

# Chapter 15

## Digital Currencies, Monetary Power, and Inequalities: Discussing the Potential Impacts of the Brazilian Central Bank Digital Currency (CBDC)



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### Introduction

In the different forms they can take, private or issued by central banks, digital currencies are becoming a reality around the world. In addition to the alleged advantages in terms of transaction cost reduction and agility gains, the creation of digital currencies can alter the distribution of monetary power among countries, and among the public and private sector, that is, states and markets, to paraphrase the title of Susan Strange's pioneering book in the discipline of international political economy (Strange, 2015). Both dynamics are relevant in the current global context marked by instability and crisis, referred to in this volume as Permacrisis.

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This chapter focuses on the creation of digital currencies by central banks; a recent report by the International Monetary Fund (IMF) states that the level of global interest in Central Bank Digital Currencies (CBDCs) is unprecedented and that “more than two-thirds of central banks are likely to issue a retail CBDC in the short or medium term (within the next six years)” (IMF, 2023, p. 6). As Ghymers ([this volume](#)) discusses, CBDCs are to a large extent responses by governments to threats of monetary sovereignty posed by crypto assets and monopolistic private firms. Another report from the IMF, produced to support central banks in this endeavor, states that “CBDC should therefore be approached with caution, and central banks should carefully assess whether and how it should be implemented. But the same uncertainty also calls for exploring CBDC proactively—there is a risk that central banks will find themselves unprepared in the future and increasingly unable to carry out their basic functions without CBDC. Central banks therefore also need to consider risks arising from not exploring CBDC” (Soderberg et al., 2003, p. 3).

The intensification of international financial flows and deregulation has precipitated numerous financial crises in the past, such as in Asia and Latin America, as well as the global financial crisis and the Euro debt crisis that followed. Moreover, as Bilotto ([2024](#)) argues in this volume, competition between the United States and China in the area of digital currencies may be already taking place; therefore, it is important to understand in more depth the potential economic, social, and political impacts of the creation of digital currencies at the domestic and international levels.

The huge success of the instant payment system set up by the Brazilian central bank in 2020 (Pix) and the launching of the Brazilian central bank digital currency (Drex) foreseen to take place in 2024 make Brazil an interesting case. Brazil's long and chronic inflationary history left the national currency with a legacy of low attractiveness and credibility for decades. Inflation was controlled in the mid-1990s, with a monetary reform that created a new currency, the Real, but despite more than 30 years of relative stability and the consolidation of Brazil as a large emerging economy, the Real is not a relevant currency in global exchange markets. The same inflationary past was, however, also responsible for financial innovations to protect the income of businesses, households, and the public sector. Such innovations included indexation, that is, the automatic overnight remuneration on deposits, that was adopted and quickly spread to contracts and payments. Innovations also allowed financial institutions to make immense profits, at the cost of the “bankless” population as discussed below. Brazil is also referred to as an “emerging market,” and historically very active at the multilateral level, with a reformist agenda at the Bretton Woods institutions, including at the level of cooperation with the BRICS and the G20. Brazil has, however, not cooperated much at the regional level, that is, in Latin America, or with the European Union, the two regions addressed in this volume.

This chapter analyzes, therefore, the creation of a digital currency by the Brazilian central bank and discusses potential economic, social, and political effects at the domestic, regional, and global levels, with a focus on the cooperation in Latin America and with the European Union. The first section analyzes the historical process of digitalization in the Brazilian financial system and, therefore, the

domestic conditions under which the project of a Central Bank Digital Currency was launched. The second section analyzes the project itself, its design, and implementation. The last section discusses the possible effects of the Brazilian CBDC.

## The Path to Digitalization in the Brazilian Financial System

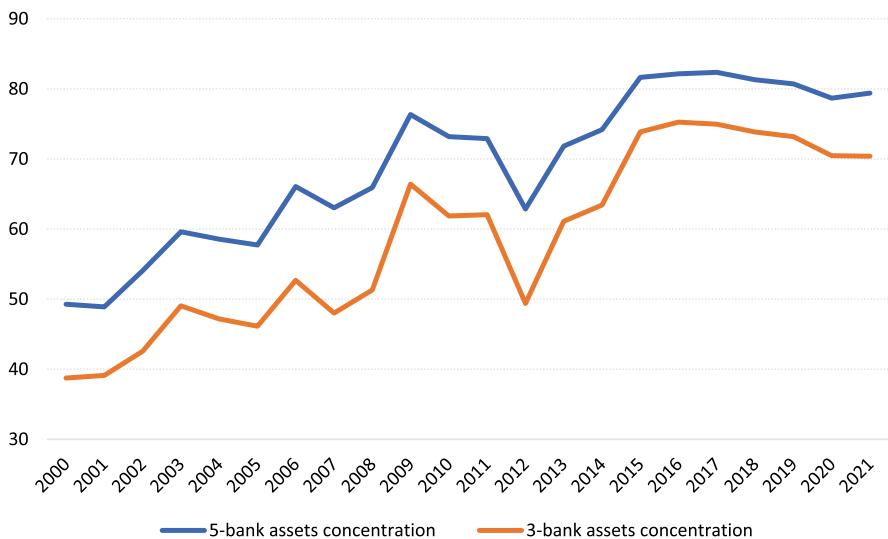
Since the establishment of the first banking institution to operate in the country, the Banco do Brasil, in 1808,<sup>1</sup> Brazil's economic history has been shaped by the presence and considerable influence of banking institutions as major players. One of the primary challenges of the Brazilian financial system, if not the foremost, has been the strong concentration in the banking sector that evolved over the years and still exists. The dominance of major banks in the Brazilian economy has long characterized the sector's landscape (Maia, 1999; Chang et al., 2008; Hordones & Sanvicente, 2021). The high and persistent inflation experienced in Brazil during the latter half of the twentieth century<sup>2</sup> reinforced this pattern of concentration, but, on the other hand, led to technological modernization so that banks could manage their operations effectively and safeguard deposits against inflation, such as the above-mentioned indexation, and the deployment of automated teller machines (ATMs). These investments in technology were implemented by contracting external firms or establishing subsidiary companies.<sup>3</sup>

After the 1994 monetary reform, known as the Real Plan, the gradual decline in inflation rates prompted banks to reassess their market strategies due to reduced revenue from inflation made with indexation. Throughout the 1990s, numerous financial institutions in Brazil encountered crises, prompting the government to implement extensive rescue measures spanning both private and public banks (Maia, 1999; Wise & Lins, 2015). This process spurred significant restructuring within the banking system, resulting in even higher concentration through a series of mergers and acquisitions. Graph 15.1 shows two decades of Brazilian bank concentration levels. In addition to highlighting the elevated concentration, the data reveals that periods of economic crises such as the global financial crisis (2008–2009) and the Brazilian recession (2013–2016) contributed to increased bank concentration, further consolidating power among the largest institutions.

<sup>1</sup>The bank was created at the request of then Prince Regent of the Portuguese Empire D. João, who arrived in Brazil that year fleeing from the Napoleonic wars. This first bank was liquidated but the name was used in the following banks, private and then public, and from 1905 it was the government's main instrument for monetary policies until the central bank, the current monetary authority, was created in 1964 (Westin, 2023).

<sup>2</sup>In 1990, the Brazilian monthly inflation rates for January, February, and March were 71.9%, 71.7%, and 81.3%, respectively, configuring a situation of hyperinflation.

<sup>3</sup>For example, one of the largest bank conglomerates, Itaú Bank, created in 1979 Itautec S.A., a Brazilian company that manufactured IT equipment, commercial automation, and banking automation. The company remained under the control of the conglomerate until 2013.

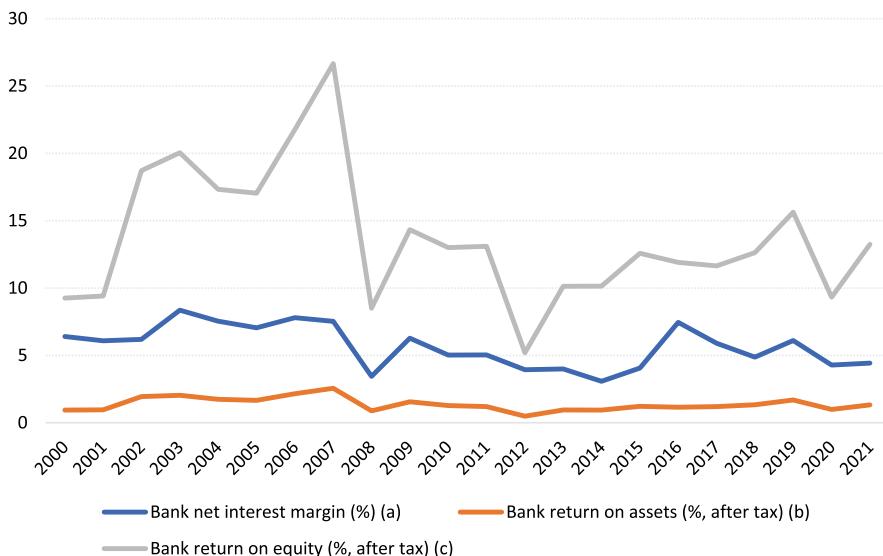


**Graph 15.1** Bank concentration in Brazil, percent of total assets. (Note: (a) (blue line) Assets of the five largest banks as a share of total commercial banking assets. (b) (orange line) Assets of the three largest commercial banks as a share of total commercial banking assets. Total assets include total earning assets, cash and due from banks, foreclosed real estate, fixed assets, goodwill, other intangibles, current tax assets, deferred tax, discontinued operations, and other assets. Source: World Bank Global Financial Development Database. Available at: <https://databank.worldbank.org/source/global-financial-development#>)

The historical path of concentration, engagement of technological modernization and profitability, and therefore, power in the Brazilian economy and political system, has contributed to the active participation of the banking sector in the process of digitalization of finance alongside the Central Bank. Despite the Brazilian economy growth at an average rate of 0.53% between 2013 and 2022, the banking sector's profitability remained notably high, as shown in Graph 15.2.

Feld et al. (2021: 2.1) argue that the survival of banks is linked to the way they address the new opportunities derived from technological advancements and that they must rethink their strategies and adapt their ways of providing services. Still, according to them, the Brazilian central bank has been playing a tremendously important role in driving these changes forward in coordination with private financial institutions and in anticipation of market dynamics. These transformations can be seen in the advent of new banking transaction channels, which have swiftly changed the way customers engage with banking services. Graph 15.3 shows a significant shift in transactions over an 8-year period: digital banking accounted for a substantial portion in 2018, with mobile and Internet banking comprising 63%. By 2022, this figure surged to 77% of transactions for major banks, with mobile banking increasing from 41% to 66%.

To sum up, the Brazilian central bank and the public and private banking sectors have engaged intensively in the landscape of technological innovation spreading

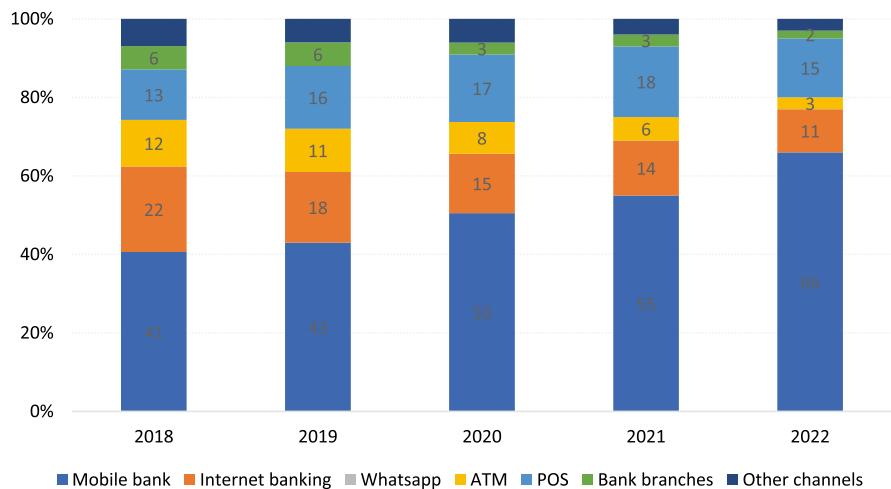


**Graph 15.2** Bank profitability in the Brazilian banking system. (Note: (a) Accounting value of banks' net interest revenue as a share of their average interest-bearing (total earning) assets. (b) Commercial banks' after-tax net income to yearly averaged total assets. (c) Commercial banks' (totality) after-tax net income to yearly averaged equity. Source: World Bank Global Financial Development Database. Available at: <https://databank.worldbank.org/source/global-financial-development#>)

worldwide, favored by domestic characteristics that evolved historically. They have established strategies for reshaping domestic financial systems and facilitating cross-border transactions. The emerging dynamics between financial institutions and central banks encompass various dimensions, including regulation, technological infrastructure, market competition, and potential alliances or cooperation agreements with foreign and global agents.

## Pix and Drex: What Has Been Done So Far in Brazilian Digital Banking?

A direct precursor of the Brazilian CBDC is the so-called Pix. Pix is the instant payment ecosystem that can be seen as a stage in the process of digitalization of finances and digital economy, but it is not a digital currency, it is only a modality of transfer with the defining characteristic of being instantaneous, and available anytime. Pix started to be developed officially in 2018 and was implemented in November 2020,



**Graph 15.3** Distribution of transactions by channels, percent. (Note: The figures stem from a survey conducted between April and May 2023, encompassing 18 banks that collectively represent 86% of bank assets in Brazil. Source: FEBRABAN & Deloitte (2023), p. 7)

but the project started at the central bank as early as 2016.<sup>4</sup> The central bank defines Pix's rules and manages the operational platforms, providing the technological infrastructure, that is not based on blockchain, rather, a centralized digital platform among the Brazilian central bank, financial and payment institutions. Pix has been a success among the population; more than 158 million Brazilians use it, out of a population of ca. 200 million, and, from November 2020 to October 2023, ca. 66 billion transactions were concluded, with a value of almost 30 trillion BRL (ca. 6 trillion USD). In the first semester of 2023, Pix represented more than 90% of all banking transactions including transactions with debit and credit cards, other modalities of transfer (TED, DOC, TEC), and bills and checks (Sutto, 2023; Fluid, 2024). Despite this success in terms of the increase in the number of users and their apparent support of Pix, the inclusion of the population in the financial system combined with existing social and economic inequalities must be critically assessed as this could lead to vicious circles of indebtedness, depending on the regulatory framework (Lavinas, 2017).

In parallel to innovations in transfers, the Brazilian central bank is also working on the creation of a digital currency, the Digital Brazilian Real (Drex), to be launched in 2024. CBDCs are national currencies in digital format, issued on digital platforms operated by the central bank of the country. Traditional national currencies are the banknotes and coins issued by central bank, which are in circulation in the economy and can be deposited in banks, cooperatives, payment institutions, and

<sup>4</sup>The concept of establishing an instant payments system was initially introduced by the central bank in 2016 and during Ilan Goldfajn's tenure as the central bank governor, in 2018, the system started to be actively deployed and implemented.

other institutions authorized by the central bank. Digital currencies are issued by the central bank for wholesale transactions (settlement of transactions between authorized institutions) or institutions authorized by the central bank for retail transactions with their clients (BCB site). According to a report published by the Bank of International Settlements (BIS, 2021: 4), “if the CBDC is intended to be a digital equivalent of cash for use by end users (households and businesses), it is referred to as a ‘general purpose’ or ‘retail’ CBDC. In contrast to retail CBDC, ‘wholesale’ CBDC targets a different group of eligible users. It is designed for restricted access by financial institutions and is similar to today’s central bank reserve and settlement accounts.” CBDCs can also be classified according to whether they are based in accounts or values, if their validation and registration is direct (single-tier retail) or indirect (two-tier retail),<sup>5</sup> if they are centralized or decentralized, costly or not; the latter being a particular controversial point given that currency is not supposed to yield interest (Afonso et al., 2022: 461). Other relevant technical aspects are the technological options, that is, blockchain, the legal framework, including the question of privacy. The Brazilian central bank is following this topic for some years, and in August 2020 it established a Working Group to study the issuing of the Brazilian digital currency. The Working Group led to the creation of the “Guidelines of the Digital Real” in 2021, which was updated in 2023 (BCB, 2023a). A research laboratory in virtual collaborative space to assess the potential uses of the digital currency and its technological viability, called “LIFT Challenge Real Digital,” was also established (BCB Site).

Regarding the legal framework, the central bank consistently fortified its role throughout each stage of the process. In 2022, Law No 14.478 was enacted (República Federativa do Brasil, 2022) establishing guidelines for the provision of virtual asset services and regulating virtual asset service providers. It also amended previous regulations pertaining to fraud involving virtual assets, securities, or financial assets, and expanded the scope of norms addressing crimes against the national financial system and money laundering to encompass virtual asset service providers within its provisions. In June 2023, the decree No. 11563 regulated Law No. 14.478 to bestow the central bank of Brazil with powers and competence to regulate and supervise all operations with virtual assets.

The key characteristics of the Drex were established by the 2023 guidelines as follows:

1. Emphasis on the development of innovative models with the incorporation of technologies such as smart contracts and programmable money,<sup>6</sup> compatible with the settlement of transactions through the “Internet of Things” (IoT).

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<sup>5</sup> According to Sampaio and Centeno (2022, p. 13): “In the direct mechanism, the operationalization of the payment system (processing and recording) of all transactions with CBDC would be the responsibility of the central bank. In the case of indirect transactions, the intermediary may be a commercial bank or other financial institution.”

<sup>6</sup> According to Lee (2021, not numbered): “Two natural components of the definition are a digital form of money and a mechanism for specifying the automated behavior of that money through a computer program” (this mechanism is termed “programmability” in this note). However, it is not

2. Focus on developing online applications, keeping in mind the possibility of offline payments.
3. Issuance of wholesale Drex by the central bank as a means of payment to enable the offer of retail financial services settled through retail Drex issued by participants in the National Financial System (SFN) and the Brazilian Payment System (SPB).
4. Application of current standards and rules for operations carried out on the Drex platform.
5. Ensuring legal certainty in operations carried out on the Drex platform.
6. Guarantee of the principles and rules of privacy and security laid down in Brazilian law, in particular the Banking Secrecy Act and the LGPD.
7. Technological design that enables full compliance with international recommendations and legal standards on the prevention of money laundering, terrorist financing, and the financing of the proliferation of weapons of mass destruction, including in fulfillment of court orders to trace illicit operations.
8. Adoption of a DLT<sup>7</sup>-based technological solution that enables registration of assets of different kinds, decentralization in the provision of products and services, interoperability with legacy domestic systems and with other systems for registering and transferring information and trading regulated digital assets, and integration with systems in other jurisdictions, with a view to making cross-border payments.
9. Adoption of resilience and cybersecurity standards equivalent to those applicable to critical financial market infrastructures (BCB, 2023a).

The legal structure for Drex will take into account the pilot phase conducted by the central bank since July 2023. Initially, participants from the financial sector were selected to test privacy and programmability features in certain types of transactions between institutions, followed by subsequent tests involving the general population (BCB, 2023b)

Positive elements of CBDCs highlighted in the literature are the potential for financial inclusion, reduction of costs of emission and maintenance, safety, and transparency. Fabio Araújo, then project leader of the Digital Brazilian Real Initiative at the central bank of Brazil, states that the main objective of the Brazilian CBDC is “to provide entrepreneurs with a safe and reliable environment to innovate through the use of programmability technologies, such as programmable money and smart contracts,” and that the potential inclusion of the population in terms of their access to the products is high (Araújo, 2022: 32). In a publication by the LIFT laboratory, Orestes and Townsend (2023: 4) state that the main goal of Drex is “to create a reliable and secure infrastructure for innovations that include but go beyond programmable money and enable smart contract technology, not just for payments but also for improved wholesale and retail financial infrastructure,” but highlight that

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clear whether these components alone are sufficient for a definition, given that various combinations of similar technology for payments automation have existed for decades. It was only after the advent of public blockchain cryptocurrencies that the term “programmable money” became common parlance.

<sup>7</sup>DLT is the acronym for Distributed Ledger Technology, a type of registration of information that is decentralized and distributed in a network, allowing for greater transparency. Blockchains are DLTs, but not all DLTs are blockchains as the latter are public and open source, having been developed in 2008 by Satoshi Nakamoto for the cryptocurrency bitcoin. DLTs are very similar to blockchains but they require permissions to be accessed and are developed to attend the necessities of specific groups (Exame, 2020).

while advanced economies often focus on improving the safety and efficiency, for emerging market economies financial inclusion is usually a priority too.

Despite the positive expectations advanced by the Brazilian central bank about the Drex, looking from a broader perspective, the digitalization of finances and the creation of CBDCs have significative distributive effects and geopolitical implications, which are extremely important, given the historical disputes surrounding claims for reform of the international monetary system, topics that are discussed below.

## Discussing the Potential Effects of the Brazilian CBDC

The process of digitalization of monetary and financial transactions, in general, and the creation of a central bank digital currency in Brazil, in particular, is most likely to have a considerable impact both domestically and across borders, and gives rise to a multitude of economic, social, and foreign relations considerations. Orestes and Townsend (2023) extensively explore the potential impacts of monetary digitalization on consumers, small- and medium-sized enterprises, domestic asset transfers, and Brazil's cross-border operations. Profound changes are expected in the operational paradigms of financial institutions within national boundaries, redefining the landscape of competition and profitability for banks and other intermediaries. The impact is expected to be even more transformative on the international level as direct exchanges between countries might surge and bypass the need for intermediary currencies from third-party nations and diminish the dependence on the US dollar (Prasad, 2022; Kuehnlenz et al., 2023). This section explores, firstly, expected changes at the domestic level and then delves into considerations pertaining to international relations.

One of the economic consequences of the digitalization of transactions involves the restructuring of the functions and operations of financial institutions. In a hypothetical scenario where each citizen possesses an account with the central bank and transactions can occur directly between individuals and businesses digitally, banking disintermediation could be a potential outcome. Despite the widespread interest, there are concerns that a CBDC could potentially displace a significant portion of bank deposits. The question then arises as to what extent would a central bank digital currency compete with traditional banks. In Brazil, the ongoing initiatives by major financial institutions and the intense exchange that unfolds between them and the central bank suggest an impending adaptation process between banks and the monetary authority, which holds jurisdiction over standards and regulations. Araujo (2022) discusses the potential impacts of currency digitalization in Brazil and calls attention to the significance of the cooperation between private institutions and the central bank in the development of a regulated liability network to prevent financial disintermediation, which stands, in his view, as a fundamental pillar for the initiative's success. In his words: "In the case of Brazil, where the CBDC held by the general public will not bear interest, if risk perception is limited, the preference for

a CBDC can be offset by rewards offered by banks or PSPs in order to generate demand for their tokens. Such rewards could, for instance, be a small yield on those holdings" (Araujo, 2022, p. 36).

Within the social realm, a central concern emerges around citizens' access to the totality of the digital financial infrastructure. On one hand, the experience with Pix has demonstrated a significant capacity for financial inclusion. Alongside the rapid growth of fintechs over the past decade (WEF, 2024), the expansion of digital banking and the capability to conduct transactions from checking and savings accounts, regardless of balance, have facilitated financial inclusion for lower-income segments of society. The possession of a mobile phone serves as the sole entry requirement for the Pix payment system. On the other hand, the rapid pace of technological advancement may leave less privileged groups lagging in accessing new opportunities.

Considering the societal impacts of making digital assets available to the population, regardless of its social and economic composition, a critical question is the privacy concerning citizens' financial affairs and spending habits. In a scenario where approximately two-thirds or more of the population conduct all their financial transactions through digital currencies, whether via individual accounts with the central bank or intermediated by private banking entities, transaction mediators would promptly possess comprehensive records of citizens' economic activities. While technology may enable some degree of anonymity and privacy in payment systems, it is foreseeable that individuals may face constraints in controlling financial institutions' access to their data.

From a political economy and geopolitical perspective, the digital revolution in general, and the innovations in the global monetary system will have effects in the distribution of power and therefore the global order (Prasad, 2022). Given the current context of Permacrisis, hegemonic disputes, and the leading role of China in the CBDCs, it is key to deepen the understanding of the implications of these changes for Brazil at the regional and global levels.

Cross-border payments through CBDCs need the interoperability between different systems to allow gains of speed and efficiency to transactions. There exist alternatives to creating technical and legal frameworks to facilitate exchanges between CBDCs. One option is to consider them as traditional currencies, recognized within their issuing nations and accepted for transactions with foreign countries. This approach would lead to minimal disruption to the existing system and would not depend on cooperation between central banks. Yet another possibility entails central banks collaborating to establish settlement arrangements and enabling agents to maintain diverse portfolios of CBDCs. Further levels of cooperation could lead to the development of multiple CBDC structures, empowering agents to manage distinct wallets (Kuehnlenz et al., 2023). Since in this volume we are particularly interested in the regional level and relations among the EU and LAC countries, this section will focus on the possible effects of the Brazilian CBCD to Mercosur and to interregional relations with the EU, that is, EU–Mercosur and EU–CELAC relations. Given their relevance to Brazilian positions, we also briefly discuss the initiatives under the BRICS.

As Sampaio and Centeno (2022: 18) note: “An interesting aspect about CBDC is that CBs are not working individually. There are currently seven cross-border CBDC projects. This cooperation is mainly related to the possible implications that CBDCs may have on international flows. The pioneer was the Multiple CBDC (m-CBDC) Bridge, a project with the central banks of China, the United Arab Emirates, Hong Kong, and Thailand in partnership with the BIS Innovation Hub<sup>15</sup>. The objective is to enable an international payments system that would work at any day and time and would use wholesale CBDC. With similar motivations, there are the Dunbar projects (Australia, Singapore, Malaysia, and South Africa); Helvetia (Switzerland and BIS), Jasper (Canada, UK, and Singapore); Aber (Saudi Arabia and the United Arab Emirates); Jura (France, Switzerland and BIS) and Onyx (France and Singapore).”

So far there are, therefore, no cooperation arrangements among central banks within LAC countries or promoted by LAC regional organizations. In a context of increasing competition between China and the United States, it would be in their interest to establish strategies, but the region is divided in terms of their interests, given that some countries have fully dollarized their economies, namely, Ecuador, El Salvador, Panama, Belize, Bermuda, in addition to the Free-Associated State of Puerto Rico, which is a US unincorporated territory. Cooperation in macroeconomic policy and finance has been hardly addressed in regional initiatives of cooperation (Lins & Ribeiro Hoffmann, 2021). Mercosur aimed to be a common market, including the free circulation of capital, and projects for a common currency were discussed, but this is the area that advanced the least over its 30 years of existence (Ribeiro Hoffmann, 2020). The proposals advanced by recently elected President Javier Milei in Argentina to adopt the US dollar would make this possibility even more remote, despite generalized skepticism about this proposal given the conditions of the economy.

LAC countries have also not engaged much with the EU; therefore, this could be an avenue for collaboration to strengthen the EU–CELAC bi-regional partnership, as also discussed by Billotta (2024) in this volume. One mechanism could be the incorporation of experts’ dialogues at the EU–CELAC level, and, in the case of Brazil, a renewal of sectorial dialogues in the EU–Brazil Partnership. Despite the problems to Mercosur caused by the bilateral partnership, this could be important geopolitically, given the participation of Brazil in the BRICS and the enlargement of the BRICS to Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates. The latter is already collaborating with China in the Multiple CBDC Bridge, while Russia is also a leading country in digital currencies.

## Final Reflections

The first section of this chapter argued that Brazil has a history of finance innovation due to its past economic instabilities and the characteristics of the domestic system such as high levels of concentration and profitability that made it possible for the

banking sector to invest in technology. The second section showed how, in the context of the current worldwide process of acceleration of digitalization of finance, Brazil has created an instantaneous system for transfers, the Pix, in 2020, which is a major success with the population, and is expected to implement a central bank digital currency, the Drex, in 2024. The third section discussed possible economic, social, and (geo)political effects of these processes at the domestic and international levels in order to contribute to the incipient literature and debates with the public at large about these processes.

We argued that the effects at the domestic level include, firstly, the potential displacement of bank deposits, especially in light of the overall acceptance of the Pix by the population. Financial inclusion might increase as well, but in the absence of a robust regulatory framework and protection of clients, the gap with less privileged groups might increase in light of past experiences in the country, and the level of inequalities, that increased since the COVID-19 pandemic. More transparency and information as well as a proper regulatory framework are key, therefore, in order to ensure that the benefits overcome the risks, as also discussed by Barkas ([this volume](#)). Finally, privacy is another important matter to be considered, especially in the context of democratic fragility.

The effects of the adoption of central bank digital currencies are expected to be even greater at the international level given the current hegemonic competition between the United States and China at the global level, and the possible displacement of the centrality of the US dollar in the international financial and monetary systems. Despite the advancements in digital finance at the domestic level, Brazil has not done much at the international level. The reduction of the dependence on the US dollar could be a main benefit for the country, but only in a framework of collaboration with other countries and with the aim of increasing the legitimacy of the system and assuring stability. Also relevant in that regard is Ghymers' ([this volume](#)) discussion about the possibility, for instance, of the creation of digital Special Drawing Rights (SDR) to rebalance and stabilize the International Monetary System (IMS). However, so far Brazil has engaged only in initial discussions and collaborations about these matters in the context of the BRICS and the G20, but not at the regional level in Latin America, or with the European Union. In light of the objectives of this volume and the strengthening of the EU–CELAC Partnership, we believe that there is a considerable potential to improve exchanges and cooperation between Brazil and Latin American countries in the context of CELAC, as well as in the bilateral and interregional relations between CELAC and the European Union.

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