China and Brazil relations: Beyond carrots and sticks

The established official Brazilian perspective regards China not only as a crucial importer of our goods but also as a key player in Brazil's global diplomatic strategy. Nevertheless, there are several questions about the future of the Brazil-China partnership.

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For almost a decade now trade relations with China have been an important motor of economic expansion in Brazil. The total bilateral trade exchange (exports + imports) saw exponential growth since 2003, from nearly $7 billion to $56 billion in 2010. In fact, last year, China became Brazil's main trading partner, surpassing the United States. It is also noteworthy to mention that throughout most of that time Brazil has enjoyed significant trade surpluses with China (except in 2007 and 2008, when trade flows favored China).

But China's importance to Brazil seems to have gone well beyond the economic realm during the same period. President Lula's inauguration, in 2003, brought to power not only a left-wing government, but also a party – the Workers' Party (PT) – with a clear foreign policy agenda. Aimed at strengthening Brazil's relations with other developing countries, the so-called South-South cooperation, the Lula administration approached China as a possible partner for broader political and strategic objectives, such as the pursuit of a multipolar international order – that is, an order centered not so much around Western powers, namely the United States.

Consequently, the established official Brazilian perspective regards China not only as a crucial consumer of goods but also as a key player in Brazil's global diplomatic strategy. Several coordinated efforts on the global stage underline this importance. Both countries play significant and related roles when it comes to agricultural issues in multilateral trade negotiations (G20+); in climate change talks (BASIC); in deliberating on the new architecture of the international financial system (G20); and in setting up a coalition of emerging powers that allude to a new and more representative world order (BRICS). Needless to say that, without China, these groupings would be less meaningful if nonexistent.

In light of this, it came as no surprise that President Rousseff decided to visit Beijing at an early stage of her administration – last April's trip was her third abroad since inauguration in January. Confirming China's newfound place among Brazil's top foreign policy concerns, Ms. Rousseff signed with President Hu Jintao nearly twenty deals, ranging from defense-related matters to trade, environment and technological cooperation. Her trip to China was also an opportunity to strengthen ties with other emerging nations at the 3rd summit of the BRICS (Brazil, Russia, India, China and newly-anointed member South Africa).



Photo: Roberto Stuckert Filho/Agência Brasil

Presidents Dilma Rousseff and Hu Jintao: A difficult but indispensable partnership.

The two emerging powers believe that they should play a more prominent role in global affairs, but they do not necessarily agree on what a more representative or just global order should look like.

Conflicting interests

Despite some palpable results, Ms. Rousseff's trip still leaves several important questions on the future of Brazil-China relations unanswered. Going back to the economic realm, concerns with possible negative externalities of the bilateral exchange are on the rise. When it comes to trade, for example, there are two main concerns. First, the obvious qualitative imbalance of the trade: while nearly 80% of Brazil's exports to China are basic goods (iron ore, soy beans and oil), over 90% of Brazil's imports from China consist of manufactured goods, a genuine North-South relation. Second, with a more aggressive trade policy abroad, China has become a threat to Brazilian manufactured goods in third markets, especially in Latin America and in the United States. As a result, there is a mounting perception that growing economic interdependence does not rule out dangerous asymmetries – to China's favor – that tend to fuel the fear of deindustrialization of the Brazilian economy in the long term.

On the political camp, to affirm that these

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two emerging powers believe that they should play a more prominent role in global affairs is not the same as saying that both countries hold a common view on what a more representative or just global order should look like. China's reluctance to endorse Brazil's bid for a permanent seat in the United Nations Security Council is but one example of this. Other disagreements are likely to surface in the long run, as the two countries are pressed to position themselves with regard to human rights and nuclear proliferation. Even areas where some degree of bilateral coordination exists today, such as climate change, are not immune to future divergences – although labeled as developing countries and listed among the world's top producers of greenhouse gas emissions, Brazil and China are on opposite ends when it comes to the development of renewable energies.

That said, the shortfalls that are likely to result from a more comprehensive bilateral relation should not trump the efforts to try to understand what China means to Brazil in the 21st century. The PT-led administration's excessive optimism with the "strategic partnership" should not backlash into an also ideological and counterproductive anti-China stance. In a sense, history may provide some clues for Brazil. In the beginning of the 20th century Brazilian leaders foresaw not only the rise of a new great power, the United States, but also the need to combine different forms of engagement as well as to maintain with other established and emerging powers the foundations of a more balanced foreign policy strategy. Hedge is the word.



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