

Briefing Paper

Untapped potential

Reimagining Europe's partnerships with Indonesia and Brazil

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ODI Europe

Key messages

The European Union (EU) is trusted in Brazil and Indonesia, but partnerships are not fully delivering. Experts in both countries describe the EU as a reliable, predictable and stable partner, and public opinion is favourable. In Brazil, they see vast untapped potential. In Indonesia, they see a secondary partner, valued issue by issue and far less visible than the US or China.

There is a strong appetite for the EU to play a more decisive role on the global stage. Stakeholders advised the EU to more deliberately cultivate strategic partnerships with middle powers for global influence.

The EU is seen as demanding and inflexible: a regulator before an ally. This risks crowding out exploration of strategic opportunities, including for industrial and technological cooperation.

The EU's trade tools and its partnership goals are pulling in different directions. Ratification of the EU-Mercosur agreement is suspended. The EU's World Trade Organisation (WTO) case against Indonesia's nickel export ban remains open, even though the Critical Raw Materials Act commits Europe to promoting value addition in partner countries.

The strongest opportunities lie in building new industries together. Partners welcome Global Gateway's vision and want more European investment and technology transfer, but few have seen results. Green fertiliser, green iron, sustainable fuels and critical minerals processing offer gains on both sides. There are also opportunities to scale up digital cooperation and to advance security dialogues, especially in relation to maritime security in Indonesia and drug trafficking in Brazil.

Narratives shape the partnership. Partners do not want to hear that Europe is courting them to reduce dependence on China, and terms like 'trusted partners' for an inner circle of non-EU nations reads as a judgement on others. Growth, jobs and industrial opportunity resonate most.

Recommendations for the European Commission:

- 1) Build strategic partnerships through bilateral dialogues that anticipate problems and start from mutual interest.
- 2) Separate the call for principled solidarity on Ukraine from operational asks.
- 3) Develop mutual recognition instruments, starting with environmental standards.
- 4) Join the Global Green Industrialisation Agenda.
- 5) Use the EU's market weight to anchor buyer coalitions for new green supply chains.
- 6) Introduce a strategic partner coherence check before trade enforcement actions.

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Abbreviations and acronyms

AI	Artificial intelligence
ASEAN	Association of Southeast Asian Nations
BRICS	Brazil, Russia, India, China, South Africa
CBAM	Carbon Border Adjustment Mechanism
CEPA	Comprehensive Economic Partnership Agreement
CRMA	Critical Raw Materials Act
DG INTPA	Directorate-General for International Partnerships
EBRD	European Bank for Reconstruction and Development
ECFR	European Council on Foreign Relations
EEAS	European External Action Service
EFSD+	European Fund for Sustainable Development Plus
EU	European Union
EUDR	European Union Deforestation Regulation
FTA	Free Trade Agreement
GGIA	Global Green Industrialisation Agenda
HCSS	Hague Centre for Strategic Studies
HPAL	High-pressure acid technology
JETP	Just Energy Transition Partnership
LAC	Latin America and the Caribbean
NGO	Non-governmental organisation
OECD	Organisation for Economic Cooperation and Development
RED	Renewable Energy Directive
TSD	Trade and sustainable development
WTO	World Trade Organisation

Executive summary

In her State of the Union address in September 2026, European Commission President Ursula von der Leyen called for Europe to urgently reimagine its partnerships. With its emphasis on greater economic security, more resilient supply chains and stronger alliances – as well as the need for the European Union (EU) to go beyond its traditional relationships – the address underlines why countries such as Indonesia and Brazil merit greater attention. As influential middle powers with large populations, fast-growing economies, sizeable critical minerals deposits, industrial capabilities and geopolitical weight, both have significant potential as partners for the EU. However, the scale and strategic depth of these partnerships do not yet reflect this potential.

The paper explores how Europe can build partnerships that are fit for the geopolitical and economic realities ahead. It provides insights for Brussels-based policy-makers and European diplomats into how two key middle powers view the EU's role and desirability as a global partner in four critical areas: climate, trade, digital and security. Findings are primarily based on a stakeholder consultation with experts in Brazil and Indonesia,¹ and stakeholder views are extensively cited throughout the report. The interests and concerns set out here are structural rather than tied to any one government. Stakeholders in Brazil pointed to uncertainty around the October 2026 election, but the issues they raised cut across Brazil's political divide.

Europe already has substantial economic and institutional relationships with both Brazil and Indonesia. Both have longstanding partnership agreements with the EU, political dialogue is deepening and trade agreements have recently been concluded, though neither is yet fully in force; the EU-Mercosur agreement ratification is suspended and the EU-Indonesia Comprehensive Economic Partnership Agreement (CEPA) awaits signature. Global Gateway initiatives are notable in Brazil, with several large-scale investments announced including in green hydrogen and digital connectivity. In Indonesia, the Just Energy Transition Partnership (JETP) is a flagship Global Gateway investment.

Key findings

1. The EU is trusted in Brazil and Indonesia, but the partnerships are not fully delivering.

Experts in both countries describe the EU as a reliable, predictable and stable partner, and public opinion is favourable. In Brazil, they see vast untapped potential. In Indonesia, they see a secondary partner, valued issue by issue and far less visible than the US or China.

¹ Experts from think tanks, non-governmental organisations (NGOs), academia and government were interviewed. In total 21 interviews were conducted (with 25 experts consulted).

2. There is a strong appetite for the EU to play a more decisive role on the global stage.

Stakeholders advised the EU to more deliberately cultivate strategic partnerships with middle powers for global influence.

3. The EU is seen as demanding and inflexible: a regulator before an ally. This relates to the imposition of onerous standards and requirements, including under the EU's Deforestation Regulation. In Brazil frustration was particularly acute: stakeholders pointed to the country's strict environmental laws and long experience with satellite monitoring, and the perception that the EU had not engaged with either when designing the regulation. This approach risks crowding out exploration of strategic opportunities, including for industrial and technological cooperation.

4. The EU's trade tools and its partnership goals are pulling in different directions.

Ratification of the EU-Mercosur agreement is suspended. The EU's World Trade Organisation (WTO) case against Indonesia's nickel export ban remains open, even though the Critical Raw Materials Act commits Europe to promoting value addition in partner countries.

5. The strongest opportunities lie in building new industries together. Partners welcome Global Gateway's vision and want more European investment and technology transfer, but few have seen results. Green fertiliser, green iron, sustainable fuels and critical minerals processing offer gains on both sides. There are also opportunities to scale up digital cooperation and to advance security dialogues, especially in relation to maritime security in Indonesia and drug trafficking in Brazil.

6. Narratives shape the partnership. Partners do not want to hear that Europe is courting them to reduce dependence on China and terms like 'trusted partners' for an inner circle of non-EU nations reads as a judgement on others. Growth, jobs and industrial opportunity resonate most.

Specific findings by area

Trade and investment: Trade agreements with the EU were highlighted as foundational, with expectations particularly high in Indonesia for job creation, export growth and investment in critical minerals. In Brazil, the EU-Mercosur agreement was described as a landmark, but the delays in ratification, the EUDR and the ban on Brazilian animal products, including beef and poultry, have overshadowed it. Stakeholders in both countries preferred tariff incentives to a compliance-led approach, which the sustainable development chapters in both agreements would allow. The potential for greater knowledge exchange and technology transfer was seen as an important advantage of EU partnership. In Brazil, experts highlighted that, compared to China, the EU is more aligned in terms of a vision to establish green trade corridors (which China lacks).

In both countries Global Gateway was not especially well-known, perhaps surprising in light of the Commission's branding efforts, the profile of the experts consulted for this study and the stage Global Gateway has reached. This was particularly the case in Indonesia, where many of the experts interviewed were not aware of it. Familiarity was greater in Brazil, but the consensus was

that Global Gateway has not delivered significant or visible results. In both countries, stakeholders remarked on the gap between the EU's discourse and the reality in terms of industrial partnerships and technology cooperation.

Climate: Climate cooperation was widely seen as a high point of both partnerships. In Indonesia, the EU's role in the JETP and its technical assistance on carbon pricing were valued, although slow progress on coal retirement has led some to question whether the JETP is delivering. In Brazil, stakeholders saw shared ambitions on climate and global environmental governance; the new Open Coalition on Compliance Carbon Markets with Brazil, the EU and China is a notable advance. In some cases, priorities differ: Indonesian stakeholders put poverty, infrastructure and energy security ahead of mitigation, and pointed to adaptation as an area of opportunity that is not yet a focus of bilateral cooperation.

Industrialisation priorities: Brazil and Indonesia's industrialisation priorities – and how these are reflected in the partnership with the EU – raise some challenges. An example relates to the potential for Brazil to supply hydrogen-based green iron to European steelmakers. Political sensitivities in Europe – driven by fears of job losses and the impact on Europe's steel industry – mean progress securing offtake agreements has been slow. Brazilian stakeholders raised concerns around green certification criteria that do not make sense outside of the European context and that Brazil's use of bioenergy to produce hydrogen, iron and steel is considered a green solution in Brazil, but not by the EU. Inflexibility on standards was seen as unhelpful in efforts to create pathways to a greener economy.

In Indonesia there was a desire for a green industrialisation policy that goes beyond the JETP and the power sector. The EU's WTO dispute over Indonesia's nickel export ban was seen as at odds with its stated support for industrialisation. In Brazil, stakeholders felt that the tendency to mimic the EU's own framing, around the need to decarbonise high emitting sectors of industry and energy, is ill-suited to Brazil where land-use and agriculture account for the lion's share of emissions. An ideal narrative is that Brazil is *'part of the solution for the decarbonisation of the EU'*, with industrial decarbonisation framed as a domestic growth and wealth distribution strategy rather than the traditional rhetoric that is linked to climate targets.

New opportunities were identified, from green fertiliser production and polysilicon in Brazil to sustainable aviation and maritime fuel production (for both countries). Green fertiliser production was viewed as strongly in the EU's interest given the need to diversify away from Russian sources and reduce exposure to supply chain disruptions. For Indonesia, the potential for cooperation in defence industry manufacturing was noted, though with some uncertainty given the EU may not see Indonesia as *'like-minded enough'* for this cooperation.

Critical minerals: Indonesian stakeholders expressed a high degree of interest in European investment in the critical minerals sector, in part to reduce dependence on China. However, the EU delegation in Indonesia is not yet actively pursuing a critical minerals partnership. In Brazil,

the EU has a designated Strategic Project under the Critical Raw Materials Act (CRMA), with the aim of supplying refined nickel and cobalt to European and Brazilian markets. The EU and Brazil have also formalised a critical minerals task force. While the EU was largely seen as an *'invisible player'* compared to the US and China, the Brazilian government's commitment to domestic value addition means the EU may well prove a preferential partner. Expectations are growing that Global Gateway financing will flow to the sector, though there is concern about slow progress given the complexity of European financial infrastructure.

Digital: Respondents in Indonesia made clear that the EU is lagging behind the US, with the EU perceived as *'the model'* (admired for its experience with GDPR) *'but not the market'* (with little profile as a potential commercial partner). For Brazilian stakeholders, cooperation on digital was very clearly highlighted as an area of mutual interest, with *'considerable convergence'* and benefiting from a constructive bilateral digital dialogue. The EU was considered a natural ally in the regulation of big tech, social networks and platforms; the vision of convergence of interests was directly connected to shared values of protecting democracy.

Security: In Indonesia, maritime security was highlighted; the EU is seen as well-placed to support on the security of subsea cables and maritime security governance. With Brazil, security cooperation around organised crime and drug trafficking is increasing; police cooperation in this area is viewed as highly effective and clearly of mutual interest. The most notable divergence concerns Ukraine and differing positions on Russia. Both countries follow non-aligned foreign policies that emphasise multilateralism, sovereignty and respect for international law, and neither is positioned to act as an operational security ally to the EU. Stakeholders felt that European engagement on Ukraine has not always taken partners' own concerns and security priorities into account. In Indonesia, they pointed to a lack of dialogue around the EU's sanctions on the Karimun oil terminal.

Recommendations

The study revealed a strong appetite for the EU to play a more decisive role on the global stage. Stakeholders advised the EU to more deliberately cultivate strategic partnerships with middle powers for global influence. These efforts require a foreign policy approach that is proactive, coherent and builds trust, alongside tailored and mutually beneficial partnerships. They also require awareness of critical problems, such as the imposition of regulations designed according to domestic requirements. Based on stakeholder feedback, recommendations for the European Commission are as follows:

1. Build strategic partnerships through bilateral dialogues that anticipate problems and start from mutual interest

Partners often feel treated as subjects of environmental compliance or suppliers of raw materials. Brazilian stakeholders in particular want a peer that takes its strategic weight seriously. This means co-designing global governance priorities (multilateralism, digital regulation, climate diplomacy) and backing tailored partnership strategies with dedicated staff and the full EU toolkit.

2. Separate the call for principled solidarity on Ukraine from operational asks

Brazil and Indonesia both uphold the UN Charter, and neither is ready to act as an operational security ally. The EU should distinguish between the two and link its security requests to partners' own priorities, such as maritime security in Indonesia and organised crime in Brazil. This will build more cooperation than continued pressure would.

3. Develop mutual recognition instruments with key strategic partners, starting with environmental standards

The EUDR offers valuable lessons. Brazil has strict deforestation laws and sophisticated satellite monitoring systems, yet the regulation was designed without taking either into account. Where partners can demonstrate equivalent outcomes, the EU should recognise them.

4. Join the Global Green Industrialisation Agenda (GGIA)

Launched in November 2025 following the Belém Declaration, with UNIDO as the secretariat, the GGIA is backed by Indonesia and several EU Member States and institutions, but not by the EU itself. Joining would align Europe with middle powers in climate negotiations and give it a role in co-creating standards for green industrial pathways.

5. Use the EU's market weight to anchor buyer coalitions for new green supply chains.

Green fertiliser, green iron and steel and sustainable aviation and maritime fuels need guaranteed demand to attract investment. Aggregating that demand via buyer alliances reduces uncertainty, supports partners' industrialisation and leaves the EU less isolated in its stance as buyer and standard setter.

6. Introduce a strategic partner coherence check before initiating trade enforcement actions.

The Indonesian nickel dispute shows how the EU's trade tools can conflict with its partnership goals now that the CRMA commits the EU to promoting value addition in partner countries. More resource-rich countries are likely to adopt processing requirements and export restrictions. An early-stage coherence check could help ensure that prospective trade enforcement action is assessed against the EU's wider strategic partnership aims before escalation.

1 Introduction

The assumptions underpinning Europe's external relationships are changing rapidly. In her State of the Union address in September 2026, European Commission President Ursula von der Leyen described the need to 'urgently reimagine our partnerships' and build new global coalitions for Europe's resilience, prosperity and democratic future (European Commission, 2026f). This call comes at a moment when Europe is simultaneously seeking greater economic security, more resilient supply chains, new investment and trading relationships and stronger partnerships in a more fragmented international environment. The address also highlighted the European Commission's priorities, placing particular emphasis on diversification, critical minerals, industrial competitiveness, energy, technology and investment, and the need for Europe to work with partners beyond its traditional relationships.

Against this backdrop, Indonesia and Brazil merit particular attention. They are among the world's largest economies and most consequential emerging powers; both have significant regional influence, substantial natural resources and industrial capabilities, large domestic markets and an increasingly important role in shaping global economic and political debates. Both countries provide fertile terrain for the scale up of the EU's Global Gateway strategy,² offering high potential in terms of investment opportunities and for building the new supply chains of the future that will be critical for the green transition. They are also partners with whom Europe already has substantial economic and institutional relationships. Yet the scale and strategic depth of these relationships do not reflect their potential. A relevant question is how Europe can build partnerships with both countries that are fit for the geopolitical and economic realities ahead.

Currently, the debate about Europe's global partnerships is conducted mostly in slogans – 'geopolitical Europe', 'strategic autonomy', 'mutual benefit partnerships' – without much grounded understanding of what cooperation requires, country by country and sector by sector. The technical fixes on the table in Brussels – a reorganised external service, a new regional directorate-general³ – address organisational arrangements, not the prior question of whether Europe's efforts deliver effective partnerships.

This paper provides insights for policy-makers in Brussels and European diplomats into the perceptions of middle powers with regard to the EU's role and desirability as a global partner. We look at this through the lens of four critical areas for EU relations – climate, trade, digital and security – asking what partners want, what might be hindering progress and where opportunities

2 Global Gateway is the EU's external investment strategy. It has five core areas for partnerships and investments – 1) climate and energy; 2) digital; 3) transport; 4) health; and 5) education and research – where the European Commission is seeking to leverage investment and work with the private sector. Complementary measures are included to ensure the EU's core principles, such as democratic values, good governance, transparency and 'green and clean', are respected in the investment approach.

3 See Vinocur and Barigazzi (2026) for an overview of the reforms under discussion.

lie to build stronger partnerships. Brazil and Indonesia offer interesting contrasts for this analysis: Brazil's proximity to the EU, in terms of values and culture, sets it clearly apart from Indonesia, which does not share the same strategic, values-based alignment. Levels of US and Chinese influence also differ.

This briefing is based on a stakeholder consultation with experts in Brazil and Indonesia, complemented with a desk review. Respondents included representatives from think tanks, non-governmental organisations (NGOs), academia and a small number from government. In total 21 interviews were conducted (with 25 experts consulted). Interviews were done remotely following a semi-structured format and tailored to respondents' areas of expertise. Stakeholders are cited and quoted anonymously.

Section 2 presents brief background on Brazil and Indonesia, including the nature of EU cooperation with both countries. Section 3 analyses perceptions of the EU from public opinion data. It also lays out overall perceptions gathered in this consultation, with analysis of the main themes emerging. Section 4 explores tensions, challenges and opportunities identified by interviewees, and what could be done differently. Section 5 concludes.

2 Context

2.1 Brazil

2.1.1 Brazil's foreign policy

Brazil is the world's fifth largest country by area and seventh largest by population (OWID, 2024). Its foreign policy approach can be understood as one of multi-alignment, balancing ties with the US and China, engaging with both while avoiding strict alignment with either (Stuenkel, 2025). Since 2009, China has been Brazil's primary trade partner, accounting for approximately a third of exports, mainly unprocessed raw materials and agricultural products (Belém Lopes and Vazquez, 2024; Könneke, 2024). China has also played a significant role in Brazil's energy transition; in 2023, renewable energy accounted for almost three-quarters of new Chinese investment projects (Könneke, 2024). While Brazil remains reliant on the US for security (Stuenkel, 2025), it has also been hit particularly hard by US tariffs (Körber-Stiftung, 2026). Brazil is significantly dependent on Russia for fertiliser, required to sustain its globally dominant position in agricultural exports such as soy, meat and sugar (Koenig and Kump, 2025; Marzano, 2026). The country has faced criticism from Western governments, including in Europe, for its perceived ambivalence on the war in Ukraine and attempts at mediation alongside China (Koenig and Kump, 2025; Stuenkel, 2025).

Under President Luiz Inácio Lula da Silva (Lula), now in his third term, Brazil has positioned itself as a 'bridge' between the Global North and South, drawing on the country's regional role in Latin America, founding role in BRICS, G20 membership and credibility on issues such as poverty and climate (Hobbs et al., 2024). Internationally, Brazil's stance has been described as one of 'principled pragmatism', combining national interest with morality, legality and the defence of peace (Velázquez and Monjaraz-Sandoval, 2023; Belém Lopes and Vazquez, 2024). Green diplomacy has been a key pillar of Lula's case for Global South leadership: Brazil hosted COP30 in 2025 and made climate a key focus as chair of both the G20 and BRICS (Stuenkel, 2025). Domestically, Brazil's credentials as a renewable energy powerhouse – with renewables making up 88% of electricity generation (IDDRI, 2025) – are in tension with significant investment in new oil fields (Ju et al., 2026).

Brazil faces a consequential election in October 2026 between Lula and Senator Flávio Bolsonaro, the son of former President Jair Bolsonaro. Interviewees in Brazil highlighted uncertainty about the future, emphasising that Brazil's foreign policy would likely see a shift in the event of a change of government. More alignment with the US would be expected, particularly on security, alongside a substantial revision of tone and rhetoric around geopolitical relations. However, the traditional stability historically seen in Brazilian diplomacy, and resistance to radical foreign policy change, is still expected to remain a feature anchoring bilateral relations.

2.1.2 EU–Brazil relations

The relationship between the EU and Brazil rests on historical ties, shared values and significant economic links (Goldman and Pimenta, 2025); the EU is Brazil's second largest trade partner and largest source of foreign direct investment (Schuegraf, 2026). The EU has had a strategic partnership with Latin America and the Caribbean since 1999 and directly with Brazil since 2007. The EU–Brazil Strategic Partnership has 10 focus areas including energy, trade, security and the environment. The two sides interact through annual summits, joint action plans and sectoral dialogues (Da Silva and Volpato, 2022).

Recent years have seen an increased focus on the relationship as both partners have sought to diversify international cooperation. Von der Leyen visited Brasília in 2023, announcing a €2 billion Global Gateway investment targeting green hydrogen production and energy efficiency (European Commission, 2023; Könneke, 2024). High-level dialogue has taken place at the Rio G20 (2024), COP30 in Belém (2025), two CELAC–EU summits (2023 and 2025) and the inaugural EU–Brazil Investment Forum in São Paulo (2025). Institutional exchanges have covered human rights, science, digital technology, energy and investment opportunities (Könneke, 2024; Goldman and Pimenta, 2025; Maihold, 2026).

The EU–Mercosur⁴ agreement is at the centre of EU–Brazil cooperation.⁵ More than just a trade deal, the agreement is viewed as a framework for a long-term economic, political and strategic partnership, providing comprehensive market access in goods and services, clearer investment rules and a cooperation-based approach to managing disputes (Meredith and Clarke, 2026).

Beyond the Mercosur agreement, the EU has outlined two priorities for cooperation with Brazil under the regional Multi-Annual Indicative Programme (MIP): (1) to support environmentally sustainable, balanced and socially inclusive growth (including through cooperation on policies and regulations, and by promoting investment); and (2) to promote digital transformation, with a focus on policies and standards, industrial and business partnerships, and cooperation on research and innovation, digital government and inclusion (European Commission, 2022). The first includes sub-initiatives on sustainable and smart cities and tropical forests, while the second includes academic and scientific cooperation, and cooperation on space technologies and services (Copernicus and Galileo).

4 Mercosur is the 'Southern Common Market', established to promote regional trade, cooperation and integration between a number of South American countries. Originally established by Argentina, Brazil, Paraguay and Uruguay, by the Treaty of Asunción in 1991, Venezuela and Bolivia joined in 2006 and 2015 respectively.

5 After over 20 years of negotiation, an initial agreement in principle was reached in 2019. A revised agreement was reached in 2024 following further talks, and signed in January 2026.

Under the MIP, €70 million was set aside for cooperation with Brazil, with the potential to leverage investment and benefit from EFSD+ guarantees⁶ (European Commission, 2022). Areas outlined by the EU as presenting opportunities for deeper cooperation in future include sustainable energy, critical minerals and digital infrastructure (Schuegraf, 2026). In relation to the digital arena, Brazil has longstanding cooperation with the EU on AI, data governance and connectivity, with increasing data transmission capacity through the expansion of the BELLA cable (a deep-sea cable linking Portugal and Brazil) (Schuegraf, 2026). In relation to critical minerals, Brazil is home to substantial reserves that include 94% of the world's niobium, and significant proportions of graphite, nickel and rare earths (Koenig and Kump, 2025). Global Gateway investments in Brazil are a key route through which these areas are being explored (see Box 1).

Box 1 Brazil and Global Gateway

Since the 2021–2027 MIP was announced the EU has moved further to develop a Global Gateway Investment Agenda for the Latin America and Caribbean (LAC) region and to accelerate Global Gateway investments in Brazil and other countries. Nine of the 54 Global Gateway flagships listed by the Commission in the LAC region are in Brazil. Initiatives include support for new port infrastructure, digital connectivity projects in the Amazon, investment in wastewater treatment plants, a tropical forests initiative and investment in green energy parks. The green energy initiative entails support for large-scale green hydrogen (and hot briquetted iron (HBI) production)⁷ and aims to build green shipping corridors, with a view to supplying global markets and supporting green steel production in Europe. More recent initiatives under Global Gateway include joint investments in lithium, nickel and rare earth elements (European Commission, 2026d) and a major new investment of €260.8 million in the EllaLink digital corridor (a high-capacity, fibre-optic connection between Europe and Latin America) (European Commission, 2026a). The EU contribution will include investments in connectivity for five remote communities in Amazonas.

6 EFSD+ is the financial arm of NDICI-Global Europe. It leverages the EU's high credit rating to provide risk coverage for investments in partner countries (European Investment Bank, n.d.).

7 This refers to low-carbon steel making using green hydrogen rather than natural gas or conventional coal blast furnaces. Iron is produced and processed into hot briquetted iron (HBI), a compact solid form that can be transported and traded internationally. This creates the potential for cross border trade in low-emissions iron, allowing countries like Brazil – with abundant iron ore and renewable energy – to export green HBI to steelmaking countries, creating new opportunities for international industrial cooperation (Agora Industry, 2025).

After a DG INTPA mid-term review in 2024, a dedicated ‘Support to investments’ envelope was created within the regional MIP, with €883 million made available for blended finance, technical assistance and guarantees linked to Global Gateway investments (European Commission, 2024a). Brazil is well positioned to benefit from this new, flexible funding. Brazil will also benefit from the €1.8 billion investment package for Global Gateway included in the EU–Mercosur agreement, though access to these funds has been delayed pending ratification of the agreement (Meredith and Clarke, 2026).

The EU also engages with Brazil on defence and security issues, and via the ERASMUS youth programme. In 2025 the EU and Brazil signed a landmark agreement facilitating the sharing of personal data between Europol and the Brazilian Federal Police, with Brazil becoming the second country in the world and the first in Latin America to do so (EEAS, 2025a). Security cooperation has included drug supply chains to Europe, organised crime and terrorism (Europol, 2025a; 2025b).

2.2 Indonesia

2.2.1 Indonesia’s foreign policy

Indonesia is the fourth largest country in the world by population and the world’s largest Muslim-majority state (Hackett et al., 2025). It has a fast-growing economy, with a goal of achieving high-income status by 2045 (European Parliament, 2025; World Bank, 2025). Exports are dominated by coal, palm oil and nickel-derived metals (World Bank, 2024). Since independence in 1945, Indonesia has positioned itself as a major regional actor, having co-founded the Association of Southeast Asian Nations (ASEAN) (Umar and Saggar, 2023). Foreign policy has traditionally been shaped by a ‘free and active’ doctrine and non-alignment with power blocs, instead emphasising multilateralism, sovereignty and respect for international law (Umar and Saggar, 2023; Kharisma, 2026).

Over the past decade, Indonesia has deepened its economic and diplomatic ties with China. In 2013 China became Indonesia’s top trade partner and has been a dominant source of foreign investment in Indonesia’s minerals sector (Huiru, 2025). President Prabowo Subianto, who took office in 2024, has maintained close ties with China, according to some analysts displacing ASEAN at the centre of Indonesia’s foreign policy (Utama, 2025).⁸ President Prabowo has been extremely active in Indonesia’s foreign policy, pursuing ‘strategic transactionalism’ by building partnerships issue-by-issue, though, in the view of some critics, at the expense of a coherent foreign policy framework (Dharmaputra, 2025; Utama, 2025). Ties with Russia have also strengthened, though

8 Prabowo’s first international visit as President was to Beijing and within weeks of taking office he signed a controversial joint statement which departed from Indonesia’s long-held position on a nine-dash line in the South China Sea (Laksmana, 2025).

the country remains dependent on security cooperation with Western partners, notably the US (Basri and Laksmana, 2025; Utama, 2025), though perceived double standards on Gaza have strained recent relations (Martinus 2025).

2.2.2 EU–Indonesia relations

The EU sees its relationship with Indonesia as ‘rooted in shared values and strengthened by ... common interests’, particularly in the areas of trade and investment, connectivity, green inclusive development, good governance, human rights and human security (European Commission, 2025b). A Partnership and Cooperation Agreement between the EU and Indonesia entered into force in 2014, the first such agreement between the EU and an ASEAN country (Friends of Europe, 2014). The Agreement provides the basis for regular political dialogue and sectoral cooperation, covering areas including political dialogue, security, trade, investment, economic cooperation, mobility and cultural exchange (European Commission, 2026e). Negotiations towards a Comprehensive Economic Partnership Agreement (CEPA) concluded in 2025 (see Box 2), and the agreement is expected to enter into force in 2027 (Jakarta Globe, 2026). Both parties reaffirmed their intention to elevate their relationship to a Strategic Partnership in their 10th Political Dialogue this year (EEAS, 2026).

Box 2 The Indonesia–EU CEPA

Once in force, the Indonesia–EU CEPA will facilitate a broad economic partnership including investment, services, intellectual property and regulatory cooperation (European Parliament, 2025). It eliminates 98.5% of tariff lines for EU exports, with expected benefits for EU agri-food, chemicals, machinery and automotive industries. In Indonesia, sectors expected to benefit include palm oil, textiles and footwear (ibid.). Key components include a chapter on raw materials, a protocol on palm oil –the most contentious issue in negotiations – and a Trade and Sustainable Development (TSD) chapter (European Parliament, 2025). The TSD chapter goes further than most free trade agreements (FTAs) in making implementation of the Paris Agreement an essential element, enabling remedies for serious breaches, and explicitly referencing training and capacity-building (Fina, 2025).

As an upper-middle income country, Indonesia does not receive a bilateral envelope for development and its EU cooperation budget is small (€25 million for 2021–2027) (European Commission, 2021; 2024b). The current MIP focuses on trade and connectivity, governance and security, as well as aspects of relevance to the Green Deal. Support to civil society is prioritised, with a focus on the green transition, gender and violence against women, human rights and democracy.

A bilateral Cooperation Facility established in 2023 is the main tool supporting cooperation. The Facility aims to mobilise EU investment in line with Global Gateway priorities, provide technical assistance and support policy dialogue (European Commission, 2025a). The Just Energy Transition Partnership (JETP)⁹ is perhaps the most notable Global Gateway initiative (see Box 3), with the European Investment Bank (EIB) and four EU Member States the largest pledgers (EEAS, 2025b). Germany assumed the role of co-lead following the US withdrawal in 2025 (Quitzon, 2025). Indonesia's energy transition is politically sensitive: coal is the dominant source of electricity generation and the country's top export (World Bank, 2023).

Box 3 Indonesia and Global Gateway

There are three Global Gateway flagship initiatives in Indonesia: the JETP, with €3.6 billion committed (as of November 2024), mostly in the form of concessional loans and grants (EEAS, 2025b), and investments in digital connectivity (led by Finland) and public transport (led by Germany). The Smart City Connectivity project in Nusantara includes investments in digital infrastructure such as data centres and smart street lighting, while the transport initiative will upgrade and electrify suburban trains in Surabaya. Related EU projects supported under a blended finance portfolio include infrastructure investments in fishing ports as part of a sustainable ocean management project and support for Indonesia's Energy Transition Facility, which advances policy reforms in relation to decarbonisation and facilitates the preparation of renewable energy projects. The lack of bankable projects and appropriate regulatory frameworks (including in relation to energy) is slowing implementation of Global Gateway as well as the delivery of the JETP (European Commission, 2025a). In April 2024, the EU supported the Ministry of Investment to launch an EU Investment Attraction Plan. An EU Desk has been established at the Ministry to 'guide and facilitate current and prospective European investors, particularly in sectors related to the green transition and technologies, clean energy, circular economy, sustainable cities, and digitalisation' (EEAS, 2025b).

9 A JETP is a multilateral tool that aims to support countries in the transition away from coal and encourage investment in renewable energy. Indonesia is one of four countries with an active JETP, alongside South Africa, Vietnam and Senegal. A key component is the integration of justice into the design and implementation of the energy transition (Simpson et al., 2023).

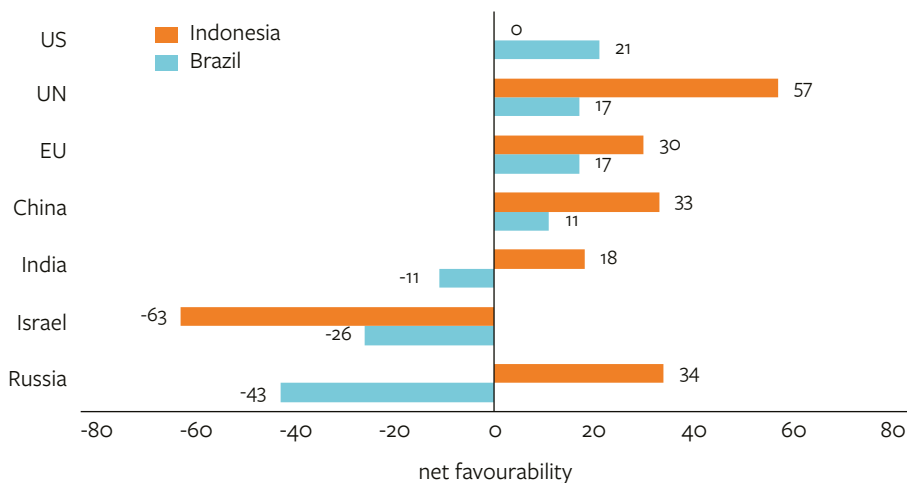
3 Perceptions of the EU

3.1 What the public and experts think of the EU

According to the Pew Research Center (2025a), in 2025 the majority of the public in both Brazil and Indonesia had a favourable opinion of the EU. Opinion was more positive in Indonesia (62%) than in Brazil (52%). Favourability rose markedly in Indonesia between 2023 and 2025 (from 53% to 62%) while remaining broadly stable in Brazil. However, the Indonesian increase is likely to reflect views of the EU becoming more decided, rather than a warming of opinion. Across this period, the proportion of those giving a ‘don’t know’ response dropped in both countries, but particularly markedly in Indonesia (from 29% to 6%). This implies that relations with the EU may have become more salient to the Indonesian public in recent years.

When looking at net favourability scores in 2025, the EU compares well with other actors, ranking joint second in Brazil (after the US) and fourth in Indonesia (after the UN, Russia and China, though the latter two received a similar score to the EU) (see Figure 1). The greatest divergence between the Brazilian and Indonesian public is on perceptions of Russia, viewed starkly negatively in Brazil, while ranking amongst the most favoured actors in Indonesia (Pew Research Center, 2025b). China is viewed positively in both countries, though more clearly so in Indonesia, and with a similar level of favourability to the EU in both countries. Also notable in public opinion data is an increasingly unfavourable perception of the US under Trump’s second administration (Wilke et al., 2025; González et al., 2026).

Figure 1 Net favourability of different actors in Brazil and Indonesia, 2025

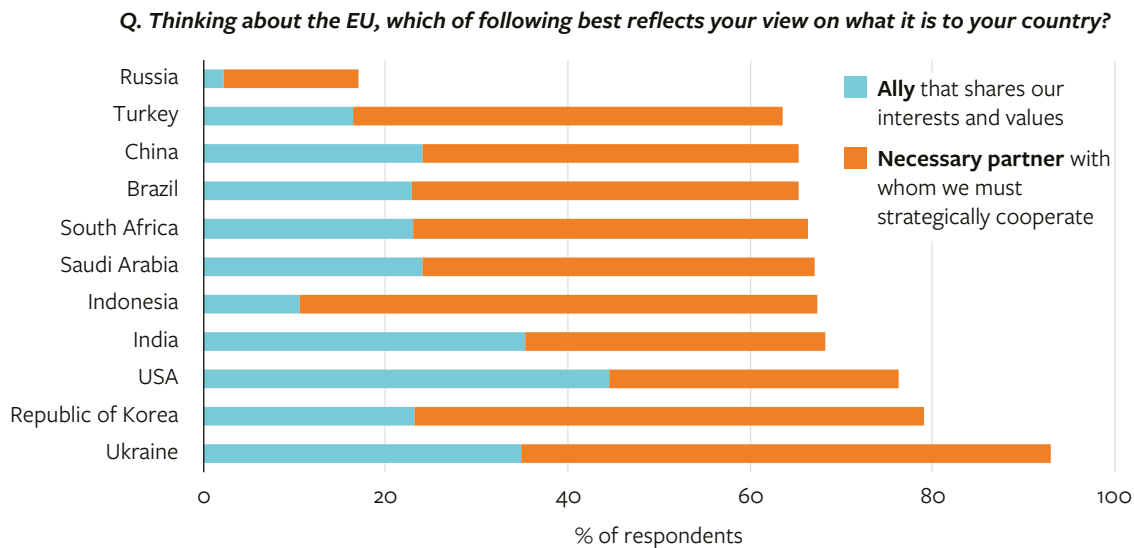


Note: The question posed was: ‘Please tell me if you have a very favourable, somewhat favourable, somewhat unfavourable, or very unfavourable opinion of ...?’ Net favourability is calculated by subtracting the total unfavourable opinion from total favourable opinion.

Source: Pew Research Center (2025b)

The Pew data is broadly consistent with research from the European Council on Foreign Relations (ECFR) in 2024. This found that a clear majority in Brazil (65%) and Indonesia (67%) viewed the EU either as an ally (with shared values and interests) or a necessary partner (with which their country must strategically cooperate), rather than as a rival or adversary (see Figure 2).

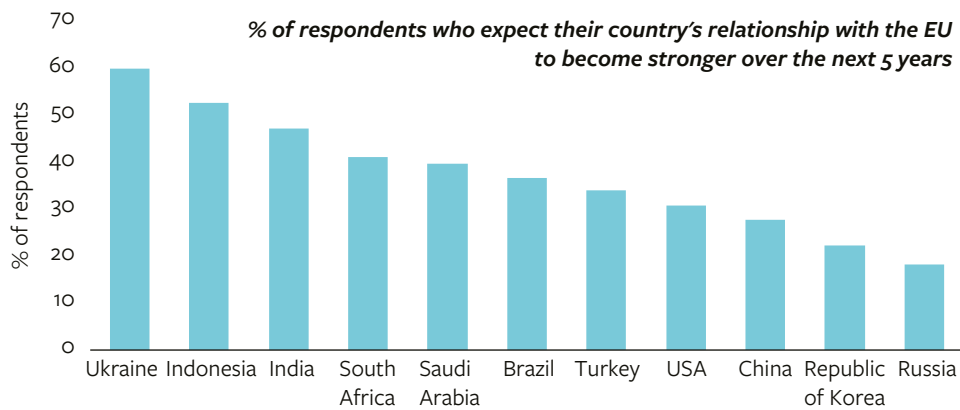
Figure 2 Public opinion regarding own country’s relationship with the EU in selected countries, 2024



Source: ECFR, 2024

In Indonesia a majority of the public (53%) expected the country’s relationship with the EU to become stronger in the next five years; in Brazil this view was shared by a significant proportion of the public (37%), though a similar proportion expected the relationship to remain unchanged (38%) (see Figure 3). When the survey was repeated in Brazil in 2025, perceptions had warmed slightly from the 2024 baseline, with a higher proportion (73%) viewing the EU either as an ally or necessary partner, and with the proportion expecting Brazil’s relationship with the EU to strengthen over the next five years rising by six points (ECFR, 2025).

Figure 3 Public opinion regarding own country's future relationship with the EU in selected countries, 2024



Source: ECFR, 2024

In both countries, perceptions of the EU's future influence trail behind other global powers such as China and the US. In Brazil, the EU's global influence over the next 10 years is expected to lag far behind China and the US (ECFR, 2025). In Indonesia, the public's expectations of China's future global influence (57%) exceed their expectations for both the US (43%) and the EU (42%) (ECFR, 2024).

A majority in Brazil (60%) saw the EU as doing a good job in standing for values that they themselves considered important. A 2026 analysis of public opinion in Latin America suggests that, for Brazilians, the EU's contributions in areas such as human rights and inequality are at least equally valued compared to funding and investment (González et al., 2026).¹⁰ Across the region, the EU is viewed positively with a combination of nostalgia, confidence and expectation, eliciting relatively high hope, confidence and admiration, but with some discontent over perceived indifference towards Gaza, and a perception of diminished – but still significant – leadership and normative power (ibid.). Comparable public opinion data is not available for Indonesia, though opinion-makers and thought leaders in the country appear to share support for the EU's normative role (Lin et al., 2026). In a 2026 survey, 40% of Indonesian experts were confident in the EU's ability to contribute to global peace, security, prosperity and governance. Indonesia was the only ASEAN country where the proportion who were confident exceeded the proportion who were not (37%).

Positive public perceptions in both countries – and approval of some form of partnership – do not necessarily translate into a perception of shared strategic alignment, particularly in Indonesia. In ECFR's 2024 survey, only 11% in Indonesia see the EU as an ally with shared interests and values (see Figure 2); Turkey and Russia were more likely to be seen as allies (21% and 18% respectively),

¹⁰ Areas of cooperation with the EU viewed as most important included human rights (57%), funding and investment (53%) and tackling inequality (52%) (González et al., 2026).

with China and the US both on 10% (ECFR, 2024). In the 2025 data, 27% in Brazil saw the EU as an ally sharing their country's values and interests, compared to 26% for the US and 10% for China (ECFR, 2025).

There is a greater sense of the EU's strategic relevance among experts and decision-makers, compared to the public. A 2026 Körber-Stiftung survey found that over three-quarters of experts and decision-makers surveyed (77%) in Brazil and over half in Indonesia (56%) felt that the EU was extremely relevant to their country (Körber-Stiftung, 2026). In Brazil, the EU was ranked third after Mercosur (90%) and BRICS (80%) countries. In Indonesia, the EU was seventh after actors including ASEAN (89%) and the UN (75%). A similar 2026 survey of opinion-makers and thought leaders in South-east Asia found that, in Indonesia, the EU was the most commonly selected partner – chosen by four in 10 – if ASEAN needed a third party to hedge against US–China rivalry (Lin et al., 2026).

Taken together, these findings suggest differing pictures in the two countries. In Indonesia, the public is forming a more decided opinion of the EU and is generally warm towards it, at a level comparable to opinion towards China and Russia. However, the overall view of partnership with the EU is an instrumental one. Unlike Russia, most do not see the EU as strategically aligned and like-minded, and compared to China, the EU is not viewed as likely to become significantly more influential in future. There is public support for a transactional partnership, and among many opinion-makers the EU is seen as the preferred hedge in the context of US–China competition. In Brazil, the EU's values come more clearly to the fore, with its normative role seen as particularly important. Brazilians are warm towards the EU and perceptions of the partnership are increasingly positive. While only a minority see the EU as a like-minded ally, the EU is broadly on a par here with the US (and ahead of China). Among elites the EU ranks highly for strategic relevance, in contrast to a public that sees the EU as lagging behind the US and China for influence.

3.2 Stakeholder perceptions from the consultation

Experts interviewed for the study in both countries perceived overall public opinion on the EU as shallow, describing a view of the EU as a vague, insufficiently understood, supranational entity. Bilateral relationships with certain key European countries, notably France and Germany, were seen, in both countries, as far more visible than those with the EU, often driven by public knowledge of companies and brands.

3.2.1 What makes the EU a desirable partner?

In both Brazil and Indonesia, the EU is seen as a reliable, predictable and stable partner, though increasingly influenced by domestic priorities, particularly migration and security.¹¹ The

11 One Brazilian commentator referred to their perception of a European '*obsession with migration*'.

partnership is seen as having immense potential, but is currently under-explored and under-utilised. In Indonesia, the EU is perceived as a secondary partner, and far less visible and significant than the US and China.

In Brazil, the EU's desirability as a partner was often framed in terms of historical, cultural and political ties. One respondent, a Brazilian government representative, described their view of Europe as *'more than an economic partner'*, explaining that Europe *'is also a political and cultural partner and model for Brazil'*. Shared values and strategic priorities were also cited by multiple respondents as laying a strong foundation for the partnership, particularly in areas such as climate change, human rights, democracy, regulation of big tech and multilateralism. One respondent, an academic, described Europe as a *'source of inspiration regarding democracy, human rights'*, emphasising the role of EU election observers in maintaining this view in the public mind. Notably, however, domestic political polarisation was mentioned as a key factor in shaping perceptions of the EU, particularly in terms of whether the EU was seen as holding aligned or diverging values and strategic priorities. Some also noted diverging stances between Brazil and the EU and perceived double standards on specific foreign policy questions (with Ukraine and Venezuela as examples).

Several respondents emphasised the desirability of strengthening the partnership with the EU to enable Brazil to avoid having to choose between the US and China, and supporting multipolarity in line with Brazil's foreign policy approach:

The vision that Brazil has for the international order is of a multipolar order in which you have different poles of power that can coexist peacefully among themselves. And in that sense, I see that the relationship with the EU is crucial ... to avoid this division of the world into two spheres of influence. So, from a geopolitical perspective, I think there is a strong view that the EU, it's an important ally in this global configuration ... and, overall, in the defence of multilateralism.

In Indonesia the EU's desirability as a partner was framed in terms of issue-by-issue contributions rather than an overall perception of strategic and value-based alignment. The EU's role in relation to climate change and Indonesia's energy transition was valued – including its focus on climate mitigation, expertise in renewable energy technology and leading role in the JETP – as well as its funding for Indonesian civil society. The partnership with the EU was generally regarded as tension-free, offering a strong foundation for enhanced cooperation.

While a perception of strategic alignment was less evident than in Brazil, it was still clear that partnership with the EU is viewed as important for a non-aligned country often forced to make difficult choices between two large powers. One interviewee described their preference for a much greater effort by Indonesia towards *'strategic diversification of relationships'*, and a general desire for the EU to have *'a bigger role'* to offset dependence on China and a volatile trade relationship with the US. The current perception is that Indonesia is *'being forced to choose'* when it really *'wants to be agnostic'*, with *'the US-China rivalry and what that will cost us as a non-aligned country'* a top concern. Partnership with the EU was perceived as valuable due to the EU's

commitment to a rules-based order and to multilateralism, which was described as ‘*exactly the things that Indonesia has been investing in for our diplomatic capacities*’ and important for the country’s international efforts and positioning.

3.2.2 Perceptions of climate, trade and investment relations

Across both countries there was significant appreciation of the EU’s role on climate. In Indonesia, particularly due to its involvement in the JETP, the EU was seen as a reliable, influential and important actor supporting the energy transition and decarbonisation; this was widely seen as a high point of cooperation. In Brazil, there was a perception of shared strategic ambitions regarding the climate crisis and the environment, even if, as discussed later, there were points of difference on practicalities. For Brazil, this convergence of interests relates specifically to global environmental governance, a domain in which Brazil has ‘*major strengths*’ and its ‘*own credentials*’, and where it can make a major contribution. Interviewees recognised, however, that a future Bolsonaro government would likely take a different stance, aligning more closely with the US on environmental aspects including in multilateral forums.

For both countries the trade partnership with the EU was central. For Indonesia CEPA was perceived as a critical achievement, including because of the agreement’s comprehensive nature; one interviewee described how the agreement has brought ‘*a new momentum ... and a good momentum*’ to the relationship. Respondents in both countries pointed to geopolitical shifts (including the ‘*increasingly erratic behaviour*’ of the US), which have led to a ‘*coincidence of interests*’, and resulted in recent rapid progress with their respective trade agreements.

Expectations appeared particularly high in Indonesia in terms of what the trade agreement could deliver for job creation, export growth and investment in critical minerals. One respondent observed that the increasing engagement of the Indonesian government with the EU linked to the CEPA negotiation process – including visits by the President and ministers to Europe – may have heightened the EU’s visibility and improved perceptions of the bloc in recent years; this observation appears borne out by the survey data described above.

In relation to the EU–Mercosur agreement, respondents in Brazil dwelt more on the challenges, such as the long and difficult negotiations and areas of disagreement on agriculture (discussed in the next section). For one interviewee, these difficulties eclipsed other elements of bilateral cooperation. Several respondents raised the fact that the trade relationship with the EU is very uneven, with Brazil relegated to the role of ‘*exporter of raw materials and low value products and importers of industrial and high level, high value products*’. It was also clear that the EU–Mercosur agreement was perceived as a ‘*landmark*’ and is seen as an important opportunity to ‘*enhance political cooperation*’ and ‘*through the trade relationship to build more trust between the two sides*’.

In relation to investment, stakeholders noted very different starting points. In Brazil, European investment was described as ‘enormous’, with certain sectors (e.g. car manufacturing) heavily dependent on European firms and European brands highly visible. A more recent trend of growing Brazilian investment in Europe was also noted. EU investment in Indonesia is much smaller, and there is a strong desire for more. There is a clear link here to the objectives of Global Gateway, though to date it appears to have had little prominence (see Box 4).

Box 4 Perceptions of the EU’s Global Gateway strategy

In both countries Global Gateway was not especially well-known among key stakeholders. This was particularly the case in Indonesia, where many of the experts interviewed, including those working on relevant agendas such as climate, trade and international relations, were not aware of it. In Brazil, familiarity was greater among well-placed experts, but many had only topline details and, unlike China’s Belt and Road Initiative, public awareness was considered limited. As one interviewee in Brazil put it: ‘a niche thing for academics and people who work in the government that are looking to Europe’.

In Indonesia, one respondent who had heard of Global Gateway strongly welcomed European investment, including the EU Delegation’s efforts to launch a new EU desk within the Ministry of Investment: ‘*The partnership on Global Gateway with the Ministry of Investment, that would be the example of a partnership that needs to be scaled up ... how you can bring EU-based companies to invest in Indonesia ... learning to meet ESG standards ... that is actually the type of work that needs to be done.*’

While many were not aware of Global Gateway, more European investment in Indonesia was frequently cited as a priority. One researcher, who became aware of Global Gateway through the interview process, commented that projects appeared to align with the government’s priorities, but questioned how they were selected and whether they were truly strategic. Generally, EU investments in rail transport were assessed positively, including in light of the impact of the closure of the Strait of Hormuz, which has increased energy prices and the cost of fossil fuel subsidies borne by the Indonesian government.

In Brazil, Global Gateway was welcomed as an appropriate strategy that *'makes a lot of sense'*, and there was clear interest in what it might deliver if it was successfully scaled up. Some investments, such as in green hydrogen – and particularly in exporting hydrogen derivatives such as green iron – were highlighted by those familiar with Global Gateway as particularly interesting, including because they support domestic industrial development. However, there were questions about how the *'hype'* and *'high expectations'* would play out in reality, with the green hydrogen project described as currently *'on hold'*. The new dialogue around critical minerals was also highlighted as interesting if Global Gateway can help deliver new investments, with one stakeholder raising the prospect that the EU may invest as a bloc in the critical minerals sector. Where investments were being made, there was some concern that the EU was coming with an agenda and applying the Global Gateway label, rather than developing plans for investment based on Brazil's priorities.

There was consensus that Global Gateway has not delivered significant or visible results, with initiatives perceived as concentrated elsewhere, and Brazil not prioritised as part of the programme. This perception is backed up by evidence that the delivery of Global Gateway in Latin America has lagged behind other regions and risks losing momentum: unlike in Africa, the European Commission did not meet its mobilisation goal, reaching only 69% of the investment target for the region (Cadenas Delascio and Karaki, 2026).

In Brazil an EU–Investment Dialogue is ongoing, convened by the EU Delegation, the Brazilian Centre for International Relations (CEBRI) and Apex-Brasil (the Brazilian Trade and Investment Promotion Agency). A recent assessment conducted within the dialogue framework highlighted particularly promising sectors for Global Gateway investment, including transport and solid waste (Cimini et al., 2025). The assessment notes that shifting freight transport onto railways and waterways, and promoting urban e-mobility, would both reduce emissions and create a market for European technologies related to rail systems, charging infrastructure and logistics-efficiency solutions (ibid.).

3.2.3 The EU compared with other partners

In both Indonesia and Brazil shifts in US policy under Trump were perceived to have created new opportunities for partnerships with the EU. In Brazil, where US tariffs have had a substantial impact, this was viewed as a *'crisis'*, with the US *'leaving behind a legacy of concern'*. The US was described as a *'unilateral force to deal with, not a partner'* and seen as *'penalising Brazil for political reasons'*. By comparison, the EU has emerged as an attractive partner, though it was also noted that the sheer weight of the US political and diplomatic presence in Brazil leaves little space for the EU to occupy. In Indonesia, while stakeholder perceptions were less negative, experts noted that the US under Trump had become less attractive as a trade partner, and that the US had relinquished its climate leadership, leaving a space on both fronts that the EU has had some success in filling.

In both countries China was generally seen as a powerful economic force and in many respects a favoured partner. One interviewee emphasised how, despite greater cultural ties with the EU, China has long been Brazil's largest trade partner, with another remarking on how Europe has really '*abstained*' from occupying '*a protagonist role in the economy*'. In Indonesia, the EU paled in comparison to China in terms of the importance of the partnership. Across the two countries China was variously described, in comparison to the EU, as fast-moving, more flexible, more pragmatic, imposing less conditionality in its investments, more cooperative in its approach, more direct about its interests and having a higher risk appetite.

Some advantages were identified in the EU's approach to partnership in comparison to China's. First, across both countries, China was identified as a direct competitor, rather than a complementary partner, creating unwelcome pressure on domestic industry. In Indonesia, one researcher described Chinese investment as coming with fewer safeguards and less focus on sustainability. Another Indonesian respondent talked of a '*trust deficit*' in relations with China, particularly due to concerns around Chinese technologies, privacy and data protection. Europe is considered better positioned in this regard if it can provide a concrete offer of technological solutions. In Brazil it was clear that, while China is a huge player, Brazilians do not '*necessarily like the Chinese very much, but rather they dislike them less than they dislike the Americans*'; the '*sense of closeness*' with Europe afforded by '*cultural connections*' is still important.

Greater interest in knowledge exchange, capacity-building and technology transfer was widely seen in both countries as an important advantage of EU investment in comparison to China. In Brazil, experts highlighted that China was not adding value to the country's economy and that the EU was seen as more aligned, particularly around green trade corridors, while '*green trade for the Chinese is exporting EVs and solar panels, period*'. Doubts were raised about whether the EU is genuinely interested in technology transfer, given the negative perceptions created by the EU's position on intellectual property linked to Covid-19 vaccines and because the EU's '*growing emphasis on strategic autonomy, coupled with concerns about deindustrialisation* [in Europe], *makes it more difficult to build confidence*' in these areas. It was clear that scientific cooperation and technology transfer is a complex area (see Box 5).

Box 5 Scientific and technological cooperation between Europe and Brazil

The EU's partnership with Brazil includes academic and scientific cooperation, as well as cooperation on space technologies and services. Brazil is involved in the Copernicus programme, which provides access to Earth observation data generated by European satellites. Brazil's National Institute for Space Research uses this data to monitor and track wildfires in the Amazon, with an academic collaboration with a UK university supporting the Brazilian institute with specialised aerospace and satellite imagery analysis. An interviewee described this cooperation as a *'significant collaborative effort'* with *'strong cooperation between the two sides'*.

While this collaboration was highlighted as exceptionally positive, and Europeans and Americans have shown interest in Brazil's Alcântara Launch Centre (a location close to the Equator which offers an efficient rocket launch site), it was pointed out that *'Brazil's largest and most significant cooperation in the space sector is with China'*. The Chinese offer was described as *'much more advantageous'* because *'when a rocket or satellite is developed Brazil is able to appropriate part of the technology, expertise and operational autonomy associated with it'*, ensuring more control over outcomes and allowing Brazil to retain capabilities when the project completes. While the programme relies on Chinese technology, it was perceived as a deeper form of technological cooperation, with the technology transfer aspect strongly appreciated.

Source: Stakeholder interview

3.2.4 Perceptions of the relationship linked to critical minerals

Critical minerals were more frequently highlighted by interviewees in Indonesia than Brazil. This is unsurprising given the importance of nickel to Indonesia's economy and exports, the extent of Chinese investment and increased domestic processing of critical minerals in recent years (see Box 6). It was also clear that the progress that the EU may be making in its critical minerals negotiations and investment in Brazil was not well known by stakeholders consulted. The critical minerals conversation has only recently entered Brazilian public and political debate, and for the first time has become a topic for electoral campaigning (this is discussed further below).

Box 6 Investment in critical minerals in Indonesia

Indonesia holds the world's largest nickel reserves and has attracted around \$30 billion in investments in related activity, primarily from China. The 'Hilirisasi' policy of mandatory domestic processing, including a nickel ore export ban, took full effect in 2020. The export ban has helped transform Indonesia from a raw ore exporter to a downstream processor with ambitions to develop a full-scale battery and EV manufacturing industry.

Following the ban, Chinese companies invested heavily in domestic smelters. China is the destination for 90% of processed nickel exports, and Chinese firms control over 75% of nickel refining capacity. Extensive Chinese investment in processing plants (both with and without Indonesian firms' participation) has led to the transfer of high-pressure acid leaching (HPAL) technology. This technology means that low-grade nickel ore, instead of being dumped, can be processed into nickel sulphate.

European investment in Indonesian critical mineral supply chains is minimal. Germany-based BASF and French nickel processor Eramet considered investing in a nickel and cobalt refining complex in Weda Bay but ultimately did not go forward with the project. One interviewee noted that this was because of the potential negative impacts on indigenous communities and fears around reputational risk with a European audience. However, Eramet has an investment in PT Weda Bay Nickel in partnership with Tsinghan, a Chinese private mining company and a leading nickel and stainless steel producer, which gives the French company direct access to Indonesia's nickel and cobalt derivatives.

Source: Basri and Laksmana, 2025; Huiru, 2025; Kumar, 2025

While China is dominant in Indonesia's critical minerals sector, stakeholders expressed a high degree of interest in the EU entering the sector as a partner, to reduce Indonesia's dependence on China and to open up opportunities particularly in relation to environmental policy and human rights standards. Environmental concerns are high given the energy to process nickel comes mostly from coal, and the HPAL method produces large amounts of tailings, raising contamination risks and meaning initiatives to address hazardous waste management are a priority (Bloomberg News, 2023; Fagar Anugrah et al., 2023). Alignment with European standards and the significant opportunities for research and innovation in this area with the support of European partners has been highlighted in previous ODI Europe research and dialogues, including with Indonesian government participation (Kumar, 2025).

While opportunities clearly exist, the EU delegation in Indonesia is not currently actively working on the EU's CRM agenda (though the EU's Critical Raw Materials Act (CRMA), adopted in 2023, sets securing domestic, diversified and sustainable critical minerals supply as a priority). There

is indirect support via EU funding for CSOs looking at deforestation linked to nickel mining and issues such as community consent, as well as supporting projects related to workers' rights in nickel-adjacent communities. A trade dispute lodged by the EU in 2019 in relation to Indonesia's export ban on unprocessed nickel was noted (WTO, n.d.). This was perceived as a move that *'really limits Indonesian opportunity to strengthen our domestic industry'* and *'not really a balanced position'* given *'Indonesia is still a developing country'*.

In Brazil, multiple stakeholders said that they felt the Brazilian government's understanding of critical minerals was very undeveloped. As explained by one Brazilian industrial policy expert:

President Lula is saying, over and over again, 'we are not going to export raw material'. We want to have added value in our country. But when you go to the chapter two of this speech, then there is nothing ... no understanding of what is adding value ... a lot of misconception of the processing of the ore itself ... they are very much still in this first stage here.

Concerns range from a lack of technical understanding of complex critical minerals supply chains to financing and the type and quality of actors required. It is, however, an example of a theme where Brazil's polarised political parties agree in some respects: while Lula's government emphasise sovereignty and the opposition emphasises the need to be more open to deals with the world,¹² both parties prioritise technology transfer and value addition in relation to critical minerals in their rhetoric.

The US and China (which has invested heavily in Brazilian mining assets) are viewed as significant and very visible participants,¹³ while Europe is an *'invisible player in the field of rare earths and critical minerals'* and generally not seen as a *'relevant player in this discourse'*. The US has raised the possibility of lifting tariffs on Brazil if it provides access to rare earths; this approach was seen as *'extortion'*. The progress the EU is making is under the radar, even though Brazil's position on domestic value addition means the EU may well be a preferential partner in this area (see Box 7).

12 The opposition narrative is specifically that Brazil is currently *'preserving its resources for China and it should be open to make deals with the US and Europeans'*.

13 USA Rare Earths made a \$2.8 billion acquisition of Serra Verde's Goiás mine in September 2026, the first US investment in Brazil's heavy-rare-earth reserves (Mann, 2026).

Box 7 EU–Brazil relations and critical minerals

In June 2025, the EU designated the São Miguel Paulista (SMP) Nickel and Cobalt Refinery Restart Project as a Strategic Project under the CRMA. The Strategic Project label is applied after a structured process to assess which critical minerals projects qualify for special recognition and support, with value addition in partner countries a key eligibility criterion.¹⁴ The intention with SMP, an existing processing plant requiring refurbishment and restarting, is to refine specialised high-grade nickel and cobalt metal for Brazilian and European markets (including to subsidiaries of European firms in Brazil). The refinery is located within the city limits of São Paulo and not far from Brazil's largest container port, and so is well-positioned for exports. The project, which will draw on European technical expertise, is expected to create around 330 jobs. SMP is operated by Jervois Brazil, part of the Jervois group, which also has operations in the US and Finland.¹⁵

The EU and Brazil formalised a critical minerals task force in April 2026, and cooperation on critical minerals was discussed during Commissioner Jozef Síkela's visit to Brazil in June, which included a trip to a rare earths mining site and demonstration plant in Minas Gerais. The task force aims to provide an operational framework for cooperation around critical minerals; four projects have been selected for evaluation (though these have not been publicly named as yet). The Brazilian government has reiterated its core aim to frame the partnership around value-added refining, stating that it will only engage if the terms include technology transfer and the building of processing capacity domestically.

Cooperation on critical minerals benefits from the new terms introduced under the EU–Mercosur agreement. The agreement gives refined mineral products and speciality alloys originating in Brazil preferential access to European markets. This is viewed as providing the commercial rationale for Europe to accept technology transfer and domestic refining requirements.

Sources: Jervois (n.d.; 2025); European Commission (2025c; 2026a); Mann (2026)

The majority of Brazilian interviewees were not aware of EU projects, perhaps because much of the work is very recent. One trade expert noted the potential under Global Gateway for tangible

14 Annex III of the CRMA includes criteria related to whether the project strengthens the raw material value chain in the partner country/wider region, whether it fosters private investment in the domestic value chain and whether it creates wider economic and social benefits, including employment (Official Journal of the EU, 2024).

15 The parallel Jervois Finland Cobalt Refinery Expansion Project is a Strategic Project designed to help meet rising demand from battery and EV manufacturing firms in Europe. The project aims to establish a state-of-the-art cobalt refinery to produce battery grade cobalt sulphate, increase the EU's production of refined cobalt by 20% and improve European cobalt recycling.

projects around critical minerals. Another interviewee, with more up to date knowledge, noted some difficulties emerging with the EU's financial architecture; the EIB is in discussion with Brazil's investment bank to jointly invest but progress was perceived as slow.¹⁶ High processing costs were recognised as a key challenge, with China and the US better positioned with capital and the EU moving more slowly to secure deals by comparison.

3.2.5 Perceptions of the relationship on digital

Stakeholders' perceptions of cooperation in the digital sphere differed substantially between the two countries. In Indonesia several respondents made clear that the EU is perceived as lagging behind the US, which is heavily promoting its big tech companies. Europe was described by one interviewee as *'on the back foot'* and by another as *'not really strong in terms of digital players ... not really pioneering in the digital market'*. However, the EU is admired for its GDPR rules, which are considered useful given *'Indonesia wants to adopt a similar level of regulation'*. The EU was perceived as *'the model, but not the market'*, with little profile as a potential commercial partner.

Still, Indonesian stakeholders did see opportunities on digital. One interviewee mentioned a desire for EU support to help formulate regulations, including in relation to AI, as well as to support digital skills and literacy. A civil society respondent emphasised digital governance as a mutual interest from the perspective of *'the protection of civic space in the digital sphere'* in light of the Indonesian government's use of digital surveillance tools to monitor and suppress civil society activism. Opportunities will be reinforced through CEPA, which includes a digital trade chapter and digital trade facilitation package. The deal will reduce technical barriers to digital trade, promote investment in telecommunications and computer services (with Indonesia allowing 100% foreign ownership) and improve digital infrastructure (European Commission, n.d.a).

For Brazilian stakeholders, cooperation on digital was an area of *'considerable convergence'*, and relations in the digital sphere were assessed by multiple interviewees as constructive and evolving positively. The EU was considered a natural ally in the regulation of big tech, social networks and platforms; this vision of convergence was directly connected to shared values of protecting democracy. While Brazil has its own approach to digital regulation (with its comprehensive *Marco Civil da Internet*), and an active judiciary overseeing implementation, regulations on data protection and legislation to regulate artificial intelligence have been *'strongly influenced by the EU'*. The bilateral investment dialogue has highlighted potential for

¹⁶ European Commission support to critical minerals' strategic projects does not imply automatic financial support, either from the Commission directly or through the EIB. According to the ReSource EU Action Plan announced in December 2025, the Commission is aiming to create a CRM financing hub to coordinate funding, offer technical assistance and accelerate projects. No details are available on this financing hub yet.

investment in data centres given Brazil's clean energy profile, market potential and international connectivity thanks to the growing network of submarine cables connecting Brazil to Europe (Nascimento and Ramalho, 2026).¹⁷

3.2.6 Perceptions of the relationship on security

Security relations with the EU were mentioned much less than issues around climate and trade. Most notable was the significant divergence – for both countries – in respect of Europe's position on Russia (this is discussed in Section 4).

In Indonesia, respondents highlighted maritime security, including sub-sea cables, maritime infrastructure and tensions in the South China Sea. Governance challenges were noted given the complex, overlapping mandates between ministries, the lack of a roadmap for maritime security and no maritime security law. This is an area of increasing interest to the EU; there are currently three ongoing cooperation initiatives, all of which touch on aspects of maritime security. Indonesian territorial waters include two maritime chokepoints (the Malacca and Lombok Straits) with huge significance for commercial shipping and global trade, making this an '*extremely sensitive*' issue, not least as a result of the closure of the Strait of Hormuz.¹⁸ While partners such as the US and Australia have far more '*advanced cooperation*' in this area, the EU appears well-placed to support in some areas, including the security of sub-sea cables and maritime security governance. The Hague Centre for Strategic Studies (HCSS) has assessed the maritime security and law enforcement needs of Indonesia as high (and higher than Taiwan, the Philippines, Malaysia and India, for example) (van Hooft et al., 2022).¹⁹

One interviewee pointed to opportunities for security collaboration in relation to Gaza. Indonesia is a major peacekeeping provider in the region and the EU is a major humanitarian donor. Indonesia has ambitions to do more in this area, and the escalation of violence in Gaza was a significant focus of discussions during the 10th EU–Indonesia Political Dialogue in Jakarta this year (EEAS, 2026).

For Brazil international security cooperation is growing around organised crime and drug trafficking. While dialogues in the past have been superficial, clear mutual interest was identified in cooperating in this area. One interviewee emphasised the challenges Brazil faces from synthetic drugs, often developed in Europe, as well as drug trafficking, seen as '*a central security issue*' with daily impacts on crime and social problems. It was noted that there is already very effective

17 This is also as a result of flagship Global Gateway investments in transatlantic digital cables under the BELLA programme.

18 One interviewee noted that around 30% of global trade goes through the Strait of Malacca and that, at its narrowest point, it is only 3km wide (the Strait of Hormuz is around 33km wide at its narrowest point).

19 Maritime security and law enforcement needs relate specifically to piracy, illegal, unreported and unregulated fishing, narcotics use and trafficking and human trafficking (van Hooft et al., 2022).

practical cooperation between the Brazilian Federal Police and European law enforcement agencies, including to combat money laundering linked to drug trafficking. While security cooperation at the level of specialist agencies is well established, there was concern that bilateral security dialogues on drug trafficking could take an unhelpful, ideological turn if influenced by the European far-right.

Stakeholders from both countries highlighted the important existing collaboration with EU Member States related to security technology and manufacturing; programmes with, and procurement from, France, Sweden and Germany were mentioned. While Brazil's armed forces are heavily dependent on the US, and defence supply chains are not a prominent topic of public or policy debate in Brazil, this is starting to change, with Brazil *'repositioning itself in terms of its military industry'*. In Indonesia, one interviewee noted that there are very clear industrial interests and a nascent defence manufacturing industry that mean the country could benefit from Europe's new, more security-oriented, approach, although bilateral discussions in this area are not very advanced. There was also a concern that Europe may not see Indonesia as a *'preferred'* or *'like-minded enough'* partner for cooperation around defence manufacturing and security. Analysts in Europe have pointed out that European leaders cannot expect to share *'ideological affinity'* with all partners in the Indo-Pacific, and should *'pick strategically relevant states ... but be ready to accept some trade-offs with affinity'*²⁰ (van Hooft et al., 2022).

3.2.7 The EU as an uninterested or demanding partner

In both countries, there was a sense of a gap between the EU's discourse on partnerships and priorities and the realities of how these were implemented.²¹ Particularly in Brazil, interviewees spoke of the vast *'untapped potential'* of the relationship, and a feeling that *'South America has been taken for granted – we are there, easy to connect to and ready to cooperate'*. Some pointed to a lack of interest or *'sufficient effort'* by the EU. This was regarded as curious. A Brazilian researcher explained: *'for us, it's a little hard to understand why there is, on the part of the EU, resistance to a much more total or much more decisive cooperation'*.

Across both countries, there is a widely held consensus that the EU is a demanding or inflexible partner, imposing onerous standards and requirements and seeking to export its legislation. One analyst in Indonesia explained that *'most of the Indonesian government considers the EU is demanding too much but at the same time providing little resources for a developing country'*. Another Indonesian respondent described the relationship with the EU as *'driven by compliance'*.

20 Van Hooft et al. (2022) create a framework to rank Indo-Pacific states' partnership potential based on their strategic relevance and value affinity, using economic, political and security criteria. Indonesia is in category three, with countries that are 'strategically relevant but have a mixed record with regards to their affinity with European values and world views' (a category that includes India, Malaysia, Philippines, Singapore and Thailand).

21 In Indonesia limited progress in implementation of the JETP coloured perceptions of progress within the partnership. This is discussed in Section 4.

Central to these perceptions was the EU Deforestation Regulation (EUDR)²² and the EU's Carbon Border Adjustment Mechanism (CBAM).²³ While in both countries these regulations were widely perceived to be unilaterally imposed measures, difficulties around the EUDR were more acute and it was generally viewed far more negatively than CBAM (see Section 4 for a discussion of tensions around the EUDR). A Brazilian government representative described CBAM as 'a mechanism aimed at creating equivalent conditions', while EUDR was characterised as 'an attempt to interfere'. As a result, criticism of EUDR has taken on a political complexion, while criticism of CBAM has remained far more technical and opinion is markedly more positive (see Box 8).

Box 8 Stakeholder perceptions of CBAM

A researcher in Brazil explained their perception of CBAM as follows: *'I mean CBAM is not perfect. There are issues ... but it's a clever mechanism and it goes in the right direction in terms of valuing a low emissions economy. And I wouldn't really like to see the CBAM failing'*.

One interviewee in Indonesia explained how CBAM 'creates the discourse around industrial decarbonisation', while also pointing to the significant support Indonesia has received from the EU to set up a carbon pricing mechanism. Technical assistance provided by the EU has gained momentum recently after a new Presidential regulation related to carbon pricing, with this work set 'to accelerate'. Brazil is introducing a law similar to the EU's Emissions Trading Scheme related to regulating carbon markets, and EU technical assistance was noted during the stakeholder consultation. Overall, it was clear that the EU's deep expertise on domestic carbon pricing was considered highly valuable.

A related advance at the multilateral level is the launch of the Open Coalition on Compliance Carbon Markets (OCCCM) by the EU, Brazil and China. The OCCCM, announced in May 2026, provides a platform for cooperation on the development and strengthening of domestic carbon markets (European Commission, 2026c). Brazil will chair the coalition for its first two years, with China and the European Commission as co-chairs. This is an excellent example of a new form of cooperation in an area critical for the EU's climate diplomacy, though it remains to be seen how much tangible progress the initiative will actually deliver.

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- 22 The EUDR promotes deforestation-free commodity supply chains. It prohibits the trade of products linked to deforestation for EU companies and has global impacts for supply chains related to agriculture and forestry. High-risk commodities identified by the EU are cattle, cocoa, coffee, palm oil, rubber, soya and wood (EUDR Compliance, 2025).
 - 23 CBAM is a component of the European Green Deal. It was introduced to maintain fair competition for EU companies who are regulated under the EU's Emissions Trading Scheme by applying a carbon price to imported goods. It covers cement, iron and steel, aluminium, fertiliser, electricity and hydrogen. A secondary objective is to encourage carbon pricing mechanisms in third countries (Kulesza, 2025).

4 Tensions, challenges and opportunities

Unsurprisingly, there are multiple areas where priorities diverge. This section explores these divergences and the tensions and challenges that have emerged as a result. These relate particularly to the agriculture sector and the implications of the EUDR, partner countries' industrialisation priorities, and security interests. This section also looks at where our experts felt things could be done differently, providing some reflections on how to reduce tensions and address challenges, as well as highlighting some areas of opportunity.

4.1 Where interests and priorities diverge

4.1.1 Agriculture and the EU's Deforestation Regulation

Some of the most prominent areas of divergence relate to agricultural trade. For Brazil this was cited as a longstanding area of tension, *'a point that's not well resolved in the mutual relationship, even in the recent Mercosur–EU Agreement'* which was seen as *'preserving a high level of protection'* for Europe. While Brazilian civil society is concerned about the absence of legally binding provisions to promote environmental, climate and indigenous peoples' rights, and the fact that the agreement could lead to greater extractive pressures (Folly and Closs, 2023), a generally higher-profile issue in Brazil is European protectionism. In particular, a recent EU ban on Brazilian meat products (see Box 9) has attracted substantial negative media attention, with the Brazilian press framing this as Brazil *'facing a lot of resistance'* from the EU given Brazil's *'agriculture sector is so competitive'*. European media have reported the strong reaction from the Brazilian Ambassador in Brussels, who has pointed out the paradox that, with a new trade agreement in force, Brazil has actually lost market access for products it has been selling in Europe for decades (Foy, 2026).

Palm oil is a sensitive subject in EU–Indonesia relations.²⁴ Several stakeholders highlighted the complexity of palm oil governance and significant problems related to land tenure, land use permits, forced labour on palm oil plantations, corruption and law enforcement. These

24 Palm oil production is known for its negative impact on the environment (including deforestation and land-use changes). The EU has introduced various sustainability requirements including the EUDR. The Renewable Energy Directive (RED II), introduced in 2018, mandates the phasing out of palm oil in EU biodiesel from 2030. Indonesia responded to RED II by making a complaint to the WTO. While the WTO ruled in favour of the EU, it noted inconsistencies in EU policy, obliging the EU to amend certain aspects of its delegated act in this area (European Commission, 2025d).

were noted as going far beyond the specific implications of the EUDR and the concerns of the government and industry regarding the costs and feasibility of compliance with traceability requirements.²⁵

Box 9 Opposition within Europe to the EU–Mercosur Agreement

The EU–Mercosur Agreement has faced strong opposition within the EU from Member States including France, Poland and Austria, driven by concerns about the implications for European agriculture of more competitive imports (Körber-Stiftung, 2026; Maihold, 2026). The agreement provisionally entered into force in May 2026, though it now faces a legal challenge from Poland at the European Court of Justice (Brzeziński and Gijs, 2026; European Parliament, 2026). EU ratification of the full agreement remains suspended (European Parliament, 2026). Experts have expressed concern about the impact of a likely two-year delay for legal proceedings, seeing this as ‘a serious blow to Europe’s credibility’ and its ability to ‘act decisively in a world of intensifying geopolitical competition’ (Meredith and Clarke, 2026).

A ban on imports of Brazilian animal products, including beef and poultry, introduced in September 2026 threatens a further deterioration of relations around agricultural trade. Enacted due to concerns about the practice of feeding antibiotics to animals, the ban marks the first time Brazil has been excluded from the list of countries that comply with EU standards. It could lead to a loss of around \$2 billion in annual exports (Foy, 2026).

For both Indonesia and Brazil, it is clear that longstanding challenges and tensions around agricultural trade have been *‘aggravated because of the relationship with forest conservation’*. The EUDR was widely viewed in a negative light; it is broadly perceived as a unilateral measure carrying high compliance costs, with a *‘disproportionate impact on small business and small farmers and producers’*. In Brazil the EUDR was so controversial because it *‘is punitive – if you don’t comply you lose the market’*. Indonesia’s response to the EUDR culminated in a complaint to the WTO, alongside Malaysia, on the grounds of discrimination favouring EU-grown crops. Concerns include unclear due diligence requirements, difficulties due to differing definitions of forests between the EU and Indonesia, and the demands made on smallholder farmers, including requirements to provide geolocation data (Jong, 2025).

Several stakeholders interviewed in both countries emphasised their preference for tariff incentives as a better lever to encourage environmental compliance by businesses, and as generally a more constructive strategy than the EUDR’s compliance-based approach. Both the EU–Mercosur agreement and CEPA create new opportunities for this kind of approach via the

²⁵ After several postponements, the EUDR compliance deadline is the end of December 2026 for medium and large operators and the end of June 2027 for small and micro operators.

Trade and Sustainable Development (TSD) (or Trade and Sustainable Growth and Development) chapter. CEPA explicitly tasks the TSD committee with agreeing a list of relevant goods and services that significantly advance sustainability objectives (Fina, 2025).²⁶ The EU–Mercosur agreement includes similar language, referring to the identification of a specific list of products that should be granted preferential or additional market access or other incentives, though this is limited to products contributing to the conservation and sustainable management of forests and vulnerable ecosystems (ibid.).²⁷

In the case of Brazil, lack of recognition and understanding of the high standards and regulations already in place to address deforestation was a source of considerable frustration. Brazil has longstanding experience in this area, with its own monitoring and enforcement systems related to agricultural production and deforestation, and with significant success in reducing forest loss; satellite data and field visits play a significant part, with digital platforms to support this (Marzano, 2023).²⁸ As several interviewees explained, Brazil actually has stricter environmental protection laws than the EU.²⁹ Another interviewee recounted how the EU *‘didn’t bother to talk with’* Brazil to understand its environmental measures, including its experience with satellite monitoring. Lack of knowledge of Brazil’s Forest Code was also highlighted. This lack of understanding combined with the *‘lack of early engagement with partners’* was described as *‘very harmful’*. It was also described as leaving the EU very isolated; one interviewee explained how different the EUDR discussion would have been if, for example, the EU had cooperated with China to promote deforestation-free supply chains.³⁰

A number of interviewees (from both Brazil and Indonesia) made clear that, while they understand the tensions and frustrations created, they still welcomed the EUDR’s vision and the opportunities it offers. For NGOs in Indonesia, the regulation can be leveraged directly in their work with companies exporting commodities to Europe. In Brazil an interviewee recounted how European environmental standards can be *‘positive incentives that encourage the implementation of Brazilian environmental policies’*; Brazil was also evaluated as well placed to take advantage of global trade opportunities that are increasingly reliant on environmental standards due to the strength of its domestic legislation.

26 The text also refers to the additional incentives to be considered under the CEPA, namely preferential tariff treatment, preferential services and investment conditions, technical assistance and capacity-building.

27 Promoting trade that helps conserve biodiversity is one of the central goals of the EU–Mercosur agreement (Fina, 2025).

28 In the context of the development of the EUDR, experts recommended the EU integrate and build on Brazilian digital platforms and forest monitoring systems (Marzano, 2023).

29 One of the interviewees making this point was a researcher in conservation and biodiversity with extensive knowledge of conservation and environmental protection standards.

30 These are areas of interest to China, and could be explored. China has recently announced a new green agriculture code to promote low-carbon agriculture and accelerate adoption of green technologies by domestic producers (Merkle, 2026). Chinese buyers are reportedly paying premiums for ‘deforestation-free beef’ in Brazil, illustrating the shared direction of travel in this area (Liang, 2026).

The EU's efforts to address the tensions arising from EUDR merit a mention. Delayed implementation has given producer countries time to prepare,³¹ alongside capacity-building support to smallholders in producer countries. These efforts were not widely discussed in our consultation. One interviewee from Brazil noted that these initiatives '*have no visibility*' and are '*low scale*' compared to the significant impact of EUDR across multiple sectors and countries. An example given from Indonesia illustrated the limited impacts of the EU's capacity building projects on the ground given the number of smallholder farmers in the palm oil sector.³²

While tensions may be easing as partner countries have had more support and time to prepare, a wider point was made about how this compliance-driven focus has overshadowed other aspects of the partnership. In Brazil, one interviewee noted that a compliance focus means the relationship starts from '*a position of mistrust ... anticipating what the partner might do wrong or at least differently from the EU*'. Another felt that it has '*created so much political tension*' that, where the EU would otherwise be seen as a natural partner, it has '*closed the door for partnerships to achieve the end goal, which is to tackle deforestation*'. Another Brazilian stakeholder pointed out that opportunities for '*much more profound relations with technological cooperation*' and new clean tech partnerships – where again the EU is perceived '*as a crucial partner*' – appear to be crowded out by the high priority given to environmental regulations and compliance.

4.1.2 Industrialisation priorities

While there are clearly areas of mutual interest when it comes to industrialisation, Brazil and Indonesia's industrialisation priorities – and how these are reflected in the partnership with the EU – raise some challenges. As noted earlier, for Brazil there is a general perception that the country is relegated to a role of supplier of raw materials or low-technology products. An Indonesian stakeholder noted that the dispute lodged by the EU with the WTO regarding Indonesia's ban on the export of unprocessed critical minerals sent a confusing message on how the country can '*find a common interest*' and '*collaborate with the EU [on] green industrial policies*'.

Brazilian stakeholders raised multiple examples of areas of tension around supply chains and regulation. One example relates to the potential supply of green iron, a critical input as the EU

31 Implementation of the EUDR has now been delayed twice. Postponement has been seen as a positive step, showing that the Commission has listened to partner countries' concerns and given more time for technical assistance to develop compliance infrastructure and capacity (Keane and Kalongo, 2024).

32 The EU is supporting three projects with palm oil farmers building their capacities to meet the requirements of the EUDR and to link them up to European export-related supply chains. These projects inevitably represent a small share of the estimated 2.4 million smallholders working in palm oil in the country (Roundtable on Sustainable Palm Oil, 2026).

decarbonises its steel industry.³³ Interviewees insisted that, at a minimum, Brazil would seek to export an intermediary product, not just *‘the raw material’* (i.e. the iron ore that it currently exports). However, this is a politically sensitive area for Europe, driven by fears of job losses and de-industrialisation, particularly in Germany.

Several stakeholders felt that cooperation around green industrialisation would be less contentious, and would proceed more effectively, if investment in new industries was given more prominence. This was *‘an easier conversation’* given the reduced threat to existing jobs.³⁴ A wide variety of options are available for Brazil, from green fertiliser production (see Box 10) to sustainable aviation and maritime fuels and polysilicon (for solar panels).³⁵ In Indonesia, sustainable aviation and maritime fuel and deeper collaboration on defence industry manufacturing were noted.

Box 10 Green fertiliser production

Brazil is also looking at green fertiliser production, considered the *‘really low hanging fruit’* when it comes to hydrogen and its derivatives. Brazil is a large agricultural producer and has been entirely dependent on imports of (fossil-based) fertiliser, supplies of which have been disrupted by the closure of the Strait of Hormuz.³⁶ Unlike green iron production, which relies on the country being part of an international value chain for steel-making, this option is attractive given Brazil itself would be the lead market, with additional opportunities on regional or global export markets. Work is under way under a Global Gateway initiative to produce (clean) ammonia, a key component in the manufacturing of modern nitrogen fertiliser, using hydrogen (European Commission, n.d.b).³⁷ Fertilisers produced from renewable hydrogen via electrolysis are considered preferential for their emissions-savings potential and sustainability (Agora Industry, 2026).

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- 33 Brazil is extremely well placed to export hydrogen-based green iron to Europe due to its large low-cost renewable energy and iron ore resources (Agora Industry, 2025). Agora analysis shows that, for steel-making countries like Germany, supplementing domestic green iron production with these imports could cut costs by around 15% by 2040 (ibid.).
 - 34 The reference to ‘easier’ refers specifically to the difficulty in bringing large hydrogen plants to final investment decision and the sensitivities around green iron produced in Brazil and being exported to Europe.
 - 35 Brazil currently exports metallurgical silicon, which requires little processing. However, the country could move to processing polysilicon, particularly given its renewable energy profile and the fact that this is an energy-intensive process. Polysilicon is the main material used to produce a ‘wafer’ – the thin slice of semiconductor material that is a key element of solar panels.
 - 36 Before the US–Iran conflict, around 30% of global ammonia trade passed through the Strait of Hormuz. Global supplies of sulphur required to make phosphate fertiliser have also been severely affected and fertiliser companies around the world have been cutting production (Savage, 2026).
 - 37 70% of all ammonia produced globally is used for nitrogen fertilisers, a process which currently depends on fossil fuels (mainly gas) and is highly energy- and emissions-intensive (Agora Industry, 2026).

The EU is supporting a similar initiative in Paraguay, where the EIB has announced a \$95 million investment in the Villeta Green H₂ Fertiliser Plant (ESG News, 2026). Part of the Global Gateway scale-up in the region, the project will produce low-carbon calcium ammonium nitrate fertiliser from a facility powered fully by renewable energy, with the aim of becoming a key supplier of green fertiliser across South America; it is anticipated that more than 5,000 (direct and indirect) jobs will be created as a result (ibid.). Globally, however, there are very few operational examples of renewable fertiliser production (Agora Industry, 2026).

One interviewee pointed out how it is in the EU's interest to cooperate to '*create a global market for clean fertilisers*'³⁸ given the need to diversify away from Russian supplies and reduce the EU's exposure to supply chain disruption, as well as the critical need to move away from fossil fuel-based fertiliser.³⁹ These types of investments could create opportunities for the EU as a technology exporter, given the use of electrolyzers in green hydrogen-based fertiliser production and the EU's competitiveness in the electrolyser market.

There was also frustration in relation to green certification. EU rules on green hydrogen condition eligibility for green certification on building new solar or wind energy facilities (known as the 'additionality' criteria). While incentives to speed up decarbonisation of the power sector make sense in Europe, they are less relevant in Brazil, a country that has already reached around 90% clean power, and with a frequent surplus of wind energy. Brazil is in the process of drafting its regulation, and this condition has not as yet been introduced in national law. Even so, European rules do have influence and Brazilian policy-makers often default to the European model. This problem will likely be resolved, but only after concerted advocacy by technical experts.

Bioenergy solutions – such as bioethanol and sustainably produced charcoal from planted forests to produce hydrogen, iron and steel (which Brazil considers green) – are another area where priorities and interests diverge. The EU sees Brazil's bioenergy solutions as problematic due to their perceived link to deforestation.

Several stakeholders noted that these bioenergy solutions offer opportunities for tech transfer from Brazil to the EU. However, these opportunities have not progressed; disappointment was expressed that Europe's openness to learn from Brazil is limited to stereotypical cases (i.e. artisanal crafts/materials produced by local communities) and is '*never from an industrial or technology perspective*'. This lack of interest in tech transfer from Brazil, and the EU's inflexibility

38 This refers to the creation of buyer alliances – a form of demand aggregation that can help accelerate commercialisation by reducing market uncertainty and making it easier for project developers to justify investments in new technologies. The idea has been mooted as specifically relevant for the global green fertiliser market, as well as for sustainable aviation fuel (Atlas Agro, 2025).

39 Most production of nitrogen fertiliser in Europe depends on natural gas as a raw material and steam methane reforming (SMR) as the main technology. SMR generates large quantities of CO₂ (Fertilisers Europe, 2023).

on standards, was seen by one researcher as reflecting a ‘condescending’ sense of superiority, with the EU conveying a sense of ‘*we know so much. Let me teach you everything*’, rather than ‘*let me learn from you - what are the technologies or the pathways that you created?*’

In Indonesia, tensions around industrialisation priorities revolve around the dominance of coal in electricity generation and in the country’s export profile. The difficulties and delays in implementation of the JETP illustrate the practical challenges in relation to the phase-out from coal. The coal plant Cirebon 1 was identified as the most promising lead for early retirement; however, after several years of negotiations and ‘*many announcements at COPs every year... “the transaction’s nearly there, nearly there”*’ the deal has not proceeded. While other factors are also important,⁴⁰ ultimately political sensitivities around the importance of coal – and ‘*the perception that closing down any sources of power would affect economic growth*’ – have held back progress in retiring coal-fired power. This is not unprecedented given JETPs have struggled in other countries, for similar reasons (Simpson et al., 2023).

Several interviewees perceived the barriers to lie in the lack of financing to meet the penalty payments required to retire coal plants; stakeholders also raised concerns that smaller energy actors were not participating in the JETP. However, significant concessional financing has been in place for Indonesia via the JETP for several years.⁴¹ As one interviewee noted, lack of progress may see some financing diverted to other countries’ energy transitions.⁴² There was also disappointment regarding the lack of bankable projects being developed in relation to renewable energy, as well as the regulatory constraints and market distortions linked to fossil fuel subsidies. None of this has created specific tensions in relations with the EU, which does not lead coordination of the JETP, and which is widely perceived as a flexible and supportive funder in this area.⁴³ The EU is exploring new opportunities, with a recent study commissioned on the potential for the production of maritime and aviation fuel in Indonesia. This links with the EU’s ReFuelEU Aviation and FuelEU Maritime regulations, which will drive demand for low-carbon fuels for aviation and waterborne transport. Even so, stakeholders reflected that the Indonesian perspective on climate is very different from the EU’s:

40 An interviewee explained that Indonesia’s corruption law (linked to ‘state loss’) has had an impact. These rules mean that any politician signing off on a project or transaction that has negative consequences later (i.e. a widespread power shortage) may fear legal proceedings seeking compensation. This has contributed to ‘*immense paralysis*’ in decision-making around early coal retirement.

41 Under the JETP energy transition mechanism, Indonesia is able to access \$21.4 billion to pay off power purchase agreements, enabling power plants to retire early (GIZ Energy Programme Indonesia, 2026).

42 While sufficient financing is available to aid the retirement of the Cirebon 1 plant, which has been identified as the most promising lead for early retirement, this does not mean there is sufficient concessional financing for full JETP implementation. It has been estimated that the Indonesian JETP would require around \$96 billion, far above the resources currently available (Simpson et al., 2023).

43 The JETP is coordinated and implemented, with Indonesia, by the International Partners Group (IPG), which is now formally led by Germany and Japan. Germany, Japan, Denmark, Italy, Norway, the UK, Canada and the EU are all JETP funders (GIZ Energy Programme Indonesia, 2026).

Climate maybe is not the first priority from an Indonesian perspective because we are still talking about poverty and hunger ... infrastructure, energy security and so on ... So we have different priorities... it doesn't mean that Indonesia doesn't do anything on climate – we do – but maybe we are not so aggressive.

Other interviewees highlighted climate adaptation, rather than mitigation, as ‘one area that can produce more productive or positive results’. This is an area where Indonesia is perceived to have its ‘own visions in terms of climate’ including in relation to nature-based solutions. Given Indonesia’s high exposure to climate-related extreme weather events, climate adaptation is an area for potential collaboration with the EU (European Commission, 2025a). However, it is not currently a focus of bilateral cooperation.

4.1.3 Security interests

In both countries, the most notable divergence in relation to security concerned the Ukraine war and Russia. One stakeholder in Brazil noted Brazil’s ‘aversion to war’ and inability to act as a security ally to the EU. Another noted that Brazil is very clear in its position that wars taking place in Europe ‘do not concern Brazil’s national interest and we should not get involved’. This has created tension in the relationship particularly around the significant pressure the EU has put on Brazil to sell weapons and ammunition to Ukraine, an appeal it has declined.

Stakeholders in Indonesia emphasised its ‘different perception’ of Russia, which has ‘always been seen as a friend to a developing country, a friend to the anti-imperialist, the anti-colonialist’. This has made it difficult to ‘isolate the Ukraine chapter’. More concretely, the war in Ukraine is a distant concern compared to the rivalry between the US and China and the potential spillovers from this (i.e. ‘skirmishes around Taiwan’), which have major implications for Indonesia and its bilateral relations in the region. There is a particular sticking point for Indonesia in relation to the secondary sanctions imposed by the EU on the Karimun Oil Terminal. The terminal has been targeted for its alleged connections to Russia’s shadow fleet, and for circumvention of the oil price cap (European Commission, 2026b). It is the first third country port targeted as part of EU sanctions (European Commission, 2026b). One interviewee, a security analyst, explained the general feeling of unfairness and lack of clarity surrounding the decision:

Why us? That would be the question that the Indonesians will ask ... Is it because we are dispensable? ... Is it just us or ... are they looking at all of the terminals globally and at everyone who is suspected?

The interviewee noted there is no ‘convincing part’, no ‘remedy proposed’ and no ‘confidence-building effort’, aspects that are considered good practice if security measures ‘hurt the interest

of a neighbour'.⁴⁴ While this was identified as a point of tension, the reaction of the Indonesian government has been muted, mainly downplaying the likely impact of the sanctions and distancing themselves from any suggestion of illegal activity.

Stakeholders in both Indonesia and Brazil reflected on the intensity with which EU diplomats pressed Europe's case in the immediate aftermath of Russia's invasion of Ukraine. An Indonesian security expert described how strongly European diplomats sought to convince Indonesian counterparts of the Russian threat in 2022, and how angry European defence attachés in Jakarta became '*with how casually Indonesia was treating the issue*' (this anger has since given way to a more understanding tone). While EU anger was understood, it was the '*high energy of trying to convince everyone that this cause back home is a really critical, life-changing dynamic*' that was assessed as ill-adapted to Indonesia's domestic discussions, whether with the country as a whole or with '*the ministry and security apparatus in Indonesia*'. As the interviewee explained: '*not everyone can easily absorb the personal experience of a foreign country as their own*'. The absence of any attempt to discuss remedies and understand Indonesian concerns was noted. One Brazilian interviewee explained that, while they understood that Ukraine is '*a highly sensitive issue*' for Europe, it has led Europeans to view Brazil through a particular geopolitical lens, with the European narrative around Ukraine seen as '*very ideological ... painting Brazil as a sort of rogue or pariah state for as much as Brazil is associated with Russia and Iran*'. This unyielding approach, centring the EU's interests, ideology and personal experience, has increased tensions between the parties.

4.2 Where partners see opportunities to do things differently

4.2.1 More equal and more strategic partnerships

There remained a widely held perception among Brazilian stakeholders that the country is not treated as a true equal in its relationship with the EU. For some Brazilian respondents the shadow of colonialism has not been fully dispelled; this was mainly noted in discussions around critical minerals and industrialisation. This sense of inequality was seen as particularly vexing in light of Brazil's size, economic strength, regional leadership and international role in areas such as climate and environment. This perception chimes with academic literature that traces 'Brazil's enduring self-image as a "giant by nature"', which has driven its foreign policy and 'fuelled a persistent belief among its political elites that it deserves to be seen as more than just a middle power' (Stuenkel, 2025: n.p.). Multiple Brazilian stakeholders also pointed out that the EU is not treating Brazil fully

44 In this respect the EU was compared to the deal made by the UK and US with Australia related to nuclear submarines which created a security dilemma for Indonesia but where Australia really did '*the homework of convincing Indonesia you can benefit and it's within your interest ... as it retains a balance of power in the region*'.

as a *strategic* partner. Similar issues were not raised in the Indonesia consultations, likely reflecting the fact that Indonesia does not generally see the EU as a strategically aligned partner, with shared values, in the same way as Brazil.

One interviewee highlighted the absence of conversations around issues that are of *'higher importance'* and where the EU and Brazil *'have common ground'*, even though Brazil is *'officially a strategic partner of the EU'*. This also links back to perceptions around the EU's unilateralism, and its imposition of measures *'dependent on domestic decisions and domestic tests'* designed in the EU. One interviewee pointed out that a sense of strategic partnership could be nurtured *'if the European Union could be more open to ... mutual recognition instruments'*. Deeper discussions around green taxonomies and green labelling within new industrial supply chains is one area where a more mutual approach would strengthen the bilateral relationship.

The concept of strategic partnership is linked to efforts to defend multilateralism and principles of international law. Political alignment on international issues was seen as particularly important, with the US pursuing such a negative agenda; the lack of pushback by the EU on recent actions by the US was noted with disappointment. Interviewees emphasised that they wanted to see the EU take *'a more assertive position'* and to treat Brazil as *'an ally to counterbalance US influence'*.

4.2.2 More attention to narratives and partner country perspectives

Stakeholders also highlighted the narratives surrounding the EU's partnerships with both countries. Sometimes this was from a positive perspective. For example, in Indonesia the explicit focus on a *'just'* transition under the JETP – with the concept of justice fully embedded in its principles – was noted as powerful and valued by civil society stakeholders. What was highlighted as missing from the narrative was language that relates specifically to how Indonesia can *'build out its green industrial policy'* (alongside commitments to deforestation and climate action) as a central driver of EU–Indonesia relations. There was a desire for a narrative around a green industrial policy that goes beyond the JETP and the power sector, alongside the caveat that a labour-intensive industrialisation strategy is critical. As noted earlier in relation to Ukraine, EU narratives have landed poorly in Indonesia; one respondent noted that *'just that tiny extra work of just a bit more due diligence ... to say a bit more on how this would be good for Indonesia as well'* is an essential missing ingredient in bilateral relations.

In Brazil the question was less a gap in the narrative and more its starting point. One interviewee explained that Europe's decarbonisation narrative – which focuses on the highest-emitting sectors of industry and energy (70% of the EU's emissions) – is poorly suited to Brazil, where only around 20% of emissions come from these sectors. Decarbonisation is valued as *'an economic pathway'*, framed around *'economic growth and a better distribution of wealth'*. The ideal narrative would position Brazil as *'part of the solution for the decarbonisation of the EU'*. This is considered more powerful than one that simply mimics the EU's own framing – i.e. that Brazil's industry must decarbonise to fulfil its own climate targets, a narrative that can struggle to gain traction given

land-use and agriculture account for such a high share of Brazil's emissions. In both countries, economic growth and the developmental opportunities inherent in green industrialisation are clearly critical ingredients that need to be reflected in domestic narratives (above and beyond rhetoric linked to climate commitments and targets).

Stakeholders also warned that more care is needed with language that directly creates negative perceptions. One example given was an emphasis on partnership with the EU as a way of *'diversifying away from China'*. This can lead partner countries to ask: *'is our partnership just because you are afraid of China or is it about us, our strengths and what we can build and gain together?'* Language used in the EU's Industrial Accelerator Act around goods made in Europe or by so-called *'trusted partners'*⁴⁵ can be alienating if it implies that those that do not qualify *'are not to be trusted'*. The interviewee concluded that *'things are so sensitive and difficult that even the narrative, language, wording – it all matters'*.

4.2.3 More participation and more communication

The EU's lack of visibility is a concern for the EU Delegation in Indonesia, with the 2025 annual action plan including a strategic communications budget because *'the EU is not well known in the country and certain audiences tend to only hear about it when certain EU policies are being depicted negatively in the local press (e.g. the Deforestation Regulation)'* (European Commission, 2025a). As a result, the Commission has allocated €3.5 million of the €14.9 million annual cooperation budget for 2025 (26%) to support campaigns to enhance the EU's image in the country (ibid.).

Stakeholder feedback did not necessarily point to the need for public awareness campaigns as a key focus for this kind of image-enhancement effort. Strategic communications with the private sector and ensuring more communication with, and participation of, subnational governments were generally given more attention. This was particularly in relation to climate and energy issues and developing a more unified narrative around industrial decarbonisation beyond the power sector. In relation to carbon pricing, a more participatory approach with *'subnational governments and SMEs ... and more public consultations'* would help to *'increase inclusiveness'* and designing the most appropriate carbon pricing policy for the country.

45 The Industrial Accelerator Act, proposed by the EU in 2026, introduces preferences for public procurement and subsidy schemes using a 'Made in EU' criterion. The regulation is aimed at boosting manufacturing in strategic sectors (steel, cement, aluminium, automotives and net zero technologies such as batteries, electrolyzers and heat pumps). Countries with an FTA in place can qualify as 'trusted partners', though they may be excluded if they do not provide reciprocal treatment with regard to public procurement for EU companies in their markets (García Bercero, 2026). Both CEPA and the EU–Mercosur agreement include public procurement commitments that appear to meet this reciprocal treatment test.

For Brazil, one interviewee reflected on how low visibility can be politically useful given the *‘complexity and uncertainty of Brazilian politics’*: *‘if it had a very powerful influence in the Brazilian imagination, the EU would be a major target’* – referring to potential negative campaigning from the far right. While more public visibility for the EU was not necessarily directly called for, more strategic communication with the private sector was emphasised including in relation to industrialisation strategy.

Brazilian stakeholders also pointed out that eligibility for green labels requires significant participatory efforts, including technical discussions between partners and with the EU coming with more of an *‘open mind ... to rethink pathways to get to a greener economy’*. The fear was expressed that, if Europe maintains its rigid taxonomy for green steel,⁴⁶ for example, progress will stall including because current green iron projects have proven slow to advance with securing investment difficult and offtake agreements with European buyers of green iron not yet materialising. More inclusive and in-depth policy and technical debates around new green supply chains and how Brazil can support the EU’s decarbonisation commitments was called for.

While shortcomings were recognised, it was also made clear that *‘in practical terms, there are good things happening’* and that the EU typically receives *‘a lot of criticism’* precisely because participatory spaces are organised. The fact that *‘at the end of the day, there is a space’* for participation was appreciated.

4.3 Where partners see opportunities for action

Several opportunities were highlighted by stakeholders interviewed during this consultation as ripe for action (see Figure 4). Some of these relate to areas where stakeholders are comfortable with a continued or expanded focus; others highlight new areas meriting attention.

46 In Brazil green hydrogen, and therefore green iron and steel, can be produced from sustainable charcoal (biomass) rather than electrolysis, as currently favoured by the EU. Using biomass would render the green iron product ineligible for the ‘green’ label from the EU’s perspective.

Figure 4 Opportunities and priorities highlighted for immediate action

	BRAZIL	INDONESIA
New industries	• Green fertiliser production • Sustainable aviation and maritime fuels • Polysilicon	• Sustainable aviation and maritime fuels • Defence industry manufacturing
New narratives	• Frame partnership around Brazil's contribution to the EU's decarbonisation commitments • Green industrialisation is about economic growth and development • Do not frame around climate targets	• Reframe around a national green industrial policy • Go beyond JETP and power sector • Ensure labour-intensive industrialisation is central
Incentives-based approach	• Implement EU–Mercosur provisions linked to preferential market access for products that contribute to conservation and biodiversity	• CEPA's TSD Committee should advance an agreed list of goods and services for preferential access
Security	• Cooperation to reinforce international law (Gaza, Venezuela) • Cooperation on drug trafficking, including synthetic drug production in Europe	• Cooperation on security of sub-sea cables and maritime security governance • Collaboration on Gaza (peacekeeping and humanitarian aspects)
Digital governance	• Co-create with the EU global rules to regulate big tech, social media and AI	• Invest in digital governance and regulation at national level and explore transfer of digital technologies
Critical minerals	• Prioritise value addition and tech transfer – high potential for the EU as a preferential partner • Prioritise unlocking finance via EU financial architecture	• Prioritise tech transfer – especially for hazardous waste management • Focus on ESG standards – high potential for EU as a preferential partner

5 Conclusions and recommendations

The EU is seeking to cultivate deep, long-term partnerships with influential middle powers, guided by shared interests in security, resilience and sustainability. These efforts require a foreign policy approach that is proactive, coherent and builds trust, alongside tailored and mutually beneficial partnership strategies.

Both Indonesia and Brazil offer fertile terrain for influential partnerships. Both countries are credible regional powers in their own right, and are seeking more agency on the world stage (Körper-Stiftung, 2026). Moreover, it is clear that the EU is widely viewed as a desirable partner as a result of its reliability, predictability and stability, with a good degree of public support in both countries. Although the extent of values-based alignment with the EU differs – Indonesia is currently less strategically positioned compared to Brazil – there are still strong opportunities for issue-based partnerships.

The consultation also revealed a strong appetite for the EU to decouple from the US and play a more decisive role; this includes deliberately cultivating more strategic partnerships with middle powers for global influence. The EU should actively *‘position themselves as an alternative’* to the US, and find ways to invest in and leverage this opportunity. This would be in line with the expectations of Member States for a more geopolitical Commission.

Cooperation on climate and trade was generally emphasised as a high point by many interviewees, with active cooperation on the energy transition and decarbonisation efforts especially notable. Recent landmark trade agreements are clearly an important foundation on which to develop more strategic relationships. The lack of prominence of Global Gateway, most notably in Indonesia, and the lack of understanding of its aims, is surprising in light of the Commission’s branding efforts, the profile of the experts consulted for this study and the stage Global Gateway has reached. However, there are significant opportunities for developing mutually beneficial green industrialisation strategies that can be financed under Global Gateway, and there is a clear desire for more European investment and technology transfer. Equally, there is potential to scale up digital cooperation – including around the co-creation of global rules – and to advance security dialogues (especially around maritime security in Indonesia and drug trafficking in Brazil).

Barriers to progress include the fact that the EU is perceived as an uninterested, demanding and inflexible partner, driven by domestic interests and singularly focused on environmental compliance. This risks crowding out exploration of strategic opportunities, including for technology cooperation. While the difficulties experienced by third countries in complying with EU legislation are well documented, diplomatic aspects – including narratives and language – merit more attention, in relation to trade, investment and security. The language of diplomacy matters enormously, and communications for visibility and public awareness were felt to be less compelling than strategic communication with key stakeholders, including the private sector,

around green industrialisation. Finally, while narratives and communication are important, demonstrating tangible outcomes, including increased investment, remains critical. While priorities diverge in some areas, deeper dialogue around green industrialisation would be valuable to explore more fully the concept of mutual benefit and strategic fit.

5.1 Recommendations

Based on stakeholder feedback, particularly in areas of tension and challenge, broad recommendations for the European Commission are as follows:

1. Build strategic partnerships through bilateral dialogues that anticipate problems and start from mutual interest

Partners often feel treated as subjects of environmental compliance or suppliers of raw materials. Brazilian stakeholders in particular want a peer that takes its strategic weight seriously. This means co-designing global governance priorities (multilateralism, digital regulation, climate diplomacy) and backing tailored partnership strategies with dedicated staff and the full EU toolkit.

2. Separate the call for principled solidarity on Ukraine from operational asks

Brazil and Indonesia both uphold the UN Charter, and neither is ready to act as an operational security ally. The EU should distinguish between the two and link its security requests to partners' own priorities, such as maritime security in Indonesia and organised crime in Brazil. This will build more cooperation than continued pressure would.

3. Develop mutual recognition instruments with key strategic partners, starting with environmental standards

The EUDR offers valuable lessons. Brazil has strict deforestation laws and sophisticated satellite monitoring systems, yet the regulation was designed without taking either into account. Where partners can demonstrate equivalent outcomes, the EU should recognise them.

4. Join the Global Green Industrialisation Agenda (GGIA)

Launched in November 2025 following the Belém Declaration and with UNIDO as the secretariat, the GGIA is backed by Indonesia and several EU Member States and institutions, but not by the EU itself (UNIDO, 2026). Joining would align Europe with middle powers in climate negotiations and give it a role in co-creating standards for green industrial pathways.

5. Use the EU's market weight to anchor buyer coalitions for new green supply chains.

Green fertiliser, green iron and steel and sustainable aviation and maritime fuels need guaranteed demand to attract investment. Aggregating that demand via buyer alliances reduces uncertainty, supports partners' industrialisation and leaves the EU less isolated in its stance as buyer and standard setter.

6. Introduce a strategic partner coherence check before initiating trade enforcement actions.

The Indonesian nickel dispute shows how the EU's trade tools can conflict with its partnership goals now that the CRMA commits the EU to promoting value addition in partner countries. More resource-rich countries are likely to adopt processing requirements and export restrictions. An early-stage coherence check could help ensure that prospective trade enforcement action is assessed against the EU's wider strategic partnership aims before escalation.

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