



Deepening India-Brazil Relations

For Prelims: [India-Brazil Relations](#), [WTO](#), [Sugar Subsidy Issues](#)

For Mains: Area of Cooperation and Engagement between India and Brazil, Challenges to India-Brazil Relations, Way Forward

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Why in News?

- The **India-Brazil strategic partnership** has **deepened and diversified over the years**, spanning a wide range of domains including **defence, space, security, technology and people-to-people relations**.
- In another development, **India** and **Brazil**, two key players in global sugar production, have resolved their [World Trade Organization \(WTO\) trade dispute over sugar subsidies](#). This resolution coincides with their **growing collaboration in ethanol** technology and addresses global sugar surplus issues, which affect prices.



What is India-Brazil Sugar Subsidies Issue?

▪ **Background:**

- In 2019, Brazil, along with Australia and Guatemala, challenged India's sugar subsidy measures at the **WTO**, claiming they were inconsistent with various articles of the WTO's [Agreement on Agriculture](#).
- The US and Australia also highlighted a crucial absence in India's reporting claiming that India hadn't included sugarcane or its derivatives in any domestic support notifications since the marketing year 1995-96.

▪ **India's Stand:**

- India defended its position by stating that sugarcane procurement is managed by private mills, not the government, thereby aligning with fair trade practices.
- India pointed out the error and said that US-Australia analysis uses the entire sugarcane production in India in a given year for calculating the subsidies, regardless of whether or not the sugarcane was actually delivered to sugar mills for crushing under the **Sugarcane (Control) Order**.

What are the Major Areas of Cooperation Between India and Brazil?

- **Institutional Level Engagements:** India and Brazil have a very close and multifaceted relationship, both bilaterally and in various multilateral forums such as [BRICS](#), [IBSA](#), [G4](#), [G20](#), [BASIC](#), [International Solar Alliance \(ISA\)](#), [WTO](#), [UNESCO](#), and [WIPO](#). Bilateral engagements include:
 - **Strategic Dialogue**, led by [National Security Advisors \(NSA\)](#), addresses key regional and global issues of mutual interest.
 - **India-Brazil Business Leaders Forum**, focuses on trade, investment, and economic cooperation opportunities.
 - **Trade Monitoring Mechanism (TMM)**, tracks and resolves issues in bilateral trade.
 - **Economic and Financial Dialogue**, covers cooperation on investment, trade, and monetary policy.
 - **Joint Defence Commission**, facilitates defence cooperation, including joint exercises, equipment procurement, and intelligence sharing.
 - **Joint Committee on Science & Technology**, fosters cooperation in research, development, and knowledge exchange.
- **Trade and Investment:**
 - India became Brazil's **5th largest trading partner in 2021**, with bilateral trade increasing from USD 7.05 billion in 2020 to USD 11.53 billion.
 - It grew further to USD 15.2 billion in 2022 and saw India's exports to Brazil at USD 6.9 billion and imports at USD 4.7 billion in 2023.
 - **Major Indian exports to Brazil:** Agrochemicals, synthetic yarns, auto components and parts, and imports include crude oil, gold, vegetable oil, sugar, and bulk mineral and ores.
 - India and Brazil have witnessed investments in various sectors such as automobiles, IT, mining, energy, biofuels, and footwear.
 - India also signed a Preferential Trade Agreement (PTA) with **MERCOSUR (Brazil, Argentina, Uruguay, Paraguay)** in 2004.
 - Defence & Security Cooperation: India and Brazil signed a defence cooperation agreement in **2003**, with **Joint Defence Committee (JDC)** meetings institutionalising this collaboration.
 - In 2006, they established a strategic dialogue led by India's National Security Advisors (NSA) to address regional and global issues.
 - Additionally, an MoU on Cyber Security between CERT-In and its Brazilian counterpart was signed during the Brazilian President's visit in January 2020.
- **Cooperation in Science and Technology:**
 - India and Brazil's 2004 agreement on space led to collaboration in data sharing and satellite tracking.
 - The Brazilian Minister visited India in 2021 to witness the launch of the [Amazonia-1 satellite](#).

- [Ayurveda and Yoga](#) are also recognised in Brazil's health policy. An MoU on Traditional Medicine and Homeopathy was signed in January 2020.
- **Energy Security:**
 - Signed an MoU in January 2020 between **Indian Oil Corporation and Brazil's CNPEM** to establish a research institution in India for bioenergy.
 - The two countries, along with the US, jointly launched the [Global Biofuel Alliance \(GBA\) during the G20 summit](#) in India in 2023 to enhance biofuel output and demand.
 - **Ethanol Blending Programme:** Brazil, a pioneer in ethanol production since 1975, has provided technological support to India with the aim to facilitate technology transfer and boost India's biofuel production.
 - **Brazil has achieved a 27% ethanol blending in gasoline**, with 84% of its vehicles equipped with flexible-fuel engines capable of running on varying proportions of gasoline and ethanol.
 - As of July 2024, India has achieved a **15.83% ethanol blending rate in petrol**, with a **goal of reaching 20% by the 2025-26** supply year.

What are the Challenges in India-Brazil Relations?

- **Trade Deficit and Competitions:** India has consistently maintained a **trade deficit** with **Brazil** due to Brazil's dominance in agricultural products and India's reliance on imports of commodities like soybeans and sugar.
 - Both countries have implemented **protectionist measures**, such as tariffs and subsidies, to **protect domestic industries, creating trade frictions and hindering the growth of bilateral trade.**
- **Diverging Interests in International Forums:** India and Brazil have **differing priorities on climate change** and within multilateral institutions.
 - India focuses on reducing emissions intensity, economic development and energy access while Brazil prioritises Amazon deforestation reduction to combat climate change.
 - Similarly, their priorities diverge in organisations like the **UN** and the **World Trade Organization.**
- **Limited People-to-People Contact:** India and Brazil have relatively few people-to-people interactions, including in business, cultural, and educational exchanges.
- **Role of China:** Additionally, concerns exist that China's status as Brazil's largest trading partner could influence the relationship between India and Brazil.

Way Forward

- **Economic Cooperation:** India and Brazil should **diversify trade** by including **value-added products, services, and technology.** They need to create a **favourable investment environment** and promote bilateral trade through **agreements and joint ventures.** Additionally, **investing in infrastructure projects** like transportation and logistics can boost trade and improve connectivity.
- **People-to-People Exchanges:** Enhancing **cultural diplomacy and student exchanges** can build trust between India and Brazil, while promoting tourism can boost both people-to-people contacts and economic benefits.
- **Strategic Cooperation:** India and Brazil should enhance **defence collaboration** through **joint exercises and technology sharing** while also working together in global forums like the **UN** and **G20** to advance their shared interests.
- **Technology and Innovation:** India and Brazil should **collaborate on R&D in renewable energy, biotechnology, and IT** to drive innovation and economic growth. Additionally, investing in **skill development and training** can boost workforce competitiveness in both countries.

Drishiti Mains Question:

Discuss the current state of India-Brazil relations, highlighting key opportunities for collaboration and the challenges encountered. Also suggest the strategies to strengthen cooperation in areas such as trade, technology, and sustainable development.

Read More: [Ethanol Production, India Sugarcane Subsidy under WTO Scrutiny.](#)

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Prelims:

Q. With reference to the current trends in the cultivation of sugarcane in India, consider the following statements: (2020)

1. A substantial saving in seed material is made when 'bud chip settlings' are raised in a nurse, and transplanted in the main field.
2. When direct planting of setts is done, the germination percentage is better with single budded setts as compared to setts with many buds.
3. If bad weather conditions prevail when setts are directly planted, single-budded setts have better survival as compared to large setts
4. Sugarcane can be cultivated using settlings prepared from tissue culture.

Which of the statements given above is/are correct?

- (a) 1 and 2 only
- (b) 3 only
- (c) 1 and 4 only
- (d) 2, 3 and 4 only

Ans: (c)

Q. In the context of which of the following do you sometimes find the terms 'amber box, blue box and green box' in the news? (2016)

- (a) WTO affairs
- (b) SAARC affairs
- (c) UNFCCC affairs
- (d) India-EU negotiations on FTA

Ans: (a)

Q. The Fair and Remunerative Price (FRP) of sugarcane is approved by the (2015)

- (a) Cabinet Committee on Economic Affairs
- (b) Commission for Agricultural Costs and Prices
- (c) Directorate of Marketing and Inspection, Ministry of Agriculture
- (d) Agricultural Produce Market Committee

Ans: (a)

Mains:

Q1. What are the key areas of reform if the WTO has to survive in the present context of 'Trade War', especially keeping in mind the interest of India? **(2018)**

Q2. "The broader aims and objectives of WTO are to manage and promote international trade in the era of globalisation. But the Doha round of negotiations seem doomed due to differences between the developed and the developing countries." Discuss in the Indian perspective. **(2016)**

Q3. WTO is an important international institution where decisions taken affect countries in a profound manner. What is the mandate of WTO and how binding are their decisions? Critically analyse India's stand

on the latest round of talks on Food security. (2014)

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