the question of ILUC impact measurements (Tel. 1092 3/8 2010). In October, the Director General of Energy arranged a meeting with a long range of national and non-state biofuels stakeholders. On the table were the four studies ordered by the EC to evaluate the ILUC factor. At the meeting, UNICA's representative criticized the studies for diverging internally, but also from the ILUC factor established within the United States' renewable fuel standards. The fact that only one of the four studies proposed specific emission values for each particular feedstock was also strongly emphasized by Brazil (Tel 1345 4/10 2010).

Attention at this point in the process became increasingly gathered around the

issue of ILUC criteria. Both the Brazilian Mission in Brussels, as well as UNICA's representation submitted responses to the EC's public consultancy about this issue (Tel. 1508 5/11 2010). These two entities also cooperated on the planning of a conference about sustainable biofuels in Brussels, on the 16th of November (Tel. 1429 20/10 2010). The conference counted with participation from UNICA representatives, experts linked to this organization, as well as Brazilian agribusiness more broadly (Tel. 1531 11/11 2010). UNICA's representatives at the conference pointed towards the Brazilian environmental policies as a significant factor which served to mitigate impacts on soil and water from ethanol production, and also stressed that studies demonstrated that land use change in Brazil practically did not affect native vegetation. UNICA's chief in Brussels, Emmanuel Desplechin also directed a strong critique towards the delay of the elaboration of the EU biofuels policies, and mentioned that it had resulted in a large degree of uncertainty within the private sector in terms of planning and investment. Desplechin was particularly emphatic about the prolonged period of recognition of voluntary certification schemes submitted to the EC. The conference served as a useful platform to project the Brazilian posture, as a broad range of policy-makers, diplomats, environmentalists, and journalists were present. (Tel. 1688 13/12 2010)

Criticism towards the proposed methods for evaluation of ILUC impact appears to have been partly successful. In December, the EC thus presented a report which accepted the difficulties in making ILUC assessments, and postponed different options of less rigorous measures to be evaluated for possible implementation by mid 2011. Correspondences between the Mission in Brussels and Brasilia indicate that a range of concerns presented by the Itamaraty and UNICA appear to have been incorporated in the report. The Brazilian Ambassador, Tavares, ascribes a high degree of significance in terms of influencing this policy field to the engagement through public consultancies, assumption of direct contact with policy-makers, coordination of the group of developing countries, as well the organization of conferences about the issue. (Tel. 1743 24/12 2010)

In spite of an agreement for a biofuels framework having been reached in late 2008 between different European institutions which in general terms was favorable towards Brazilian interests, Itamaraty and UNICA nonetheless continued to push towards relaxation of the RED sustainability criteria throughout 2009 and 2010. The organization which this public-private cooperation had reached within the different levels of influence-transmission thereby appears to have cleared the ground for a



momentum, which was exploited by the Brazilian players to assume a more insistent and offensive stance. The evidence examined indicates that the joint efforts of Itamaraty and UNICA did wield a significant influence upon the definition of the RED sustainability criteria. So far as this has been the case, it becomes interesting to observe how a developing country private sector organization has been capable of exercising influence within the very heart of the EU decision-making processes. This begs the question of whether economic actors from developing nations indeed are hindered in their attempts of interest representation in developed countries by the lack of historical rootedness and political ties within the global economic core regions? The present analysis suggests that this does not need to be the case.

Discussions with regards to the issue of ILUC continued well into 2011, and positions formed around the options laid forward by the EC (Tel. 162 3/2 2011). The certification scheme which UNICA had worked actively to establish, - the Better Sugarcane Initiative, - which later became known as Bonsucro, was approved by the EU in July 2011 (EU, 2011). Bonsucro consists of a range of stakeholders throughout the biofuel supply chain, spanning over both farmers, industry, retailers, and civil society organizations. The Bonsucro certification scheme is thereby designed so as to comply with both the RED, as well as the FQD (BONSUCRO, 2016). In spite of the recognition of the Bonsucro, UNICA continued to lobby against the dispositions below the RED which were perceived to be unfair or at odds with existing international commercial regulation.

In November 2011, UNICA organized a workshop in Brussels which treated the question of whether the sustainability criteria were in accordance with central articles below the WTO, such as those prohibiting discrimination between similar products (article 2.1) and unfavorable treatment (article 2.2). In spite of the critical posture towards elements of the sustainability criteria which the organization of the workshop reflected, the International Director of UNICA, Geraldine Kutas underlined that the organization did not intend to submit a plea to the Brazilian government to open a case against the European biofuels regime at the WTO. (Tel.1808 16/12 2011)

UNICA's influence in relation to the formation of the RED raises the question as to which degree this private actor has come to assume the character as de-facto legal subject in relation to the construction of the EU biofuels regime. In spite of UNICA's lack of formal legal authority, its indirect exercise of influence within the decision-making process approximates Cutler's (2003, p.21) description of the masked

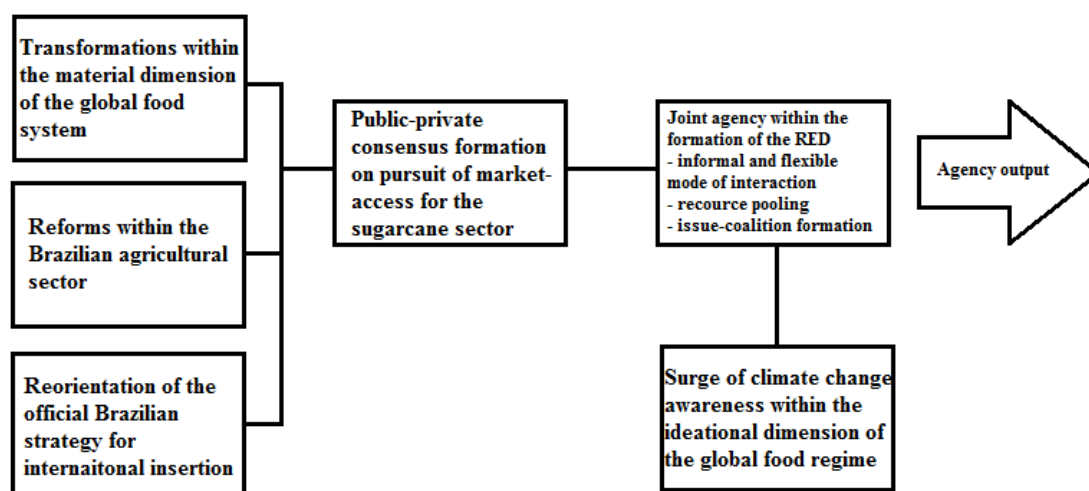
significance of private sector regulatory engagement, which materializes through a informal participation in regime formation. Yet, as the process examined demonstrates, this does not mean that public authority was diminished or became irrelevant: both the Itamaraty as well the European Union's institutions were central participants within this process, who rather actively invited private sector participation. As the Itamaraty wielded formal representative functions as an official entity, UNICA thus also came to indirectly rely on this in order to seek influence within the EU. The Brazilian state's strong commitment to improve export opportunities for the country's biofuels sector thereby makes it an institutional home for the proliferation of market-oriented policies. The relative openness of the EC in relation to private sector participation within the policy-making process should likewise be kept in mind. The EC's comprehensiveness towards arguments stressing the comparative advantages of Brazilian biofuels, and its concomitant disposition towards internalizing critique based upon such rationality, may thus also be related to a new normativity (SASSEN 2014, p.117) shared between the central stakeholders in this case, and characterized by a market-oriented logic. The mandatory character of the biofuel legislation below the RED also means that supra-national legislation is imposed on the national level. Yet, the significance of the participation of a long range of private and public actors of diverse nationalities effectively means that the outcome of this policy-making process assumes the character of a transnational consensus formation, which in this case is imposed through formal supra-national mechanisms. Finally, the formal incorporation of voluntary certification schemes in relation to compliance with sustainability criteria, as well as the informal encouragement from the EC to make use of this option instead of bilateral negotiation mechanisms, also highlights the increased significance of soft law, emanating from private sources.

## **7.6 Partial conclusion**

The Brazilian sugar and ethanol producing sector has undergone two main periods of recent expansion: the first, as a statist project meant to substitute domestic fossil fuel consumption in the 1970-1980s, and the second, as a drive towards consolidation and export-orientation in the 1990-2000s. The second phase of expansion was strongly pushed forward by the process of reforms and liberalization of the

Brazilian agricultural sector. It was further stimulated by the corporate consolidation and commercial reorientation which has been treated in previous chapters as a central dynamic within the material dimension of the food regime transition at the turn of the century. This spurred a fundamental reorientation of the sector towards global markets, which converged with official foreign policy strategies of augmenting the exports of ethanol, and hereby consolidated the consensus between the foreign policy establishment and the private actors on the need to actively pursue foreign market access. The surge of climate change consciousness within the ideational dimension of the global food system came to significantly mold the Brazilian export strategy within the field of biofuels as it presented both a series of constraints and possibilities to market ethanol as a sustainable alternative to fossil fuels. The issue of climate change thereby permeated the discursive strategy and operationalized tactics to guarantee a market niche for Brazilian ethanol exports. The structural background and recurring conditionings for the Brazilian engagement in the process of formation of the RED is depicted in figure 18 below:

**Figure 18: model of the structural conditioning of the public-private engagement of Brazilian actors in the formation of the RED**



Source: author's elaboration

The process through which public and private Brazilian actors sought to influence the RED reflects a high degree of overlapping interests between these actors. The interests related to facilitating the foreign market-access of Brazilian ethanol appear

to have been internalized by the Brazilian Mission in Brussels to such a point that only differences in functional delegations, and not diverging objectives, characterized the relation between Itamaraty and UNICA. In this regard, it becomes interesting to observe how the initiative to work towards more favorable sustainability criteria for Brazilian biofuels was taken by Itamaraty's representation in Brussels. Private sector participation was sought at a later stage in the process, and became essential as part of a diversified advocacy strategy. The efforts to influence discussions and the decision-making process around the formation of the RED were so consistently pursued through both formal, and especially, informal channels of contact with European institutions, that Itamaraty's agency might be characterized as that of a "sovereign lobbyist" engaging in closely coordinated action with the sugar producers' representation.

Considering the high degree of coordination, and the extremely fluid contacts that characterized the joint public-private efforts to influence the formation of the RED, it becomes remarkable to observe the low degree of formal institutionalization which marked this relationship. Contacts with the official Brazilian representation in Brussels may be seen as a natural field of work for UNICA's office in the city, but no specific mechanisms or procedures appear to have guided this cooperation. The degree of institutional access to the EU system which its formal representational status granted the Itamaraty, rather seems to have opened up a space for private actors to become present at consultations and deliberations regarding the RED. The non-hierarchic and dynamic transnational policy environment which surrounded the formation of the RED might well have meant that more flexible and informal modes of interactions proved to be the most appropriate form of engagement both between Itamaraty and UNICA's representations, but also with third-party actors.

The pooling and application of a diverse range of resources became absolutely essential in order for the Brazilian actors in question to influence the rules regarding biofuels within RED. Particularly technical resources were fundamental in order to develop the argument that the mode of production of Brazilian ethanol was of a sustainable nature, and in arguing for modifications of specific sustainability criteria. This technical knowledge was in large part provided by UNICA. The process examined also points to the high degree of transmutability between different resource arrays: financial resources ensured the acquisition of technical capacity, which in turn bolstered the discursive leverage in favor of Brazilian ethanol within public debates. The possession and the ability to apply diverse forms resources in order to influence, - and if

necessary challenge - the EU's biofuel regime was also a fundamental factor which made it possible to assume leadership amongst other developing countries with similar interests.

The emphasis on coalition formation with other emerging biofuels exporters appears to have permitted Brazil to augment its leverage in pressing for more favorable sustainability criteria. As in the parallel negotiations in the Doha Round, Brazil obtained a central position within the group of developing countries, which also made it possible to largely define the common agenda of this group. The process examined in the foregoing paints a picture of a coalition with different concentric circles, in which the core is constituted by the Itamaraty and UNICA, and with the Presidential diplomacy occasionally supporting these entities. Other developing countries and private actors from these nations were positioned further from the center of this circle, while some less solid and more provisional alignments were formed with other actors in the periphery. As the analysis indicates, consensus formation and mutual understandings were even reached between the Brazilian Mission and European policy institutions, as was the case with the Directorate General for Transport and Energy, which in relation to this issue area was very proximate to the Brazilian positions. The behavior of the public and private actors analyzed in this chapter thus bears witness to their ability to navigate a complex policy-making environment populated by many different kinds of stakeholders, and to form temporary and heterogeneous issue-coalitions with effective capacity to influence specific policy fields at a particular point in time.

## **Chapter 8: Brazilian agribusiness and the formation of the Roundtable of Responsible Soy**

The following chapter analyses the engagement of different entities of Brazilian agribusiness in the process of construction of the multistakeholder initiative of the Roundtable of Responsible Soy (RTRS), from 2006. Initially, the chapter examines the surge of private regulation of commodity chains in recent years as a significant contemporary dynamic within the institutional dimension of the global food system. The focus within this subchapter is directed upon analysis of the manner in which entities of Brazilian agribusiness act under the condition of absence of public institutions, which characterizes this private governance sphere. As in the foregoing cases examined, this part addresses variables related to mutual interests, institutionalization of interactions, coalition formation, as well as resource pooling, yet, with analytical attention to the relations between the different entities of Brazilian agribusiness, and between these actors and other participants within the initiative.

## 8.1 The surge of private regulation within the global food system

During recent decades, the increasing interconnectedness of markets and productive transformations associated with the process of globalization have implied evermore complex challenges related to the governance of global commodity chains. This is to some measure an expression of a still more significant role of private actors in relation to public entities (CUTLER 1995; 1999; 2003; SASSEN 2000), which in turn has become evident within the governance of global commodity markets (BRASSETT et al. 2012; FORTIN & RICHARDSON 2013; SCHOUTEN et al. 2012; SCHOUTEN & GLASBERGEN 2012). New forms of governance with strongly hybrid features have thus emerged, and have been characterized by different modalities of participation of corporate, public and civil society actors (PONTE & DAUGBJERG, 2015; SCHLEIFER, 2013). Initiatives deemed to be in line with the notion of Corporate Social Responsibility (CSR) within commodity sectors are often expressed as voluntary adoption of standards and codes of conduct, in order to avoid risks associated with the public image of private actors (NEWELL, 2005). Stakeholder dialogue with groups directly or indirectly affected by the operations and sourcing dispositions of corporations have thus also become ever more common, which in many cases has materialized as a structured dialogue between corporations and NGO's (HUIJSTEE & GLASBERGEN, 2008). Such initiatives have also been met by a fair amount of criticism. This has often been focused on the question of democratic legitimacy and representativeness (HAHN & WEIDTMANN 2016, p.99), the green-washing of potentially unsustainable production models (ELGERT 2012, p.296), and their alleged substitution of more effective public regulation (COHN & O'ROURKE 2011, p.181).

The surge of private regulation is strongly evident within the global food system, which has become increasingly tightly interconnected and transgressive of previous boundaries, so that delegation of rule-making authority to private actors often has been proposed as a solution (KALFAGGIANI 2015, p.174). This has resulted in the formation of a system which materialized in the form of an extensive network of both public and private food standards, with no central authoritative entity (BUSCH 2011, p.3247). On the contrary, this system is to a large degree managed by new constellations of governmental, non-governmental, and private entities, which in many cases oversee

voluntary standards, developed by one or many groups of these actors (TALLONTIRE, 2007).

The International Trade Centre's (ITC) map for voluntary standards identifies no less than 128 different labels within the category for agricultural products (ITC, 2017). The area of global agricultural standards and codes has thus come to stand as an extremely fragmented field, with a long range of partly overlapping regulations which in their entirety cover everything from soil management, pesticide use, food safety, labor rights, and other socio-environmental issues. Three general periods for development of private voluntary standards can be highlighted as: 1) a wave with focus on organic production with a more limited market scope during the 1970s, 2) an inter-business trend with emphasis on food safety regulations for broader markets during the 1990s, and, 3) a movement of relatively autonomous multi-stakeholder standard setting bodies during the 2000s, characterized by participation of a broad range of different actors within the food system, and aiming towards establishing benchmarks through well-defined auditing procedures (CHALLIERS, 2013)

It is interesting to observe how the development of private voluntary regulation often has been directly encouraged by states, so as to delegate responsibility for the management of such a complex regulatory field to the stakeholders within it (SODANO & HINGLEY 2013, p.85-86; PONTE & DAUGBJERG 2014, p.97). This does not necessarily mean that national governments are not either directly or indirectly involved in the process of standard setting. Rather, it refers to the relocation of some of the center stages within agricultural regulatory areas, from a situatedness within national and international legislation, in which the (public) agents with formal authority became the natural center for inputs from civil society and private sectors, towards a sphere in which governments are often just one amongst many relevant actors in the rule-making process. Thus, as stated by Fuchs et al. (2011, p.353). "In the food sector, as elsewhere, next to traditional command-and-control, alternative forms of regulation are being explored, such as self-regulation, co-regulation, management-based regulation and other private systems of governance." From initially being focused mainly upon qualities of the specific product, private standards have come to be still more directed towards the process through which this product is created, thus partly aiming towards shielding purchasers downstream from criticism related to environmental and social issues (CHALLIES 2013, p.176; TALLONTIRE 2007, p. 776-777). This type of regulation has thereby not only assumed a wide geographical extension throughout global



agricultural commodity chains, but has also come to comprise of a broad scope of specific requirements related both to the intrinsic product qualities, as well as the processes surrounding their creation.

The rise of private and semi-private regulation in the food system can to a large extent be viewed as the consequence of retailers pushing for the establishment of standards. In some cases, this becomes manifest as "retail driven institutional arrangement(s)" which transmit a broad set of rules for the production of agricultural commodities throughout the entire value chain (CHKANIKOVA & LEHNER 2015, p.75). The large amount market power of retailers also means that private standards established by them may become de-facto mandatory requirements for market access (FUCHS et al. 2011, p.354). So, in spite of the immediately plural appearance of the process of formation of many private standards, and in spite of their voluntary soft-law character, they wield the potential to both become a manifestation of, - as well as a mechanism to reproduce, - skewed power relations within commodity chains. Critical voices have therefore highlighted the danger which liberalization and the increased allocation of regulatory authority to economically powerful private actors may hold, in terms of shaping markets according to their particular needs through supply chain management within the agri-food system (TALLONTIRE et al. 2011).

As global commodity chains have become the "key locus of economic activities," their governance has also shifted towards actors with a strong presence and market-power within these chains, such as traders and retailers (KALFAGIANNI 2015, p.177). Confronting central challenges related to the contemporary food system has thereby increasingly been left to private initiative. This is not least the case with climate change. As TNC's have gained a central position within the global food system, they have been bestowed with the potential to either mitigate or aggravate the global climate crisis (SODANO & HINGLEY 2013, p.87-88). The different kinds of challenges related to modern agricultural production have thus also given rise to standards addressing one, or several issues across the environmental, phitosanitary and social areas. The initiative to establish private standards has originated from individual companies that adopt codes and specific parameters for the products which they source, or as private collective standards, which are defined involving a broader array of non-governmental actors. The inclusion of stakeholders throughout the value chain has often been sought as a means to intend to enhance the legitimacy of private initiatives, and to bring different capabilities into the process of defining product standards.

Multistakeholder regulation in form of standard setting within a specific commodity chain has become increasingly common within the agri-food sector through the *Roundtable* format (CHALLIES, 2013). The fundamental idea upon which the notion of a roundtable builds has to do with the inclusion of diverse stakeholders in a largely egalitarian forum, within which the plurality of business, NGOs, and other stakeholder voices should serve to define more broadly accepted standards. The immediate inclusivity of this regulatory mechanism which surged in the 1990s was thereby meant to enhance the transparency, accountability, and democratic representation within commodity governance (PONTE 2014, p.262). Rather than aiming towards standard-setting for niche markets, roundtables are focused on increasing the sustainability of an entire commodity chain (SCHOUTEN et al. 2012, p.42). Schouten and Glasbergen (2012, p.64) sustain that this governance mechanism not only may be viewed as non-hierarchical, but also as post-territorial, "because their spatial boundaries are not demarcated by fixed, jurisdictional borders."

Roundtable initiatives also imply an explicit exclusion of governmental actors from participation within them. This serves to create a more agile process of regulatory formation, with the potential to gain a broader scope, than the often slow and cumbersome negotiations within the WTO. The absence of state-actors within roundtables may also work in order to shield them against suspicions of being part of a neo-protectionist agenda. (BRASSETT 2012, p.381) Yet, as roundtables tend to focus on process-specific features of a product, which in principle should be banned from discriminatory measures in line with international trade law, they are also associated with a certain degree of controversy, as to how far they should determine agricultural production standards (COHN & O'ROURKE 2011, p.168).

Certification and standard setting has thus opened a field within which private authority has become strongly manifest within the contemporary global food system in recent decades. Rather than a deregulatory trend, this might be described as a process of re-regulation, through which states delegate governance functions to private actors, which often aim towards new areas not previously below the administrative focus of nation states. Responding both to exigencies of uniformity and phytosanitary benchmarks in a highly industrialized food production, as well as consumer demands related to social and environmental issues, private certification and voluntary standard adoption has become integral elements within commodity production and trade. This means that all actors along these value chains at minimum have been forced to adopt

such standards. In case that they possess sufficient resources, there might also have been an incentive for them to participate in collective standards-development, in order to make their interests count. Hence, the larger the commodity industry, the more significant will be even the slightest gains in terms of defining the standards which they subsequently may come to adopt. Roundtables have become an arena in which a broad range of industry and civil society interests and demands are crossed in relation to private standard development. While reaching consensus thereby becomes more difficult, roundtable certification may nonetheless be more valuable to private corporations in terms of its enhanced legitimacy, as compared to certification developed exclusively by commodity industries. Roundtables thereby constitute a significant novel arena within the institutional dimension of the global food system, within which private actors seek to influence commodity governance in a manner favorable to their particular interests, while still heeding structural imperatives of displaying some degree of environmental and social consciousness.

## 8.2 Brazilian participation in the development of the Roundtable of Responsible Soy

Around the turn of the millennium, the booming Brazilian soy production began to draw critical attention due to its social and environmental consequences. The decade of 1990s had seen a drastic increase in Brazilian soy production, which more than doubled from 19.2 million ton in 1992, to 51.9 million ton in 2003 (see table 8 below).

**Table 8: Quantity of soy produced in Brazil from 1992-2003 in tons.**

1992	19.214.705
1993	22.590.978
1994	24.931.832
1995	25.682.637
1996	23.166.874
1997	26.392.636
1998	31.307.440
1999	30.987.476

2000	32.820.826
2001	37.907.259
2002	42.107.618
2003	51.919.440

Source: IBGE (b), 2016.

The high degree of pesticide and herbicide use, as well as allegations of derived deforestation and land and labor issues (GARRET & RAUSCH 2016; SCHLESINGER, 2008) meant that pressure to confront this began to mount in countries accounting for large amounts of Brazilian soy exports, particularly in Europe (ELGERT 2012, p.299; RODRIGUES 2011, p.12; NASSAR & ANTONIAZZI 2011, p.8). This also implied that future international market access easily could come to depend upon producers' ability to demonstrate attention towards, and mitigation of the most detrimental effects of industrialized soy production.

The 2006 Greenpeace report, "Eating up the Amazon" which harshly condemned the cultivation of 1.2 million Ha of soy in the Brazilian Amazon, became very influential in shaping public opinion against soy producers, traders, and consuming businesses. This pressure also contributed to the adoption of a soy moratorium by significant actors within the Brazilian soy sector, which materialized as a temporary stop in trade with soy planted in the Amazon from October 2006 (HOSPES et al. 2012, p.50). Amongst the signatories was the Brazilian Association of Vegetable Oil Industries (ABIOVE). The Soy Moratorium thus became an initial step minded towards attending demands emanating downwards throughout the entire soy supply chain (RODRIGUES 2013, p.86) but also came to spur further initiatives in this direction. It should also be seen in light of the 'Basel Criteria for Responsible Soy Production' which had been drawn up in 2004 in cooperation between Coop Switzerland, Proforest and WWF. Yet, in spite of becoming a point of reference for other sustainability schemes for soy production, the Basel Criteria's rejection of genetically modified (GM) soy, as well as the exclusion of soy produced on recently deforested lands, meant that this measure did not receive support from some of the more important players within the global soy complex (WILKINSON 2011, p.2022).

The initial steps towards the formation of the Roundtable of Responsible Soy (RTRS) from 2005 were part of the same movement in response to sustainability issues raised internationally. Yet, in comparison to earlier initiatives, the RTRS provided a

forum with a more long-term focus on creating sustainability certification for soy products, which due to its deliberative design also held the potential to become more broadly endorsed by soy producers and industries. Adoption by private actors in the soy sector would thus depend upon the extent to which these entities would manage to shape criteria for sustainable soy, in a manner which could be reconciled with the general features of existing production models. For ABIOVE, participation within the RTRS became complementary to the status as a signatory of the Soy Moratorium, as part of a more multifaceted engagement in projecting the industry's sustainability profile (HOSPES et al. 2012, p.50-51). A broader trend of civil society pressure had hereby come to oblige Brazilian soy producers to engage with sustainability related issues (RODRIGUES 2013, p.102). Yet, this did not exclude the possibility for actors within the soy sector to use the RTRS forum in order to challenge more common notions of sustainability, and thereby intend to establish sustainability criteria which did not fundamentally oppose existing modes of production.

From 2005-2008, the RTRS was still at an embryonic stage, characterized by initial deliberations and the development of principles and criteria in order to confront what was defined as the 9 key impacts of soy production. This process provided a window of opportunity for central players within Brazilian agriculture to shape early discussions and influence the initiative's later course. At the first RTRS general conference in 2005, the ABIOVE general secretary, Fabio Trigueirinho, held a speech in which he highlighted soybeans as a "vector of sustained development", due to the highly technological production methods, economic and social importance, and already existing conservationist policies. Trigueirinho strongly underlined the allegedly environmentally friendly nature of soybeans, but stated that the industry would be ready to engage in voluntary certification schemes, provided that these were non-discriminatory, economically compensatory, and feasible in terms of obtaining acceptance by producers. (TRIGUEIRINHO, 2005)

In the initial phase of its establishment, it thus became clear that although large entities from Brazilian agribusiness had joined the RTRS initiative, they did not unconditionally accept the notion of sustainability in the way that this was perceived by NGO's and civil society actors. At a socio-environmental conference in São Paulo in 2007, Trigueirinho thus stressed ABIOVE's commitment to sustainability, but similarly characterized it as a construct in formation. Trigueirinho furthermore pointed towards ABIOVE's commitment to the Soy Moratorium, the sector's zero tolerance for slave

labor, and also emphasized northern countries' responsibility for stimulating monoculture, as their large demand for raw materials discouraged productive diversification (TRIGUEIRINHO, 2007).

The Amaggi Group, as the world's largest individual soy producer, had been present at the early discussions within RTRS. Amaggi was part of the process of mapping out the most significant social and environmental impacts of soy cultivation, as well as the principles, criteria, and indicators which would come to define sustainable soy production (AMAGGI, 2010). Amaggi's initial engagement was strongly driven by the prospects of being able to formalize the company's environmental practices through the external signaling which the label provided<sup>70</sup>. Yet, Amaggi does not appear to have subscribed to existing parameters for responsible soy production upheld by Brazilian civil society organizations, but rather defended the importance that agro-industry was part of a the process of defining sustainability criteria (HOSPES et al. 2012, p.49). The vice-president of the organization of soy producers of the Brazilian state of Mato Grosso (APROSOJA) also participated in the general assembly's executive committee in the initial stage of the development of the RTRS. APROSOJA's participation within the initiative was strongly motivated by a pro-active engagement in order to shape the debate on sustainable soy, and counter the negative focus on the soy expansion in Mato Grosso. Certification was seen by APROSOJA as an opportunity to obtain a price premium for certified soy, and the organization also defended the creation of mechanisms for economic compensation for forest restoration by soy producers. (FGV, 2008)

As the initial engagement of Brazilian agribusiness actors within the RTRS demonstrates, these actors did not commit themselves to essential conceptions of sustainability without reservations. Amongst these actors, there appears to have been a strong incentive to defend a relatively low benchmark for the definition of responsible agricultural production, thus minimizing the costs of adhesion. The focus on economic compensation for adoption of sustainable practices also reflects a perception of this as an additional product feature, or service, more than an inherent obligation of producers. This meant that Brazilian producers from the outset of the RTRS initiative were positioned on one extreme of the debate, so far from some of the environmental organization participants that the potential scope for consensus would have to be

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<sup>70</sup> Interview by email of Amaggi executive, October 24, 2017.

stretched very much in order for agreement to be reached.

At the first international conference on sustainable soy, Brazilian agribusiness along with its international peers found itself opposed by smallholder segments and NGOs in relation to the issue of GM soy. The RTRS had initially been based upon the Basel Criteria<sup>71</sup>, which excluded GM products from its definition of sustainable soy production. The divisions in relation to this question went into the core of the RTRS organizing committee, in which the Dutch NGO, Cordaid, and Brazilian smallholder organization Fetraf-Sul had been actively opposed to GM soy (HOSPES et al. 2012, p.48-49). Yet, the fact that approximately 90% of soy in large producers such as Brazil, Argentina and Paraguay was genetically modified came to present a significant hurdle to those opposed to this production model (RTRS minute 58, 2009). As a decision to ban GM soy from sustainability certification would exclude a very large number of producers from these countries, and a decision to permit GM soy on the contrary would push many NGOs away, the RTRS eventually decided to remain "technology neutral" on the issue (SCHOUTEN & GLASBERGEN 2012, p.70), thus de-facto conceding access for GM producers.

The decision to permit GM soy was at odds with the posture of one of the initiators of the RTRS, the WWF, which was firmly positioned against this. Yet, the organization nonetheless decided to continue as part of the initiative, due to the perception that it still would be possible to improve the production methods of GM soy (RTRS minute 58, 2009; RTRS minute 59 2009). The admission of Monsanto and Syngenta to the RTRS by early 2009 was something which further made NGO and civil society participants distance themselves from the initiative, due to the difficulties in aligning a sustainability discourse with the agricultural model which these enterprises represented (ELGERT 2011, p.302). The inclusiveness in relation to GM soy, and what has been criticized as the endorsement of an industrial agricultural production system of the RTRS thus became a liability to NGO members such as WWF and Solidaridad, which led to much criticism from other environmental and civil society organizations (SCHOUTEN & GLASBERGEN 2012, p.73). The critique of the RTRS came to take form as demonstrations outside the conference, as well as the organization of a direct counter conference by smallholder and more radical environmentalist organizations,

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<sup>71</sup> The Basel Criteria for Sustainable Soy Production were developed as a cooperation between WWF Switzerland and the Swiss retailer Coop, in 2004. The Basel Criteria cover a range of legal, environmental and labor-related issues.

denouncing what was perceived as an attempt to green wash inherently unsustainable monoculture (ELGERT 2011, p.212).

The initial phase of the development of the RTRS was thereby marked by turbulence emerging as a consequence of the heterogenous interests, perceptions and values of the various participants engaged in the process of defining sustainability. This diversity is encapsulated by Schouten et al. (2012) who present 3 general discourses pertaining to the RTRS: 1) the first *ecological modernization* discourse centers on the feasibility of combining sustainable development with further soy expansion, through adoption of adequate production practices and codes of conduct, 2) the second, *market-oriented* discourse mainly propagated by Brazilian producers, centers on their perception of carrying the bulk of costs related to sustainable production, and the need for making responsible soy cultivation profitable through economic incentives, and 3) the third *radical approach* discourse denies the compatibility between modern soy production and sustainable development, and has thus been more critical to the RTRS. (SCHOUTEN et al. 2012, p.46)

The decision to accept genetically modified soy within the RTRS sustainability criteria becomes interesting in that it constitutes a clear victory for the position represented by Brazilian agribusiness. Actors representing the pragmatic and reformist position such as Unilever or the WWF would thus have to come to terms with what was presented *ipso-facto* as a consequence of the economic reality of biotechnology already having become an integrated part of South American soy production. While this acceptance fueled the critique of the "radical" NGOs already opposed to the notion of "sustainable" or "responsible" soy, it became more compromising for actors such as Solidaridad and WWF, which had reached a point where it was difficult for them to make further concessions and still legitimize their participation in the roundtable. The pragmatically motivated justification for their future engagement would thereby come to depend on agreements made about sustainability criteria in other fields covered by the RTRS.

The engagement by entities of Brazilian agribusiness within the RTRS can be interpreted through the notion of business' non-market strategy (BARON, 1997; BODDEWYN & BEWER, 1994), as it constitutes a means to structure the broader regulatory environment which affects its operations. The particular elaborations of "corporate political strategy" by Levy & Egan (2003) through application of the Gramscian notion of "accommodation" become particularly relevant in order to



understand the drivers and structuring factors behind agribusiness engagement in this multistakeholder initiative. The manner in which marginal concessions made by business can serve to maintain the essential status quo of a specific mode of production, is thus highlighted by the authors, "Stability of the system lies in the specific alignment of forces, and small perturbations can often be absorbed and accommodated with little impact on the overall structure" (LEVY & EGAN, 2003). By participating in the RTRS, Brazilian soy producers thus made some limited efforts to embrace socio-environmental responsibility. Yet, as this commitment fell short of any measure to change the essential mode of industrial soy cultivation, it thereby strongly reflects a strategy of corporate accommodation in face of increased public attention to the detrimental environmental and social consequences of modern soy production. This strategy was partly successful, as some of the environmental organizations participating in the RTRS opted to leave the initiative, which fractured the forces that could otherwise press industry towards more substantial concessions. These developments hereby partly compromised the image of the RTRS as an environmentally thorough mode of certification.

### **8.3 Brazilian divergences regarding the establishment of the principles and criteria for responsible soy**

The definition of which specific sustainability criteria should count in the certification of "responsible soy" became a central point of discussion upon the official launching of the RTRS. After a technical meeting in 2006 had defined the nine key-impacts of soy production, the Development Group (DG) which would establish the principles and criteria for sustainable soy began its work in 2007. Drafts proposed by the DG were then circulated in three successive rounds in January, April, and March, 2008, as part of a multi-stakeholder consultation process. A final version minded upon field-testing eventually reached the agenda of the general assembly in May 2009. The process of developing the sustainability criteria became much more complicated than what had initially been expected, and led to a situation in which Brazilian agribusiness again found itself opposed to a range of environmental organizations. Leading up to the general assembly, ABIOVE and Amaggi had been sharing their concerns regarding questions related to biodiversity and conservation (RTRS minute 60, 2009), indicating that in spite of the long process of consulting stakeholders, consensus had nonetheless

been difficult to reach.

The document which had resulted from the public consultations, and in particular its point 4.4 about deforestation, became the center of discussion on the general assembly. This point prohibited the expansion of soy in native natural areas which had been cleared after May 2009, in all but very specific circumstances, where evidence of the absence of a significant environmental impact could be provided through third-party auditing (RTRS minute 61, 2009). For the Brazilian producers, this meant that they would have to significantly reduce the potential area for expansion of soy production (RODRIGUES 2013, p.107-108). The establishment of benchmarks for certification at the production level with which the RTRS operates means that most of the immediate costs of compliance falls upon producers. APROSOJA thus argued in favor of direct compensation in order for farmers to refrain from deforestation, the absence of which would present a disincentive to accept the RTRS standards of preservation and conservation (SCHOUTEN & GLASBERGEN 2012, p.69).

APROSOJA was strongly opposed to this criterion below point 4.4, and on a meeting in the executive committee argued that existing Brazilian legislation already was very strict on the area. The organization's representative furthermore stressed that as demand would rise in the future, committing to no deforestation of virgin lands would become untenable. APROSOJA thus expressed the viewpoint that opportunity costs of such a measure were very high in relation to the potential compensation for land preservation, which would have to be directly financially compensated (RTRS minute 61, 2009). It was similarly sustained by producers in Mato Grosso that other links in the value chain, such as food manufacturers then also should be held accountable in relation to their CO<sub>2</sub> emissions (SCHOUTEN & GLASBERGEN 2012, p.70). ABIOVE's representative at the meeting expressed a similar perspective as that of APROSOJA, stressing the importance of more permissive requirements in order to ensure the viability for all producers to become certified (RTRS minute 61, 2009). Brazilian producer organizations then again became poised against the WWF, which expressed its support for the deforestation ban below point 4.4 (Ibid, 2009). Other members of the executive committee also pointed to the fact that the RTRS already had been under attack, and that the omission of criteria on native area conversion would undermine the credibility of the initiative (SCHOUTEN et al. 2012, p.47). The question of deforestation had thereby provided a situation in which members of the RTRS representing Brazilian agriculture had become fundamentally opposed to the otherwise

more pragmatic member-core, representing retailers and civil society. While point 4.4 presented an unacceptable condition to the first group of Brazilian producers, its removal would similarly compromise the essence of sustainability of the RTRS, to the degree that it would alienate the latter group.

At the initial vote in the executive committee shortly before the opening of the general assembly in Campinas in May 2009, the Brazilian producers came in minority, and the formulation in point 4.4 was approved. This prompted APROSOJA's representative to clearly state that this decision went contrary to the interests of his organization's members, and that it was very likely that APROSOJA would have to leave the RTRS. The Campinas Declaration which laid down the fundamental principles for responsible soy production was thereafter adopted by all members of the executive committee, except for APROSOJA which chose to abstain. (RTRS Campinas Decl. 2009; RTRS minute 61, 2009).

A few days later on the General Assembly, APROSOJA presented a modified version of the 4.4 criterion which relied on voluntary restraint from deforestation through compensation, with the intention of reaching a simple majority within each of the different member groups on the Assembly (HOSPES 2014, p.434). This alternative proposal was not well received amongst environmental organizations, which believed that it would provide an opportunity for continued deforestation. These NGO's perceived the RTRS as a means to uphold some degree of environmental standards for soy production in face of a domestic Brazilian context, in which the growing influence of the rural lobby in parliament implied the risk of the Forest Code being revised in a manner which would lessen protection of native natural habitats (HOSPES et al. 2012, p.52). The proposal for the alternative criterion was down-voted by civil society, industry, as well as producers, and thereby discarded. Upon this, APROSOJA's representative stated that the organization would retire from the RTRS, as it did not believe this to be an appropriate forum to attract producers. A vote was thereafter held about the 4.4 criterion which was approved by a significant majority. The principles and criteria for responsible soy production were thereupon unanimously approved. (RTRS minute 62, 2009)

After APROSOJA had left the RTRS, ABIOVE also began to distance itself from the initiative, and was absent at meetings in the executive committee (RTRS minute 67, 2009). Instead, the soy producer association formulated its preoccupations in a letter to the RTRS. These mainly revolved around what was seen as a geographical

imbalance of the RTRS, the fact that its requirements superseded Brazilian environmental law, as well as the absence of direct payment for environmental services (RTRS minute 70, 2010). In April 2010, ABIOVE formulated a letter of resignation to the RTRS (RTRS minute 71, 2010). ABIOVE's President, Carlo Lovatelli, pointed to disagreement about the certification system as the reason for the organization's decision to leave, but similarly stressed ABIOVE's commitment to the Soy Moratorium. The WWF Vice-President of the RTRS was more direct in his characterization of ABIOVE's motivation as simply being that it wished to continue deforestation in favor of soy expansion (EIG, 2010). ABIOVE's withdrawal presented a significant challenge to the RTRS, both because ABIOVE had been a member since the early discussions, but it also dealt a blow to the representativeness of the initiative. This made the international traders of ADM, Bunge, and Cargill criticize version 1.0 of the principles and criteria for responsible soy production at the General Assembly in 2010, stating that they were not capable of attracting farmers. The version 1.0 was nonetheless upheld at the General Assembly (HOSPES et al. 2012, p.52).

The divergences which spurred ABIOVE and APROSOJA's exit from the RTRS point to an inherent contradiction of the Roundtable format, which relates to the difficulty of reaching a common ground when a very broad range of different stakeholders are included in the deliberation process. While the decision to adopt a technology-neutral stance towards GM products had constituted a victory for Brazilian producers, it nonetheless appears to have created a need for the environmental NGOs to hold onto the issue of deforestation, in order to defend their continued participation. The lack of willingness amongst ABIOVE and APROSOJA to incur costs may be understood through their perception of Brazilian legislation as an adequate a baseline for responsible production, which these entities repeatedly expressed. Anything beyond legal compliance was expected to be associated with financial incentives, and in the absence of such incentives, ABIOVE and APROSOJA no longer believed to be able to justify further engagement within the RTRS to their members. Their participation thus appears to have been driven by a strong and direct profit-oriented engagement, which in contrast to other private entities within the RTRS meant that they became unwilling to make tangible concessions, in order to obtain intangible gains in relation to their environmental profile.

ABIOVE and APROSOJA's departure from the RTRS came at a point at which these organizations had begun to concentrate efforts on development of an alternative

domestic certification standard; the "Soja Plus". The launching of this initiative happened only one day after ABIOVE had left the RTRS, and was the product of cooperation with the agribusiness associations ANEC<sup>72</sup> and ARES. Though the Soja Plus partly built on experiences gathered within the RTRS process, this Brazilian industry initiative also differed markedly from the roundtable. This became apparent due to the absence within Soja Plus of criteria addressing land rights, local community consultation, GHG emissions, responsible production expansion, deforestation, and biodiversity. The Soja Plus was thus drafted according to the understanding that compliance with Brazilian legislation, along with adoption of agricultural and social best practices, would be sufficient. As a national standard, the Soja Plus was thereby much more lenient to expansion on environmentally sensitive areas than the RTRS. (HOSPES, 2014) Yet, in spite of its potentially greater appeal to Brazilian producers, the Soja Plus initially struggled to move beyond the development phase. This was both due to a lack of interest amongst Brazilian farmers, but also because signals made by European environmental organizations indicated that the endorsement of the standard would face significant difficulties (Ibid). On the other hand, the RTRS executive committee made strong efforts in order for that standard to be recognized for eligibility for biofuels production below the EU Renewable Energy Directive (RTRS minute 67, 2009).

The approval of point 4.4 regarding the ban of deforestation appears to have become an essential element in this respect (RTRS minute 70, 2010), as the main focus within the RED sustainability criteria was to limit lifecycle GHG emissions. In spite of having engaged within the deliberative multi-stakeholder process, the confrontation with the environmental agenda and benchmarks defended by some of the organizations within the RTRS, made APROSOJA and ABIOVE seek the less stringent regulation below national legislation. By establishing a Brazilian industry initiative based on national legislation, these organizations thereby avoided exposure to the higher degree of intensity of environmental demands, - more common outside the Brazilian domestic sphere - as well as the organizations representing such concerns. It thus becomes interesting to observe how certain sectors of Brazilian agribusiness instead of trying to bypass national legislation within the transnational sphere, actually seek refuge within national regulation in order to become shielded from demands at the level above the

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<sup>72</sup> ANEC - Associação Nacional de Exportadores de Cereais

nation state.

The decision by ABIOVE and APROSOJA to leave the RTRS, in contrast to mega producers such as the Amaggi Group and SLC Agricultura which opted to continue within the Roundtable, should also be viewed in the light of the representativeness of these organizations. As ABIOVE and APROSOJA represent soy producers on the national and regional level respectively, they must also consider the interests and concerns of the small and medium producers. There has been a trend for large and mega-large producers to be more disposed towards embracing certain minimal environmental requirements, than has been the case for smaller farmers. This may be explained by the fact that the certification procedure and related bureaucratic expenses become more difficult for small producers to undertake, than for larger ones. The advisors and technical specialization of big agribusiness companies also means that their costs to comply with social and environmental requirements become proportionately lower than those of smaller producers (PERALTA 2013, pp.23-24). These producer groups have thereby expressed a concern that the elevated standards established within transnational forums such as the RTRS may in practice serve to exclude these segments from certification (RODRIGUES 2013, p.100-101).

Critical voices have thus also pointed towards the connection between financial endowments, and the capacity to influence standard setting at the RTRS, tilting power relations within the soy sector even more towards well established agro-corporations (GARRETT & RAUSCH 2016, p.481-482). A result of this is that environmental requirements often may reach small producers in the form of pre-defined criteria in relation to which they have only limited bargaining power. This critique, - which to some degree approximates ABIOVE and APROSOJA's rationale for exiting the RTRS, - leaves the question of whether the initiative indeed is fundamentally skewed towards large producers, or whether the deliberative format could have served the interests of small and medium sized producers, had their associations chosen to continue to actively participate. This calls attention to the heterogeneity of interests within the Brazilian soy sector, and the degree to which transnational multistakeholder processes of regulatory formation are more open towards the interests of large-scale agriculture, relative to smaller farmers. The absence of the state as a central entity for unifying pan-sectorial demands might also have meant that the Brazilian agribusiness actors chose different directions. This also leads to a second open question of whether a unified posture would have significantly changed the leverage of Brazilian agribusiness within the RTRS to

lessen the sustainability criteria, and whether this would have been compatible with the essential demands of civil society groups and compromised basic consensus within the initiative.

The divergences which made some Brazilian producers leave the RTRS are also reflective of tensions within the broader global political economy of soy. The RTRS also reflects, - and is similarly confined - by decisions taken within the multilateral trading system (RODRIGUES 2013, p.78). Furthermore, Schouten & Glasbergen (2012), also stress that the long-standing Brazilian resentment in relation to North-American soy subsidies have been a factor which served to exacerbate tensions within the RTRS (SCHOUTEN & GLASBERGEN 2012, p.77). Such circumstances may have exacerbated the feeling amongst parts of the Brazilian soy sector, that international conservationist attention was disproportionately focused upon Brazil, and that this also has been the case within the RTRS (RODRIGUES 2013, p.107). As emphasized by Rodrigues (2013) ABIOVE and APROSOJA's decision to leave the RTRS can also be interpreted as a frustration with this, and with the institutional structure of the RTRS which did not permit the Brazilian soy sector's economic significance to be translated into a similar weight in terms of decision-making power (Ibid). Yet, a quick glance at Fortin & Richardson's comparative assessment between RTRS and another significant Roundtable initiative, the Roundtable on Sustainable Biofuels (RSB) in relation to land and resource rights, reveals that the former lacks much behind the latter (FORTIN & RICHARDSON 2013, p.150). The fact that the significantly more modest exigencies of the RTRS still went far beyond what ABIOVE and APROSOJA could adhere to, might point towards a great gap between the very permissive domestic regulatory environment for soy production, and what might emerge as international minimum standards.

The division between the entities of Brazilian agribusiness that opted to stay within the roundtable, and those that chose to leave it, points to an interesting cleavage within this group, in terms of transnational connectedness. As is the case with the RTRS, transnational governance structures are marked by multilayered lines of division transforming coalitions (CERNY 2010, p.12), which pursue their aims in fluid structures and quasi-institutional playing fields (Ibid 2001, p.398). While Amaggi and SLC have proven to be capable of navigating the complex web of transnational linkages, ABIOVE and APROSOJA at first sight appear not to have been willing to do so. At closer scrutiny, the latter could also be characterized as incapable of strategically internalizing certain elements of an international agenda, with the goal of obtaining

more long-term results of a more structural character. The previous cases of state-agribusiness cooperation highlighted the vital role of the state as a launchpad for the internationalization of private interests, as is illustrated in Robinson (2005). Yet, the process of the formation of the RTRS demonstrates that certain actors within the Brazilian soy sector have been able to participate in the international regulatory formation without public support, - and in a rather impactful manner. As the case in question comprises a time period spanning beyond the previous cases examined, this may point to a learning process by which certain Brazilian agribusiness segments have augmented their capacities of corporate political agency, in a manner comparable to enterprises rooted in developed nations.

#### **8.4 Continued engagement and integration of Amaggi and SLC Agriculture within the RTRS**

In spite of the disagreements which led some segments of Brazilian agribusiness to leave the RTRS, other Brazilian producer groups chose to continue their participation, most notably, Grupo Amaggi and SLC Agricultura. On the general assembly in 2009, both Amaggi and SLC had a member elected to represent producer groups in the executive committee (RTRS minute 62, 2009). On the same assembly, the RTRS code of conduct was adopted, which would guide the joint efforts to strengthen "responsible" behavior throughout the soy supply chain (NA, 2009). From 2009 and onwards, Amaggi and SLC Agricultura would become central representatives of the group of soy producers within the RTRS, occupying seats in the executive committee and during some years, also the vice-presidency of the organization (RTRS minute 75, 2010; RTRS minute 83, 2011; RTRS minute 106, 2014; RTRS minute 117, 2015; RTRS minute 118, 2015). Amaggi would be constantly represented within the initiative up until 2016, and hereby became closely involved in the decision-making and working groups within the organization (RTRS minute 128, 2016; RTRS minute 129, 2016). With the departure of sectorial organizations from the RTRS, the role of representing producers had mainly fallen upon large individual companies, which would engage in the process of defining the group's general interests within the roundtable.

At the general assembly in 2010, SLC Agricultura executive, Álvaro Dilli, underlined that though the process of certification of the group's farms would not be



completed right away, SLC was nonetheless confident that implementing RTRS standards would help to improve management and increase productivity. Dilli emphasized one of the main challenges as the establishment of economic incentives for producers to certify their production, as well as the development of a foreign market to absorb it (WWF, 2010). These became central concerns which would mark producer groups participation within the RTRS in the subsequent period. In an interview a few weeks later, Dilli thus reiterated the need for additional payments to compensate the efforts made by producers who choose to certify their production. Yet, in this respect, the SLC executive also pointed towards the potential benefits of RTRS certification in terms of easier access to credit, as well as the 15-25% of the European soy market which was willing to pay a premium for certified soy (FRANCO, 2010).

The Amaggi Group was the first producer to sell RTRS certified soy in 2011. An Amaggi executive highlights the company's positive posture with regards to the RTRS, and fruitful experience of participating in a plural sphere such as this multistakeholder initiative.<sup>73</sup> In spite of initial doubts about the effective economic compensation for certification, this was nonetheless a central expectation and driving motivation for its engagement within the RTRS (COSTA, 2011). Yet, Amaggi's participation as an active member in the roundtable can also be seen as a strategy of risk management. Negative publicity in relation to the company's sustainability profile, and especially the shaming by environmental organizations through concession of the title of the "Golden Chainsaw" in 2006 meant that the group began to rethink its strategy. The efforts to certify its production thus meant that by 2012, Amaggi had come to account for 170 thousand ton of RTRS certified soy worldwide. (ONDEI, 2012)

Within the discussions at the executive committee, the Amaggi and SLC Agricultura often appear to have served in the role of transmitting the perspectives of Brazilian farmers, and of providing technical inputs regarding realities of Brazilian agriculture. This became apparent within discussions about separation of GM from non-GM soy, and regarding pesticide use, in relation to which Amaggi called attention to the perceived challenges associated with very ambitious environmental standards, and came to defend a more conservative position (RTRS minute 95, 2013; RTRS minute 99, 2013). The question of demand, and of economic compensation for farmers certifying their production, was a recurrent and central issue within the roundtable discussions,

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<sup>73</sup> Interview by email of Amaggi executive, October 24, 2017.

and constituted a main concern for different groups of farmers within the RTRS (PERALTA, 2013). How to provide farmers with an economic incentive to certify in form of a system for payment for environmental services also became a focal point for both SLC Agricultura's and the Grupo Amaggi in their engagement within the executive committee, and they undertook a joint effort towards the initial development of such a scheme (RTRS MINUTE 72, 2010). Amaggi often emphasized the critical importance of market uptake relative to supply (RTRS minute 101, 2013), and stressed that the company would be able to certify the needed number of producers, provided that sufficient demand existed (RTRS minute 125, 2016). Due to the importance of direct and tangible economic rewards for engaging in the certification for the producers in RTRS (PERALTA, 2013), by raising these issues, large agribusiness firms such as SLC Agricultura and Amaggi thereby positioned themselves as the voices of this group. By seeking a broader representative role, Amaggi and SLC Agricultura both managed to align common sectorial interests, but also gained weight in relation to other participant groups within the RTRS, as they could be seen as ambassadors for an indispensable segment of producer participants within the initiative.

Inclusion of smaller producers within the roundtable process appears to have been a central concern for both SLC Agriculture and Amaggi. SLC Agricultura came to stress the importance that the RTRS would assume a more active approach in order to facilitate that small and medium producers could become certified (RTRS minute 75, 2010). Amaggi also partook in the process of developing rules for community certification, so as to make the RTRS more inclusive to small producers (RTRS minute 111, 2014). The group similarly argued against rising the price of membership of the organization, in order to avoid that less financially endowed Brazilian members would leave (RTRS minute 126, 2016). Opening an RTRS office in Brazil also became a focal point of the Amaggi Group, in line with the goal of attracting more small and medium sized producers (RTRS minute 125, 2016). The efforts by Amaggi and SLC Agricultura to attract small and medium-sized producers to the RTRS seem to stand as a recurrent concern in their work within the executive committee. Broadening the initiative to comprise of a wider and more diverse set of Brazilian soy producers may thus strengthen the certification brand, in which these groups had invested much. Furthermore, inviting participants with largely similar interests in less rigid sustainability criteria might also serve as a strategy in order to gather support for this standpoint, in the face of demands for a more strict environmental regulation from other

participants within the Roundtable.

A focus point for Amaggi's engagement within the RTRS was its participation in the "Task Force Brazil". The first meetings of the Task Force (TF) Brazil were held in 2013, and aimed at drawing up a strategy to increase demand for RTRS soy in Brazil (RTRS, 2013). From 2013, Amaggi had been part of the task force Brazil, and worked actively towards making this group a link between the local producer level in Brazil, and the Executive Board, as part of the attempts to spread certification in Brazil (RTRS minute 107, 2014). Amaggi thereby assumed the responsibility of maintaining itself informed about producer demands (RTRS minute 110, 2014), and on the other hand tried to shape the TF Brazil as a tool for implementation of the work of RTRS on the local level (RTRS minute 118, 2015).

TF Brazil also engaged in cooperation with public institutions such as Embrapa and the Ministry of Environment, in order to develop maps for future soy expansion (PERALTA 2013, p.22). The first steps towards mapping areas of high conservation value in Brazil, had been taken by SLC Agricultura and WWF back in 2009 (RTRS minute 67, 2009). This resulted in an initial draft containing the mapping of some 620 million hectares of land in the Amazon and Cerrado biomes, with the goal of avoiding soy expansion into areas with high social and environmental conservation value (WWF, 2013). Amaggi became involved in the continued work of mapping the Brazilian territory within the TF, and on an Executive Board meeting in 2014 presented another draft developed with the intention of defining a clear guide for Brazilian farmers in relation to compliance with the conservation criteria below the RTRS (RTRS minute 107, 2014; RTRS minute 110, 2014).

Though the issue of deforestation had been thoroughly discussed and implied a great amount of controversy during the formation of the Roundtable, the Amaggi Group continued to question point 4.4 below the RTRS principles and criteria. Yet, in contrast to ABIOVE and APROSOJA, Amaggi sought a less confrontational approach, by challenging the more specific implications of point 4.4, rather than entirely refuting it. Within the executive board, Amaggi stated that a revision of point 4.4 might serve in order to attract more producers to the RTRS (RTRS minute 110, 2014). The company pointed towards the difficulties of completely avoiding deforestation in the frontier areas of soy expansion, highlighting the state of Maranhão as an example where recent amplification of soy production had been associated with significant economic development. Reforestation was thus proposed as a means to permit a certain degree of

deforestation in some areas, while restoring native vegetation in others. The danger that in the absence of such policies, which were being adopted by other certification initiatives, the RTRS would become confined to already consolidated soy producing regions, was strongly stressed by Amaggi. (RTRS minute 113, 2015) This perspective appears to have resonated within the executive board, which took up the issue of a more liberal approach to deforestation, insofar that increases in CO<sub>2</sub> emissions would be compensated through reforestation. Amaggi defended that reforestation could take place in the less productive areas, and that a system with surveillance by environmental agencies could be established for this purpose. (RTRS minute 121, 2015)

In the period since the establishment of the principles and criteria for the RTRS, the Amaggi Group and SLC Agricultura have thus come to assume a central position as representatives of the producer groups within the executive board. As individual business groups, - in contrast to ABIOVE and APROSOJA - they do not represent sectorial interests, and have therefore had a broader room of maneuver to define their particular objectives in relation to the Roundtable, and thereby also to make certain concessions within some areas, in order to benefit within others. Thus, they have demonstrated a pragmatic engagement within the multi-stakeholder initiative, and actively participated in the technical work which has defined the particular constitution of the Roundtable up until today. In this regard, SLC Agricultura, and in particular, Amaggi have been able to apply their specialized knowledge about agricultural production in Brazil in order to obtain an authoritative role, and a central position in the technical discussions within the executive committee. These two agribusiness groups have thereby also been able to transmit the demands and interests of the Brazilian producer group at large within the executive committee, and thereby gain a significant amount of leverage in terms of their representative function. The debates related to the question of zero-deforestation illustrate that although the fundamental perceptions of SLC Agricultura and Amaggi do not appear to differ much from those of other Brazilian producers, rather than escalating divergences, they sought to apply their weight within the executive committee in order to modify the rules in favor of their particular agendas.

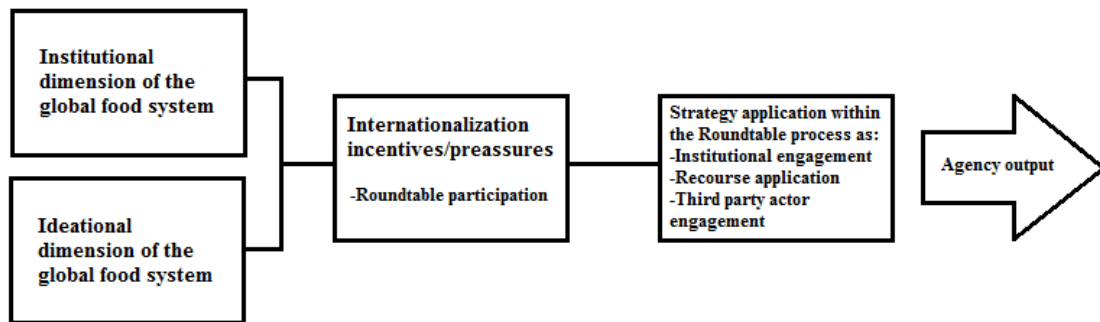
Independently of any discussions regarding a genuine and consistent commitment to sustainable production, SLC Agricultura and Amaggi's participation within the RTRS seems to reflect the perception that nourishing their corporation's sustainability profile has become an unavoidable imperative for participation within contemporary global food markets. The agency of these groups is thereby strongly in

line with the role of business actors through the selective incorporation of concerns related to food quality, environmental, and social standards which characterizes business agency within the corporate-environmental food regime (FRIEDMANN, 2005). The international orientation of large soy producers such as Amaggi and SLC Agricultura, also means that they are much more prone to internalize this logic, compared to smaller Brazilian producers. The resource endowments and organizational capacities of these corporations also means that they have had very different prerequisites for participating within transnational multi-stakeholder governance processes, than groups of small and medium producers. Yet, in likeness with these groups, SLC Agricultura and Amaggi also appear to have been focused on financial compensation and minimization of the economic costs of participation. Rather than a positive sum game, certification does to some extent appear to be marked by a zero sum logic of allocating costs within different instances of the supply chain. The capabilities to engage within technically advanced sustainability discussions at the level of transnational multistakeholder governance thus constitutes a set of tools, which the large Brazilian agribusiness firms apply in order to advance their particular definitions and models of sustainable agricultural production.

## 8.5 Partial Conclusion

By engaging in the formation of the RTRS, parts of the Brazilian soy sector both responded to the structural pressures of incorporating sustainability into their business strategy, while choosing to do so within a multistakeholder initiative. The incentive which motivated this decision has thereby been brought about by the systemic rise of environmental concerns, and the surge of private regulation within the global food system. As illustrated in figure 19 below, the emergence of environmental concerns constitutes a gradual transformation within the ideational dimension of the food system, which came to produce a pressure/incentive for Brazilian agribusiness to engage with such issues. The surge of private standards and certifications can be identified as a change within the institutional dimension of the global food system, which provided a vehicle for actors within the soy sector to improve their global market opportunities.

**Figure 19: Food system transformations and the engagement of Brazilian agriculture within the Roundtable of Responsible Soy.**



Source: authors elaboration.

In contrast to the other cases examined, the participation of Brazilian agribusiness entities in the Roundtable of Responsible Soy did not occur in close conjunction with public institutions. The absence of a unified public-private engagement meant that different actors from the Brazilian agricultural sector took different courses of action. It thereby becomes interesting to analyze what the absence of the essential condition of public participation in the international regulatory engagement of Brazilian agriculture has meant in relation to the particular sub-questions examined. As the main focus of the sub-questions 5, 6, 7, and 8 is the joint cooperation between Brazilian public institutions and agribusiness, the former actors' absence in the case examined means that focus has been shifted towards the latter.

In relation to the question of whether the convergence of interests has characterized Brazilian agribusiness during the Roundtable formation process, a significant degree of common objectives can be identified within this group. Yet, this did not lead to the pursuit of a joint strategy. While ABIOVE and APROSOJA chose to leave the Roundtable because of their non-acceptance of the disposition regarding zero-deforestation in the RTRS principles and criteria, SLC Agricultura and Amaggi chose to stay, and work to modify these rules from within. A certain difference can be observed between the two sector organizations, and the two agribusiness companies examined, as the later had more liberty to make certain concessions in terms of environmental measures, due to its higher degree of capacity to implement them within their own production practices. It is also very possible that the internationalized individual agribusiness corporations have been more aware of the surge of environmental, - and in particular - climate related concerns within the global food system, meaning that they have come to define product certification as part of their central interests. Yet, the fundamental concern related to minimizing the costs, and optimizing the potential profit

of certification appears to be shared by all of the Brazilian soy producers within the RTRS. The difference between the two pairs of actors examined thus relates to their will to incur costs of participation within the RTRS, and to the conviction of the possible future benefits of certifying production. Rather than turning their back to the RTRS, SLC Agricultura and Amaggi engaged in the process of shaping consensus around their model of "light regulation", which approximates Levy and Egans' (2003) notion of field stabilization, within the area of soy production. These actors thereby demonstrated a higher degree of concern in relation to legitimizing a production model which by critics has been deemed as intrinsically unsustainable, than did the soy sectorial organizations, who retreated to seeking protection within a more permissive domestic regulatory environment.

Brazilian agribusiness' engagement in the RTRS also differed from its cooperation with public actors in other processes of international regulatory formation, as the Roundtable format provided a complete institutional framework to guide the actions of participants. While in the other cases examined, the public-private cooperation was institutionalized in order to effectively promote a common set of interests within the international sphere, the multistakeholder model meant that actors from Brazilian agriculture had to navigate amongst a broad range of diverse actors and demands. Though all of the four central actors analyzed were represented within the general assembly, the structure of the Roundtable meant that they could not directly translate their economic weight to a comparable leverage in terms of decision-making. This appears to have led to a range of frustrations within ABIOVE and APROSOJA as they came in minority during the general assembly in 2009. The more open institutional structure of the Roundtable thereby meant that these entities became exposed to a range of contrary positions, with which they might not otherwise have been confronted. Their subsequent choice to focus on establishing the alternative Soja Plus label in cooperation with a few more closely aligned Brazilian organizations indicates that the roundtable structure did not suit ABIOVE and APROSOJA as a space for voluntary regulatory formation. A difference can be observed in relation to SLC Agricultura and Amaggi's participation in the RTRS as they sought to closely integrate with, and similarly mold the institutional structure of the Roundtable, so as to make their voice heard within the different instances of this body.

Application of a diverse array of resources became a central part of the strategies of all of the implicated actors in the case examined. During all of the Roundtable

process, many efforts were put into framing the issue of sustainability according to the particular perspectives and interests. Although definition of the central parameters for responsible soy stabilized around 2009-2010 with the adoption of the principles and criteria for responsible soy production, there was still a significant amount of room to define the specific details of these standards. This was reflected in Amaggi's attempts to renegotiate the ban on deforestation, by pointing towards compensatory sustainability measures, such as reforestation. The organizational capacity and specialized knowledge of the large agro-corporations of SLC Agricultura and Amaggi also came to provide a significant pillar of their general resource array. By making their organizational capabilities and technical knowledge available to the working groups in the RTRS, they both managed to position themselves as key actors within the initiative, but also to support their particular vision of sustainable soy. Thus, while translating financial resources into direct influence within the RTRS was not immediately possible, the combination of technical knowledge, organizational capacity and the ability to frame the issue of sustainability constituted essential resources for the Brazilian agribusiness actors within the roundtable process.

Due to the roundtable format, which did not encourage coalition formation of actors from specific countries and business sectors, the notion of "third-party actors" assumed a different character in relation to this case, as in principle all other participants fall into this category. In relation to sub-question 8 regarding the significance of interaction with third-party actors, the RTRS case serves to analyze how Brazilian agribusiness entities, in the absence of public institutions, interacted with very different kinds of corporate and civil society organizations. SLC Agricultura and the Amaggi Group sought a position as representatives of the Brazilian soy sector, which both brought them some critical leverage within the executive committee, but also served to advance their own interests in minimally rigid sustainability criteria. Their work within the RTRS executive committee demonstrates how SLC Agricultura and Amaggi managed to operate in a diverse stakeholder environment and to pro-actively partake in the process of shaping the Roundtable initiative. In contrast to ABIOVE and APROSOJA, who intended to construct a private initiative in line with existing Brazilian legislation, and thereby also sought the protection of the national legislation, SLC Agricultura and Amaggi displayed their capacity to operate and influence regulatory processes within a transnational sphere, without the support from Brazilian public institutions. This raises an interesting question regarding whether certain parts of



Brazilian agriculture might be ready to project its interests more broadly within other spheres of global agricultural regulatory and regime formation, without the backing of the state? As agriculture is one of the most internationally competitive sectors within the Brazilian economy, it becomes relevant to assess how, and to what degree it manages to independently position itself within surging transnational constellations of private power.

## **Chapter 9: Reflecting on Brazilian state-agribusiness relations in the 21st century**

The present chapter summarizes and scrutinizes the findings from previous chapters, and contains some further reflections upon the implications in relation to the two central research questions of this thesis. The initial subchapter analyzes food regime transitions through a conceptual view, and its implications for Brazilian agriculture. The second subchapter synthesizes the findings from the case studies conducted, and seeks to deduce the central lines of the joint international cooperation between the Brazilian state and agribusiness, and to evaluate whether a common model for these interactions can be detected. The final subchapter contains some reflections on the structural underpinnings which mold the general contours Brazilian of state-agribusiness relations, and on how this has positioned agriculture with regards to the country's strategy for international insertion.

## 9.1 Domestic state-capital relations and food regime conditionings

In *Geografia da fome: o dilema brasileiro: pão ou aço*, the Brazilian diplomat and scholar, Josué Apolônio de Castro, treated the endemic problem of hunger, and the historical rooted nature underlying its perpetuation within 20th century Brazil (CASTRO, 1984). Castro emphasized the problem as a situated manifestation of causes embedded within the broader global economy. What is more, Castro also rejected explanations of this phenomenon that imbued it with a deterministic character as an inevitable outcome of geographical circumstance. On the contrary, the reasons for the existence of hunger were deemed to be inherently political, and should as such be seen as a developmental choice, related to whether social aims of inclusiveness should be prioritized within this process.

Castro's approach to examining this most fundamental of problems within global agriculture throughout history hereby shares some very similar analytical characteristics with that which would later become formulated as the food regime perspective (FRIEDMANN & MCMICHAEL, 1989). Both treat the issues of cultivation, distribution, and consumption of agricultural produce through a global conceptual lens, which is attentive to the multilayered constitution of the structure which combine these processes. They also both distance themselves from purely functional explanations of the outlay of global agriculture, and rather point to the ideas, norms, and contentious issues which determine the modes of production and availability of food within the global economy. This approach thus makes it possible to bridge a range of different extremities; from the lived experiences of peoples and groups to "tectonic" structural economic trends; from events of tangible material nature towards ideas and paradigms; and from longitudinal historical trends to the pressingly current issues on the global agenda. The food systems perspective thus constitutes a very broad and multifaceted conceptual framework, within which specific problems can be situated. This holistic scope also makes it possible to interpret events and developments within the global food regime as defined by the structural properties and impulses emanating from this the system level at any given point in history. So, just as international relations scholarship tends to ascribe a high degree of explanatory causal significance to the quality of the interstate system (unipolar, bipolar, multipolar, etc.), the food system approach constitutes an essential analytical point of departure with regards to understanding transformations within the field of global agriculture. Food system

transitions become a particularly relevant object of analysis, as they encapsulate the crises, conflicts, and subsequent emergence of constellations of power which define the ordering characteristics of the systems as they stabilize in a new historical constitution.

The approach to food systems as historical structures (COX, 1981), as it has been elaborated in the present thesis, makes it possible to fuse their cross-scalar properties with a multidimensional compartmentalization. This has resulted in a conceptualization of the global food system as a specific configuration of historical forces of either material, institutional, or ideational nature, within the level of world order, the state, and social forces of production. The particular definition of dimensions and levels of this historical structure is derived from Cox (1981), yet, it could just as well be structured differently, according to the specific analytical approach adopted. The categorization of the levels of the historical structure is not inherently geographical, but in relation to the present object of study, the world order level tends to encompass social processes in the international/transnational sphere, while the level of the state relates to national politics, just as the social forces of production within agriculture often can be understood in terms of their spatial situatedness. The fields created by crossing the dimensions of the historical forces with the particular level of the historical structure make it possible to situate specific events within this matrix, as shown in Figure 20 below:

**Figure 20: Schematic illustration of the historical structure of the global food system.**

	Material dimension	Institutional dimension	Ideational dimension
World order level			
Level of the state			
Level of the social forces of production			

Source: author’s elaboration.

When these events within a particular locus of the global food system turn into developments that wield a causal impact on other dimensions within this, they may

hereby be seen as *trans-dimensional causal movements*. When the system undergoes a transition, many of these causal developments occurring in parallel lead to a process of *trans-dimensional systemic reordering*, referring to the different dimensions and levels within which these changes occur. The process of trans-dimensional systemic reordering as it has mainly been treated in this thesis comprises of a range of systemic impulses emanating from the level of world order. Yet, this does not exclude that impulses from the level of social forces of production, or from the level of the state, also may wield the potential to impact the world order level, as part of the systemic reordering.

The causal processes analyzed in this thesis constitute an explanatory point of departure in order to understand changes within Brazilian agriculture, and the state-capital relations born out of them. Different processes of conjunctural causation (KOLBERG, 2009) could also be chosen for studies with different foci, within a general framework of a trans-dimensional systemic reordering as guiding analytical approach. It thereby serves the purpose of a conceptual toolbox in order to understand the complex, interrelated, and overlapping processes of transitions within broader socio-technical systems.

As has been scrutinized within this thesis, the confluence of developments related to upheavals within the global level, but also with roots within domestic politics, eventually restructured Brazilian agriculture. As this transformation constitutes a highly complex process through which interconnected social and economic structural trends lead to a certain outcome, it would be analytically redundant to "test" these variables in order to assess their definitive causal significance in a dichotomist sense, as proposed by some scholars (COLLIER, 2011; GEORGE & BENNET, 2005). The highly composite character of systemic transformation thus makes it more meaningful to examine the role of each factor in producing the general shifts and critical junctures (PIERSON, 2000) of interest. This also accentuates the importance of being attentive towards the temporal dimension in which the causal processes unfold. As the analysis of changes within the Brazilian agricultural sector demonstrate, the "internalization" of production through cultivation of the *Cerrado* somewhat preceded other of the structural trends examined. In the present, this has been treated essentially as a domestic development, but tracing the roots of the PRODECER programme eventually identifies the Japanese urge to augment food security as a consequence of the a global spike in food prices of 1973. The internalization and technical modernization of Brazilian

agriculture thus cannot be completely decoupled from broader developments within the global food system. What is more, although the events that shaped the fundamental structural trajectory of Brazilian agriculture can be traced back to the 1980s and 1990s, systemic developments within of the global food system did also wield impacts which mainly became evident in the new millennium. This becomes expressed through the rise of private regulation and the surge of the climate change agenda, which constituted significant developments within the institutional and ideational dimensions of the global food regime, and which created new imperatives and remolded aspects of the general context in which the agency of Brazilian public institutions and agribusiness unfolded.

Developments within Brazil which pushed in the direction of agricultural restructuring can also be seen as causally anteceded by events within the broader global political economy. The agricultural reforms from the 1980s and 1990s were thereby spurred as a reaction to the pressures on public finances in the wake of the developing country debt crisis from 1982. In the course of time, these reforms were made in a more deliberate and forward looking manner, as they aimed to facilitate the operational environment and international insertion of commercial agriculture. In a similar vein, the neoliberal turn of the global order (GILL 1991; RUGGIE 1982) wielded repercussions through the structural transformation of the Brazilian economy, meaning that agriculture was given a new status within the country's development strategy. Thus, as highlighted by Bedirhanoglu (2013), the transformative potential of internal capitalist forces should not be overlooked in analyses of processes of economic internationalization. The high degree of interconnectedness of these structural trends thereby makes it difficult to completely separate domestic from global developments, which may be traced causally backwards towards common antecedent variables. The particular choice of analytical delimitation in terms of scope, time, and depth thereby inevitably depends on the object of analysis sought to be explained.

Just as significant as the domestic drivers of change within Brazilian agriculture, was the reordering of the global food system. From the moment at which an incipient competitive potential of Brazilian agribusiness became evident, foreign capital hooked up to the agro-industrial transformation, and became an essential part of shaping the outlay of production structures within Brazilian agriculture. A series of links were thus established through which developments within the global food system were transmitted to Brazil. These links comprised of vertically integrated production and commercialization structures, corporatization, product standardization and

financialization. Furthermore, these channels also encompassed an ideational dimension through which paradigms of deregulation, market-orientation and free-trade gained ground amongst central public and private stakeholders within the Brazilian agribusiness sector. The global institutionalization of regulation of the sector through the Agreement on Agriculture implied both a binding rule-set with domestic implications, but also a pull towards engaging internationally to change these rules to the benefit of the Brazilian export sector. In spite of its continental dimension and economic as well as institutional leverage, - which leaves a certain scope for Brazil to define its particular mode of international insertion, - external circumstances nonetheless appear to have defined the general course of internationalization of Brazilian agribusiness.

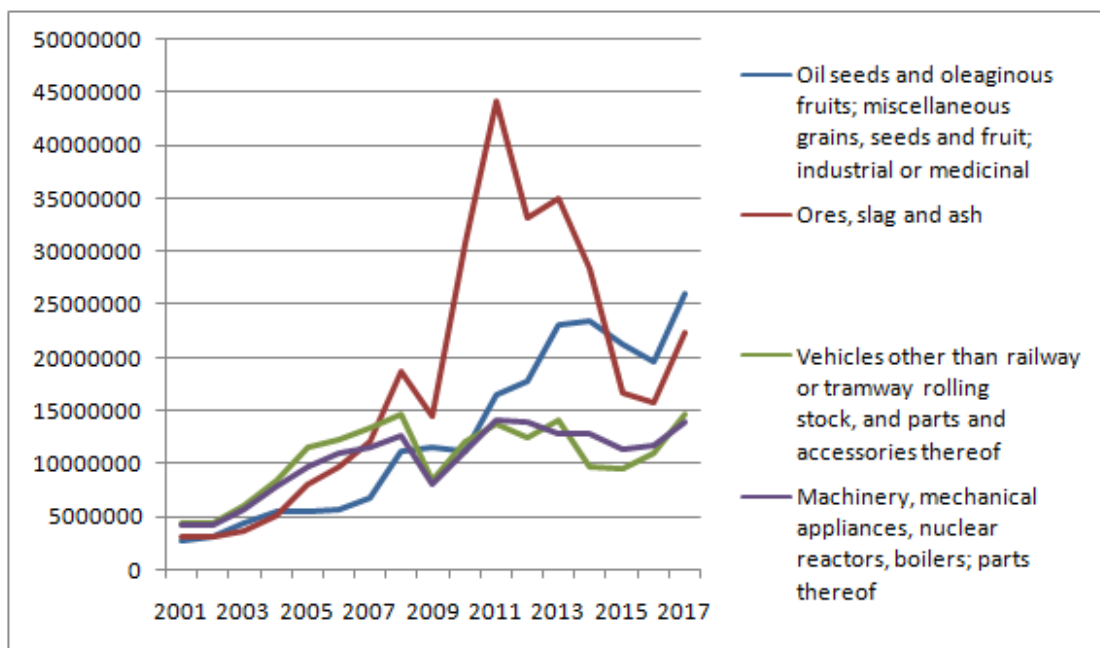
The systemic developments in the direction of market- and export orientation of large swaths of Brazilian agriculture also implied a significant restructuring at the sectorial level. A parallel array of institutions thereby arose next to the corporatist representational structure which incorporated the new strategic focus on foreign market access. This objective became a shared concern between the Brazilian state and agribusiness, and a new consensus around international engagement was born out of this mutual understanding. The new structure of sectorial representation focused on Brazilian agribusiness interests broadly, and thereby went beyond the historical tendency within Brazilian entrepreneurial organizations to emphasize particularistic interests. This facilitated the aspirations towards defining a joint posture on central matters, as well as the gathering of resources which would result in an institutional support for the Brazilian efforts to influence different global agendas of agricultural regulatory formation.

The present thesis argues that the restructuring of Brazilian agriculture should be viewed as a critical juncture in the state-agribusiness relations. This new relationship implied a strong international dimension, which constitutes a central focus of analysis. The public-private relationship in which these changes have crystallized in the Brazilian context shares some very central traits, with the way many food system scholars have treated the state-business relations within the corporate food regime. In a fashion approximating Pritchard et al. (2016), an exact illustration of the Brazilian state's role needs to emphasize how it has not necessarily been "stepping back" as part of the agricultural liberalizations, but rather "stepping in" in terms of redefining its engagement. Managing the sector's ties and modes of connection to global markets is a

central aspect in this regard. A conception of the state as an active reorganizing agent through its neo-regulatory engagement within the corporate food regime (OTERO & PECHLANER 2008; 2012) hereby becomes essential in order to understand the case in question.

The particular relationship between state and rural capital which evolved through the end of the 20th century in Brazil simultaneously reflects and reproduces the structural position of this country within the global economy. The economic context in which agro-exports have surged has thus also been marked by concerns of gradual de-industrialization (DÀVILA-FERNANDES, 2015), and a relatively decreasing weight in manufactures and technological value-added items in the Brazilian export matrix (CUNHA et al. 2013; PEREIRA & DATHEIN 2016). Symptoms of Dutch Disease due to the high concentration on primary commodity exports (BRESSER-PEREIRA et al. 2016; BACHA & FISHLOW 2011) may thus well have implied a serious challenge for Brazilian manufactures due to a highly appreciated exchange rate. The graph of the evolution of the main commodity and manufacture exports in figure 21 below shows that although the exports of manufactures have surged since the turn of the millennium, the relative spike in iron ore and oil seed exports has been much more pronounced:

**Figure 21: graph of the evolution of the export value of selected primary commodities and manufactures from 2001-2017 in 1000 US\$.**



Source: ITC, 2018.



Apart from illustrating the increasing relative Brazilian dependence on primary commodities, the graph above also points to the inherent risks associated with the extreme price oscillation of primary commodities.

Brazil shares some very central similarities with Friedmann's (1992) notion of New Agricultural Countries (NACs), which have undergone a structurally significant insertion into global agricultural commodity chains. The imperatives generated by considerations related to this sector's international performance can thus be understood through the internal fiscal - and concomitantly political - room of maneuver, which this external revenue generation provides. This has not least been expressed in a manner which strongly approximates the conceptions of "neo-extractivism" or "progressive extractivism" (CÁCERES, 2015) in Brazil's post-neoliberal period. Through a neopluralist perspective, the ability to present sectorial concerns essentially as broader societal concerns, constitutes a fundamental element in cementing the privileged position of business (LINDBLOM, 1977; LINDBLOM & WOODHOUSE, 1993). This special relationship between agribusiness and the public in Brazil has hereby spilled over from the domestic to the foreign policy sphere. A process of "mutual adjustment" has thus taken place, as agribusiness concerns have been internalized, and a partnership around a common objective has emerged. The economic path dependency has thus spilled over into a politically path dependent relationship, which in a foreign perspective has laid down the lines for Brazil's strategy for international economic insertion.

## **9.2 Modalities of public-private cooperation in different global regulatory spheres**

The rearrangement and international orientation of the Brazilian state-agribusiness relationship has concretized in different modes of cooperation, aimed at influencing regulatory formation related to agriculture within different global arenas. The present thesis has analyzed how this relationship has unfolded on different levels of regulatory formation, departing from the analytical vectors of mutual objectives, institutionalization of cooperation, joint resource pooling, and third-party inclusion. The results when these variables are juxtaposed to the case instances in which they have been analyzed is presented in table 8 below:

**Table 9: modalities of internationally oriented Brazilian public-private cooperation in relation to the cases in which this had unfolded**

	<b>The Doha Round</b>	<b>The Cotton Dispute</b>	<b>Joint lobbying around the RED</b>	<b>The RTRS participation (only private actors)</b>
<b>Convergence of objective</b>	Strong initial convergence between public and private actors on pursuing global market access through multilateral negotiations. A clear consensus around this overarching goal meant that joint efforts were channeled at the same specific objectives. Eventual disagreements with public actors representing smallholders against those minded on agribusiness, became evident. A certain degree of dissonance between the government's focus on cooperation with developing countries, and the agribusiness sector's more narrow focus on liberalization also debilitated cooperation.	Initial doubts regarding the risks and potential benefits of entering the dispute between different public and private actors were eventually overcome. From constituting a potential liability for the Brazilian foreign establishment, the cotton case eventually became an asset for external projection, which cemented consensus on its consistent pursuit. The positive experiences generated throughout the course of the dispute even changed strategic objectives towards a more offensive Brazilian stance within the Dispute Settlement System.	The joint objectives related to enhancing the market access of Brazilian ethanol to the EU by influencing the Renewable Energy Directive constituted a significant joint objective between Itamaraty and UNICA. The Brazilian Ministry of Foreign Affairs even appears to have internalized this concern to such a degree that it assumed the initiative in lobbying the process of formation of the sustainability criteria, and subsequently sought to involve UNICA as part of this common strategy.	The Brazilian soy producing organizations that participated in the Roundtable of Responsible Soy were marked by generally converging objectives. As these organizations encountered opposing positions within the RTRS sphere, they nonetheless reacted differently, according to their particular institutional objectives, strategies, and constraints. The lack of public participation thus appears to have been a factor which to some extent implied more diverging courses of action by Brazilian producers, although this did not entail internal disagreements within this group.
<b>Institutionalization of cooperation</b>	Cooperation between state and agribusiness mainly unfolded through informal means and institutions of contact, particularly the Technical Group. Presence of agribusiness representatives close to the point of decision-making also became evident, and facilitated strategy elaboration. Interactions largely took place outside bureaucratically mandated procedures, but nonetheless resulted in highly coordinated and effective efforts.	The cooperation between mainly MAPA, Itamaraty, and ABRAPA unfolded in a highly informal manner. It nonetheless resulted in highly coordinated efforts, which even appear to have been enhanced by the lack of significant bureaucratic obstacles.	The cooperation between Itamaraty and UNICA to influence the RED unfolded through highly informal lines, outside bureaucratically mandated procedures and official channels of contact. As the legislation process was of essentially internal European character, the lobbying attempts similarly also implied the need to materialize mainly through informal means of contact, but also implied the presentation of technical information backing Brazilian arguments within different public spheres.	The horizontal format of the Roundtable implied a series of formal fora for engagement, which pre-defined certain institutionally mandated lines of interaction between members. To a certain extent, this precluded the informal modes of consensus formation between important players, such as it became evident in the cases of public-private cooperation examined.
<b>Resource pooling</b>	A high degree of resource complementarity and pooling became evident in the course of the Round. Expertise provided by agribusiness was a <i>sine qua non</i> for the offensive Brazilian engagement, and for the ability of this country to lead the G-20 coalition.	By pooling public organizational efforts with private financial resources, Brazil managed to reach a result which was strongly rooted in the high degree of legal and econometric capabilities. This outcome hinged upon the acquired Brazilian legal and econometric resource array, and would otherwise not be expected through a challenge from a developing country against the US within the WTO Dispute Settlement Body.	The technical capacities made available by UNICA, coupled with the organizational resources of Itamaraty significantly underpinned the joint lobbying efforts. Along with the ability to link technical capacities to skillful discursive framing of sustainability-related issues, this appears to have been important in order for Brazil to influence the final version of the RED.	As the entities examined in the RTRS process acted more as individual members than in coalitions, resource pooling was not detected. The application of resources by these actors individually was nonetheless significant in order to shape the initiative's decision-making process, and particularly to technically define and discursively defend their preferred positions.
<b>Coalition formation</b>	Brazil navigated the variable geometry of multilateral negotiations and participated actively in many fora. The G-20 became the most central	Third-party inclusion became an important way for Brazil to indirectly shape a momentum for its cause within the cotton dispute. Support was	Cooperation with other biofuel-exporting developing countries constituted an important basis for Brazil to presents its arguments. A skilful	The Roundtable initiative constituted a sphere in which a broad range of different stakeholders deliberated with the overarching goal of

	<p>vehicle for the affirmation of Brazilian demands throughout the negotiations, and especially the discursive legitimacy implied by participating in this developing country coalition became an important asset. Interactions with NGOs and other foreign private stakeholders also took place within the broader political sphere in which the negotiations occurred.</p>	<p>gathered from the Cairns Group, and from developing country cotton producers. Particularly the alignments with African cotton producers was important in terms of creating a discursive framing of Brazil as one of many developing countries unfairly subjected to US subsidies. NGO contacts were also sought in order to promote this argument.</p>	<p>maneuvering and projection of influence amongst NGOs, private entities, and even bodies within the European bureaucracy, made it possible for Brazil to create a momentum for the argument that the RED sustainability criteria should be defined in a manner beneficial to Brazilian cane producers.</p>	<p>defining sustainable soy according to their own perspective/interests. The structure of the RTRS did not stimulate fixed coalitions, but rather an engagement with a more diverse set of NGOs and business actors in order to influence the processes of general consensus-formation within this initiative.</p>
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Source: author's elaboration

Although the public-private international cooperation between the Brazilian state and agribusiness differs in some aspects across the cases examined, the contours of a general model can nonetheless be detected. This model is characterized by some central traits, which can be characterized as 1) *highly overlapping objectives* related to the competitive insertion of Brazilian agribusiness within global markets as a primordial joint concern; 2) *informal yet fluent modes of cooperation*, institutionalized mainly through unofficial mechanisms of coordination and procedures of interactions; 3) *complementary capabilities* which constitutes a broad array of financial, technical, organizational, and discursive resources underpinning the commonly pursued strategy; and 4) *open-ended alignments* reflecting an increased ability to navigate transnational spheres populated by diverse actors and influence agendas and steer coalitions within this space.

The high degree of common objectives underlying the Brazilian public-private cooperation has roots in the process of restructuring and international orientation of state-agribusiness relations. These overlapping mutual interests constituted an important basis for the strategies subsequently pursued. The convergence of joint goals was accentuated over time, as the strategic perceptions of the central public and private institutions involved in the foreign economic policy-making process were locked in, in a largely path dependent manner. Initial concerns about displaying a more assertive engagement were thereby discarded, as the rather successful efforts at projecting influence in arenas of agricultural regulatory formation became apparent. The temporal dimension along which this occurred also reflects a significant degree of institutional learning and functional public-private interconnectedness. From initial experimentations in the Dispute Settlement System at the outset of the millennium, towards the joint lobbying focused on influencing the Renewable Energy Directive, a natural

incorporation of agribusiness export concerns appears to have become evident in the case of public actors. This enhanced the quality of the cooperation, and meant that around 2010, a very multifaceted and refined strategic modality of common interest pursuit had been devised.

Internal divergences regarding specific objectives and strategy did become evident at certain points in the cases examined. Yet, as is exemplified in the case of the Doha negotiations, the alliance did resist significant stresses, provoked by external pressures. Although the central pillars of the Brazilian strategy did not endure throughout the Round, as external market conditions changed with the emergence of China and India, and as the Majors proved to be unwilling to reach a final agreement, the internal Brazilian unity did nevertheless stand through much of these stresses in the period from 2005-2008. The breakdown of the Round, and of the consensus between Brazil and its partners, was hereby related to external factors, and not the lack of capacity to seek out a common ground between the central Brazilian actors. It might well be sustained, that the Round as an arena for negotiation did not favor Brazil from the very outset, as later developments would show that more significant concessions to developing countries were not of central concern to the EU and the US (HOPEWELL, 2016). The public-private unity, and the concomitant organizational efforts which Brazil could muster throughout the Round, was by and large very successful in terms of influencing the negotiations agenda, until the structural limits of this strategy were reached. Shaping a result within these multilateral negotiations without the clear commitment of the Majors was thus impossible, independently of the merits and consistency of the arguments presented. By contrast, the parallel efforts within the Dispute Settlement Body were successful, as this sphere was more insulated from the indirect power projections of the US, and imbued with a mandate to rule on basis of objective criteria and technically informed arguments.

It is remarkable to observe how a minimum of formal institutionalization of state-agribusiness interactions does not appear to have constituted any significant obstacle to a very efficient mode of international cooperation. The institutional reorganization at the sectorial level, which the establishment of UNICA and ABRAPA in 1997 and 1999 respectively reflects, constitutes an important change, as it provided a vehicle for focused interest representation of producer groups, implying a strong emphasis on external market access. Yet, at the operational stage in their interaction with public institutions involved in the foreign policy-making process, cooperation

unfolded along very informal lines of contact. This did not hinder mutual coordination efforts, which evolved and were refined through what seems to have been a very significant inter-institutional learning process. As was reflected in interviews with public officials and private sector representatives, the absence of formalized institutional procedures may even have been a very important factor in terms of facilitating efficient joint action, - considering an often cumbersome bureaucratic reality<sup>74 75</sup>. Efficient public-private interactions within the Brazilian institutional context examined thereby appear to be more dependent on the establishment of an underlying consensus about the general strategy between central actors, rather than any formalization of this cooperation. As was evident from some of the cases, good personal relations between individuals across public and private divides even seem to have been decisive. Whether this mode of cooperation eventually will be faced with certain limits, as large-scale projects may demand more institutionalization of procedures and functional delegation, stands as an open question. Yet, as analysis of the Brazilian participation in the Doha negotiations demonstrates, the formal bodies involved in the process were paralleled by an informal sphere of public-private deliberation, where very important decisions were taken.

It becomes relevant to consider whether the internally informal mode of public-private interaction even might have constituted a an advantage in the dealings with external actors. Considering the transnational neopluralist illustration of global spheres of policy-making as increasingly polycentric and marked by diffuse relations of authority (CERNY 2001; 2010; KUTTING & CERNY 2015), the internal *modus operandi* of Brazilian actors may even have provided a fruitful point of departure in order to navigate this sphere. The manner in which Brazilian rural entities supported official engagement in the Doha Round and the Cotton Dispute through parallel advocacy efforts, and not least the joint lobbying aimed at the RED, is highly illustrative of a capacity to establish contacts, present convincing arguments, and eventually impact public agendas through largely informal modes of interaction. The engagement by large Brazilian soy producing agribusiness firms in the Roundtable of Responsible Soy also reflects an ability of agenda setting through fluent contacts with a diverse range of stakeholders, as well as the discursive engagement with highly salient socio-environmental issues, seeking to produce selective framings of these. Adoption of

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<sup>74</sup> Interview with former ABRAPA president, Brasília, May 10, 2018.

<sup>75</sup> Interview with Brazilian diplomat, Brasilia, August 28, 2018.

domestically rooted modes of engagement within a transnational environment may thus even have been significant in shaping a flexible behavior and multilayered connections in this sphere.

The pooling of resources of organizational, technical, financial as well as discursive character was an absolutely essential element in supporting Brazilian efforts within global spheres of agricultural regulatory formation. As the private sector had identified a clear potential in external market opening, it became willing to invest a significant amount of financial resources into this cause. The sector's economic potential thereby further resonated within the official Brazilian foreign engagement, as it augmented national capacities to engage within demanding policy-making processes. Within the particular field of agriculture, Brazil thereby defied its status as a developing nation, and proved to be able to "punch above its weight". The knowledge capabilities which private sector resources underwrote were mainly of legal, economic, or environmental character. Econometric and legal capacity was essential in order to effectively engage within the WTO, yet, in other spheres, agronomic and biological expertise became increasingly essential. The country was hereby also able to respond to a very significant environmental movement within the contemporary food system, meaning that the issues defining the commercialization potential of certain commodities became increasingly related to their process and product features: being able to elaborate technically loaded arguments in favor of Brazilian production was fundamental in order to augment foreign market access.

The resources supporting the joint international engagement between the Brazilian state and agribusiness were of a highly transmutable character. This was very essential, as mainly organizational and financial resources could be transformed to the specific type of capacity required to fuel effective participation within the processes examined. The ability to fund econometric and juridical expertise was associated with noticeable financial outlays, either through the construction of domestic expertise, as it occurred in the Doha Round, or through the contracting of international specialists, as was the case during the Cotton Dispute. In the processes with focus on environmental issues, technical arguments were of paramount significance, in order to make the case in favor of the sustainable character of Brazilian agricultural production. Brazilian agribusiness thus both hired experts, but also allocated large amounts of organizational resources to this purpose. Increasingly, the corporate political strategy of the entities (LEVY & EGAN, 2003) became minded upon presenting a "green" image of Brazilian

agricultural production, which bear witness to the transmutability between financial endowment, knowledge capacity, and discursive resources.

Finally, the tactics of engaging with a wide array of third-party actors also stand as a central element within the Brazilian agency in the cases examined. The connections established to third-parties span over many levels, and thus became expressed through grand and well-defined alliances within the WTO, but also through a more complex game of variable geometry between different constellations of actors, and tentative approximations with particular organizations and individuals. In processes where many different global actors were engaged, Brazilian public and private agents often managed to position themselves strategically at the core of broad coalitions which in a general sense, represented Brazilian objectives. What is more, as it was expressed throughout the Doha negotiations, the Brazilian actors analyzed were rather successful in assuring that common concerns of the G-20 were largely in line with more particularistic Brazilian interests; an ability which derived from the country's capability to present consistent proposals and technically informed arguments.

By working in coalitions, Brazil could also draw upon the legitimacy of representing developing countries at large, even though the Brazilian agricultural sector in many respects differs from that of its peers in terms of international competitive potential. This tactic was applied in all of the cases of public-private cooperation analyzed in previous chapters. The position as an organizational vector for developing countries also attributed a representational function to Brazil, as the country gained space in very restricted fora for the most significant global players within the field of agriculture. The value of this position appears to have been recognized by private actors, who in most cases demonstrated an understanding for the fact that the most offensive demands had to be moderated, or at least channeled towards developing country subsidizers, so as to avoid distancing Brazil from its coalition partners.

The joint international engagement between the Brazilian state and agribusiness has significantly impacted the processes of regulatory formation in the cases analyzed. The process of formation of the RTRS also reflects a very noticeable footprint from Brazilian private actors, even though some eventually opted out of the initiative. While it has been beyond the scope of the present thesis to treat other instances where this public-private cooperation has unfolded, the cases examined do indicate that Brazil has been able to play a very important role within the broader global landscape for agricultural policy-making. In the Doha Round, Brazil was central in terms of rejecting

the continuation of a Blair House consensus, and in shaping the subsequent negotiation agenda. In the Cotton Dispute, Brazil successfully challenged the US cotton subsidy regime, in a high profile case which gained emblematic status in the history of the Dispute Settlement Body. The lobbying between Itamaraty and UNICA focused on the RED reflects a much more low-profile and masked projection of influence. Yet, the targeted efforts to impact the final formulation of sustainability criteria for biofuels eventually seem to have been very central in terms of influencing an essentially internal European policy-making process. Finally, the participation of entities of Brazilian agribusiness in the formation of the RTRS demonstrates that at least parts of this sector have been capable of leaving their mark on the growing universe of deliberative governance arrangements within global agricultural commodity chains.

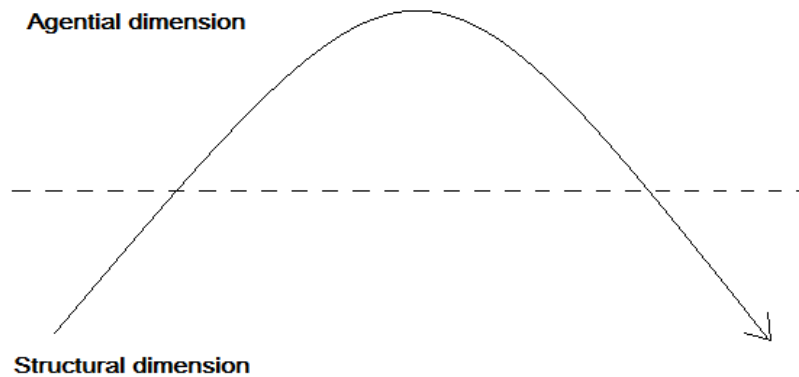
Although the goal of this thesis has not been extended to seeking to measure the influence and significance of Brazilian participation within global regimes and other governance frameworks treating agriculture, it can nonetheless be sustained that the country has been an important player in molding the institutional dimension of the global food system. An agential model has been identified in this regard, with certain strategic and operational characteristics which differ from case to case according to the specific exigencies of the institutional arena in question, but which nonetheless is marked by some central traits. These commonalities point to a process in which accumulated experiences within, and across, different regulatory processes lead to a broader institutional learning amongst public and private actors. This thereby expresses a consistent engagement within many institutional sub-dimensions and arenas that constitute a broader push to position Brazil within a global field of agricultural governance, in which it had both economic as well as organizational leverage. Through close cooperation with the state, Brazilian agribusiness has obtained a position of external economic *and* institutional leverage.

Considering how systemic conditionings with roots in the global food system worked by restructuring Brazilian agriculture and state-agribusiness relations, a process of "causal rebounding" can be detected as the agency of these actors has wielded an impact on the institutional dimension of the global food system. The framework of a duality of structure applied within this thesis thus makes it possible to think of a feedback from the Brazilian agency output, which on the other hand influences the processes of systemic reproduction. The "causal trajectories" treated within this study, in their broadest sense depart from the structural realm and reshape behavioral modes of



actors within the agential dimension, whose collective agency eventually yields an impact on the structural dimension, as can be seen in figure 21 below:

**Figure 22: Model of causal rebounding from structural to agential dimension**



Source author's elaboration

Weighing the significance of Brazilian participation in shaping the institutional dimension of the global food system relative to other significant groups of actors constitutes a complex task. Some general reflections on the implications of Brazil's position within this order are nonetheless warranted. Brazil has been defying the status quo within this field, but not necessarily in opposition to its ideational underpinnings. Rather, the attempts of challenging developing country subsidies and special regulatory measures appear to have been minded upon bringing praxis in line with the liberal underpinnings of the agricultural institutional framework. Regulatory hinderings to market access with grounds in socio-environmental concerns have thus also become an object of attention by the central Brazilian stakeholders, who either through pressure or deliberation have sought to limit such obstacles. The Brazilian agricultural sector has thereby been reshaped and systemically incorporated into the neoliberal global food regime, and eventually become a motor pressing in the direction of this system's perpetuation and global amplification.

### 9.3 Stepping back, and looking upwards

The relationship which has developed between the Brazilian state and agribusiness in recent decades sprang out of a critical juncture of liberalization within

the global economy, within Brazil, and within the country's agricultural sector. This relationship appears to have been strengthened, as agro-exports have risen, and agribusiness economic significance thereby also increased. As the domestic regulatory environment has stimulated the sector's growth, its economic leverage has spilled over into the political sphere, which has furthered the introduction of favorable legislation towards commercial agriculture. This feedback loop points to an increasingly path dependent character of state-agribusiness relations in Brazil. Although transformations at the systemic level may have been very significant in terms of producing the critical juncture out of which this relationship was born, it has now gained an inherent momentum which drives its reproduction, meaning that the economic and political significance of Brazilian agribusiness has been steadily intensifying.

Within a foreign policy perspective, this path dependency has also become expressed through the functional integration of public institutions and entities of agribusiness within a range of regulatory processes examined. Cooperation feeds more cooperation, and the spillovers from successful efforts of coordination lead to a consolidation of largely informal procedures and modes of interaction which are implemented and refined according to the particular objective at hand. This means that a high degree of priority has been allocated with the aim of supporting the agricultural sector's global insertion at the operational and strategic levels of Brazilian foreign policy planning. Yet, so far this has not let Brazil to seek to become part of the proliferating global webs of multilayered trade agreements. Neither have significant steps been made to configure domestic institutions in a manner that would permit such participation (OLIVEIRA, 2017). As agriculture in general terms stands as the sector with the largest potential benefits associated with increased Brazilian integration within preferential trade agreements (BRANDÃO 2015; THORSTENSEN & FERRAZ 2014), such participation represents a feat not yet accomplished by Brazilian agribusiness interests. The question of Brazil's insertion within such agreements relates to a variety of factors that span beyond the agenda of the agribusiness sector, such as the future of Brazil's Mercosul participation, the ideological orientation of incumbent governments, balance of payments concerns, and political interest articulation of sectors that stand to lose from such a deal. Yet, given the path dependent character of state-agribusiness relations, and the hitherto intensification of the political orientation towards agricultural exports, the definitive character of such restricting circumstances may be called into question. The present political turbulence, and the uncertainties with regards to the

outcome of the elections of 2018 implies the possibility of a more fundamental reorientation of Brazil's international commercial insertion. However the composition of the post-2018 government, the agribusiness sector's concerns will be difficult to ignore within both the domestic and an international perspective.

In so far that further steps are taken to enhance the agribusiness sector's external commercial links, - even implying noticeable concessions from other domestic sectors - this raises the question of whether, and to what extent, such measures will perpetuate a mode of international insertion based on primary commodity exports. The developmentalist paradigm during much of the 20th century was extremely averse towards this notion, but the growing proportion of raw materials within the Brazilian export matrix unavoidably raises such questions. Exponents of a more intimate global commercial connectedness have often pointed to the performance of Brazil's Andean neighbors post-2010 as a model for commodity based export-based development. Yet, such proposals are complicated by the Brazilian population pool of 200 million, likely balance of payment deficits, and the inherent vulnerability of relying on export of products with such extreme prices oscillations as primary commodities. A further critical question related to this mode of development concerns the ecological limits of a mode of production with significant socio-environmental implications. Increased volumes of agricultural exports would imply production expansion and increased environmental stress. This would similarly pose another question related to the choice between adopting a quantitative focus on expansion of bulk production with some related processing activities, as has been the case so far, and of stimulating activities with more value added agricultural production and labour inputs.

Compared to developed country multinationals, Brazilian rural entities are marked by a very close connectedness to the state when they engage within the international realm. This is not only evident in the case of the producer companies examined in this thesis, but also with regards to the meatpacking industry, whose internationalization process has relied strongly on the Brazilian state. While specific Brazilian "national champion" corporations (LAZZARINI & MUSACCIO, 2016) within and outside the agricultural sector may be singled out, the sector has by itself gained such an importance within the country's economic foreign policy, that it has become a "national champion". This raises the question of whether such a relationship is a particular feature of Brazilian capitalism, or whether it is a consequence of the more incipient international engagement of this sector.

Different types of public support may thus serve as a launchpad for a more independent international projection of Brazilian agribusiness, as it learns to navigate a transnational landscape of multi-nodal interactions with diverse public and private agents. This landscape does seem to offer fruitful possibilities for enterprises to either independently or as part of issue coalitions, pursue market and/or political strategies through focused engagement. The participation of individual Brazilian soy producing companies within the RTRS serves as an illustrative example of their capacity to mold market conditions through the definition of product standards. Yet, it would also be illusory not to presume that intimate, - and at times also promiscuous - bonds to the state did not also characterize state-business relations in developed countries. The high degree of priority for agribusiness concerns within Brazilian commercial diplomacy may thus likely be explained by the relatively small number of truly internationalized sectors within the Brazilian economy: had more internationally competitive business actors made their voices heard within the foreign policy planning process, less political and organizational resources could have been allocated to each.

The strong engagement by the Brazilian state in order to provide better global market conditions for its agribusiness sector could also be viewed as a way for developing country economies to overcome the structural asymmetries, in relation to capital based in developed countries. As was demonstrated by the behavior of the Majors in the Doha Round, or by the US in the Cotton Dispute, the institutional leverage of developed countries has been very significant in relation to shaping the global market environment for domestic industries. This may even be more true in relation to agriculture, where high developed country subsidies have the potential to limit growth of otherwise highly competitive producers. It thus appears that even a higher degree of support by developing countries to nascent industries may be necessary in order to overcome systemic bias, or entry barriers to the international market.

In a broader sense, the present thesis accentuates the need to scrutinize the domestic modes of production, and particular organization of forces of production and their international ties, in order to understand how a state conducts its economic diplomacy. At the operational level, a range of tactical maneuvers may be available in order to pursue the particular national goals established through application of the resources at disposition at any given moment. At the level of intermediate strategy, the options are narrower, although certain changes in the course of action may become opportune from time to time. At the level of grand economic strategy, the execution of

foreign policy becomes much more restricted to a pragmatic engagement within global processes of economic foreign policy formation, which is strongly determined by the need to enhance the economic insertion of sectors with a certain degree of competitive potential. As shown in the Brazilian case, even fundamental changes in the ideological orientation of the government do not seem to significantly alter this logic: The generation of external revenues and the fostering of growth within key sectors eventually determines the fiscal room of maneuver, particularly when a broad and loose governing coalition demands a high degree of particularistic concessions.

Understanding the motivating factors and eventual constraints of a state's external agency thus inevitably implies the need for intermestic analysis. As the composition and demands of domestic social forces of production, and their institutional structures of representation, have become molded and reconfigured through the process of globalization, attention to the global and local linkages becomes important. As has been evident in Brazil during recent decades, even a historically insulated sphere of foreign policy-making eventually became more open for participation by external agents. The new array of actors did not gain prominence within this field because of their political ability to pressure public institutions, but rather because they could prove to be a decisive factor in order for the country to effectively pursue its interests in the international field. Yet, as is even more relevant, the inclusion of agribusiness within the Brazilian foreign strategy was spurred by the internalization of this sector's interests and performance as an absolutely essential national concern, to which the country's external representatives were fundamentally committed. The rationale behind the joint international engagement between these parties thereby reflects Brazilian state-agribusiness relations that can be encapsulated by the slogan otherwise referring to the ties between General Motors and the US, so that it may be claimed that "what is good for its agribusiness sector, is good for Brazil".

## Chapter 10: Conclusion

The present thesis has scrutinized the transformations within the global food regime and the consequences which this has had for the Brazilian agricultural sector. An explanation has been made of how these systemic transformations worked in tandem with domestic structural changes in redefining state-agribusiness relations, and in dislocating part of the focus of these actors towards a joint engagement in shaping rules beyond the national sphere. Moreover, the study has explored the manner in which these public and private actors have cooperated within different decision-making processes, with an eye to the particular modes of interaction and coordination of these mutual efforts. Through analysis of the evolution of this engagement within different intergovernmental and transnational spheres from the early 2000s and in the years ahead, a clear process of capacity building and an increasingly offensive posture has become evident. This has positioned Brazilian agricultural interests as a significant force within different global arenas of agricultural regulatory formation, and made it

possible for these actors to "punch above their weight".

In order to conceptually operationalize the transformations within the global political economy of agriculture in the period examined, the thesis has relied on the theoretical construct of the global food system, which has been treated through a Coxian conception of a historical structure. The overlapping and complex dynamics at play in the process of systemic restructuring have been conceived of through the notion of conjunctural causality. This has provided a systemic point of departure for an analysis conducted according to an agency-structure duality framework, aimed at assessing the impact of food regime transformation on the underlying rationalities and collective action of the stakeholders of interest. Theoretical perspectives on the relations between public and private entities have been employed to construct an analytical approach to explore and qualify the modes of internationally oriented interaction between Brazilian public institutions and agribusiness.

The initial part of the thesis has analyzed research question 1, and traced the structural background for the international orientation of Brazilian agriculture to the transformation of the global food system from the 1980s and onwards, as well as domestic changes in this period. The technical modernization and inwards expansion of Brazilian agriculture, the agricultural reforms, as well as the new official mode of international insertion, have all been found to be necessary, yet not sufficient conditions to bring this outcome about. Fundamental changes related to the transition towards a corporate food regime, such as verticalization and financialization of agricultural production, the insertion of agriculture within the multilateral trading system through the AoA, and the proliferation of free trade and liberal production paradigms in this period were key dynamics that pushed Brazilian agriculture to actively pursue more opportune global market conditions. Analysis with focus on the transformation of the global food regime has provided a conceptual lens in order to understand the fundamental changes in Brazilian agriculture as a process of incorporation into a globally proliferating mode of industrial agricultural production.

Research question 2 has been approached through exploratory analysis of the mode of cooperation between public and private Brazilian actors in global processes of agricultural regulatory formation. The cases of the Doha Round Negotiations, the Cotton Dispute, and the formation of the EU biofuel regime below the RED have been scrutinized for this purpose. Certain characteristics of the interactions across different decision-making processes at various sites of regulatory formation point toward some

fundamental traits in the model for international state-agribusiness cooperation. These central characteristics detected in the study have been formulated as; highly converging objectives related to enhancing global market access for Brazilian agriculture; informal, yet fluent cooperation materializing through flexible patterns of interaction; complementary capabilities and the pooling of financial, technical, organizational and discursive resource capacities, and; open-ended alignments and the ability to form coalitions of heterogeneous actors within complex transnational policy environments. Analysis of the case of formation of the RTRS has shed light on the ability of certain segments of Brazilian agribusiness to navigate deliberative spheres of private governance initiatives, and to proactively engage with emergent issues on the global agricultural policy agenda.

In theoretical terms, the thesis has sought to contribute to analysis of Brazilian state-agribusiness relations through introduction of the Food Regime concept with roots in the international political economy of agriculture. This approach permits holistic analysis that spans beyond the dichotomies of national/international, or the compartmentalization of political studies into delimited institutional and/or agential spheres. The merging of this concept with Cox (1981) has led to the development of the construct of a *historical structure of the global food system*. The transformation of this system has been approached through analysis of causal processes transgressing its constituent dimensions and levels, characterized in this thesis as *trans-dimensional causal movements*, while the general process has been described as a *trans-dimensional systemic reordering*.

The examination of Brazilian state-agribusiness relations has been based on an eclectic selection of literature from the fields of IR, IPE, management studies, development studies, and political science. It has thus been sustained that the analytical goals of this thesis warrant the inclusion of theoretical perspectives that pertain to the units and phenomena that mark the object of study, independently of the disciplinary nomenclature of this literature. Particularly the analysis of the political agency of private entities, their modes of common interest articulation and organizational logics, as well as their motivations and strategies beyond the national level constitutes an underexplored field of inquiry within IR, with which this thesis has been engaged. The role of ideas, prevalent discourses, and issue-framings, seen through a scientific-realist perspective as elements with an effective causal impact on social reality, has also been tentatively treated within this study.



Empirically, the present thesis has aspired to contribute with new data on political processes which have previously been treated within academic literature, and to exhibit cases of public-private cooperation which have not yet received much scholarly attention. These efforts have in many respects come to rely on documentary material found in the archives of the Brazilian Ministry of Foreign Affairs, and in total 1700 documents have been reviewed in the process of data collection for the case studies conducted. Interviews with people who either were part of the decision-making processes in question, or who represent institutions and enterprises that were, have also provided very valuable and often meticulous and enriching information which has been sought presented as accurately as possible throughout the thesis.

Certain limitations concerning issues, data, and resources which could have contributed to this thesis merit some attention. The author's prior academic background outside Brazil has meant that some of the broader historical lines and conceptualizations of Brazilian foreign policy might not have received the degree of attention and guiding role, as a scholar with stronger roots in the country might have given them. As some of the decision-making processes stretch almost two decades back in time, certain central participants contacted did not recall many of the events and circumstances in question, and found themselves unable to participate in formal semi-structured interviews. While the most central data used in this thesis mainly derive from written and narrated accounts by either public or private Brazilian actors, external perspectives from entities outside the country have been more difficult to include. Yet, the resources of the present research project did not suffice to guarantee access to archives and decision-makers abroad, which might have contributed with relevant data and viewpoints. Finally, the delays of five to six years before telegrams and dispatches reach the publically accessible archives in the Brazilian Ministry of Foreign Affairs means that evidence of recent activity related to enhancing the market access of Brazilian agricultural products in China has not been available. As China has become a highly important destination for Brazilian food exports, particularly the soy sector's work related to facilitating exports to this Asian country will increasingly become object of exploration in future studies of cooperation between the Brazilian public institutions and agribusiness sector.

As has been explored in the last case-chapter of this thesis, parts of Brazilian agribusiness have become active in spheres of private governance arrangements. The proliferation and increasing significance of these arenas, often aimed at regulation of specific commodity chains, means that future efforts to map and analyze the efforts of

Brazilian enterprises and sub-sectorial agricultural organizations within such initiatives are likely to become a very relevant object of investigation. Though the participation of private actors from intermediate states within global governance initiatives is not an entirely new phenomenon, there is nonetheless a shortfall of studies on the matter. Particularly comparative studies of the varying patterns of behavior of different developing country firms, but also in relation to developed country private interests, is sure to be a crucial task for future research within the field. Finally, increasing interest within the field of international political economy in classifying the varieties of capitalism in both developed and developing countries has opened up a new scholarly angle for studies of contemporary state-business relations. The significance which the agricultural sector has gained in terms of defining the Brazilian insertion within the global economy makes this an essential object of analysis in future efforts to qualify the particular model of Brazilian capitalism.

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RTRS Minute 62. Roundtable of Responsible Soy. General Assembly, minute, May 28, 2009.

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### **Interviews conducted**

Interview with official in the Brazilian Senate, Brasília, September 2, 2016.

Interview with official in the Brazilian Senate, Brasilia, August 21, 2016.

Interview with private sector representative from the CNA, Brasilia, October 3, 2016.

Interview with public official from CAMEX, Brasilia, May 18, 2017.

Interview by email of Amaggi executive, October 24, 2017.

Interview with Brazilian negotiator, Brasília April 27, 2018.

Videoconference interview with Sidley Austin lawyers on May 2, 2018.

Telephone interview with ICONE representative, May 3, 2018.

Interview with former ABRAPA president, Brasília, May 10, 2018.

Interview with Brazilian diplomat, Brasilia, August 28, 2018.