Brazil and China Talk Shop

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President Luiz Inacio Lula da Silva added an ambitious business trip to China to a string of international-outreach initiatives undertaken since becoming president of Brazil a year and a half ago.

This foray into foreign trade comes as the largest economy in South America struggles to feed its people. He has so far forged new economic links with the Southern Cone Common Market (MERCOSUR) and the Comunidad Andina de Naciones (CAN) countries (see NotiSur, 2004-04-23), as well as with the European Union (EU). Both countries are looking toward strengthening what both have termed a "strategic association." China and Brazil have partnered successfully in the recent past on World Trade Organization (WTO) matters and on Cairns Group strategies.

Speaking to students at Beijing University, Lula proposed expanding commerce between MERCOSUR and China, India, and African countries (see NotiSur, 2003-11-14). He said work on a MERCOSUR-China free-trade agreement is in the early offing. "We're trying to build a new economic and trade geography," he said. "Part of that push is aimed at boosting trade flows among developing countries." Brazil's economy reported a 2.7% spurt for the first trimester of 2004. The working relationship is not new.

China and Brazil worked together to scuttle WTO talks at Cancun last year (see NotiSur, 2003-09-18), and Lula mentioned closer ties with China in his January 2003 inaugural speech. Since then, China has become Brazil's third-largest trading partner behind the US and Argentina. Brazil has increased exports of soybeans, iron ore, and steel to the world's most populous country. Brazil is the world's largest exporter of soybeans, beef, coffee, and sugar.

An alternative to economics as usual

Brazil is not just seeking but is building an alternative in the developing world to US-dominated trade blocs. In Lula's view, "China, with its 1.3 billion people, is the most economically growing country in the world and one of the most important." That is what he told his own people on the radio the night before departing on the trip. More than 400 Brazilian entrepreneurs and an assortment of state governors, senators, deputies, and ministers accompanied him on the venture.

Lula said he wants to have a relationship with China that gives both countries political, commercial, and economic influence in the world. Not to overlook the sociocultural aspects of the relationship while at the university, Lula officiated at ceremonies opening the Center of Brazilian Studies. It will be the first such university program of its kind in Asia, designed to teach Brazilian Portuguese language and Brazilian culture.
"A truly solid bilateral relationship cannot be based solely on interaction between governments but must be about societies and individuals also, mobilizing minds and awakening emotions," he said.

In furtherance of mobilization and awakening, in Beijing, Lula opened a show of indigenous art from Amazonia. Booming China imported US$412 billion in goods from the rest of the world in 2003. To date this year, Brazil sold them US$1.6 billion and bought from China US$900 million, mostly machinery and industrial and agricultural equipment.

In 2003, China sold Brazil about US$2.1 billion and bought about US$4.5 billion. In 2002, the figures were US$1.5 billion and US$2.5 billion, respectively. China is the jewel in the lotus petalyzed by Brazil, India, South Africa, and Russia. Together, they hope to protect themselves with, according to the Brazilian president, "a new world-trade geography so that these and other developing countries don't feel so dependent on the rich countries." Lula explained, "We all know the importance of the United States and the European Union in this trade relationship, but we also know the difficulties and limitations we arrive at because of subsidies and the struggles we have to confront within the framework of the WTO."

A new source of foreign investment

Closer economic ties with the Asian colossus also gives Lula an opportunity to encourage Chinese capitalists to invest in railroads, dams, steel, energy, oil, and other infrastructural projects that Brazil badly needs. Brazil also wants to cooperate with China on scientific and technological endeavors, chief among which are space- and rocketry-related initiatives. To that end, one of Lula's first acts upon arrival was to officially open a Petrobras office in Beijing that will work with China's state oil company Sinopec in joint exploratory projects in Latin America, Africa, and the Middle East. The goal for both companies is increased international expansion and capacity.

"Petrobras is a genuinely national company that continues to grow outward," said the Brazilian president, who announced the signing of a cooperative accord between the two companies. The agreement is central to the definition of the strategic association between the countries, integrating state and private enterprise.

Jose Eduardo Dutra, Petrobras president, added that the agreement "marks the guidelines for collaboration in the areas of exploration, production and commercialization, refining, pipelines, engineering services, and technical cooperation." The only other Petrobras office in Asia is in Japan.

The agreement, to go into effect June 1, 2006, calls for a joint supervision committee to periodically evaluate business projects for the two companies. In all, there will be ten separate agreements signed between the countries, covering commerce, health, consular affairs, science and technology, agriculture, nutrition, and sports. Lula extended an invitation to China's President Hu Jintao to visit Brazil, which was immediately accepted. The Chinese went to some lengths to stress the mutuality of the rapprochement. This was not a cold canvassing expedition on the part of the Brazilian leader.

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"China considers Brazil the biggest and most important developing country in the Western Hemisphere," said Liu Jianchao, Foreign Relations Ministry spokesperson. Liu said that the Chinese government "expects to quadruple commercial exchanges with Brazil in the coming years."

One important issue for China is its designation as a market economy by Brazil. Lula said he would "immediately set about handling issues concerning the recognition of China's status as a market economy."

On the political side of the mutual agenda, Brazil reiterated its support for the "one China" principle regarding Taiwan and, in an almost completely unveiled jab at the US, committed to a rejection of the "political utilization" of human rights issues in international settings. Brazil said it would not participate in the use of a double standard. Predictably, Lula was hammered at home for his human rights stance.

Several nongovernmental organizations and a Chinese dissident took him to task. Chinese activist in Brazil Xu Shuiliang said, "The absence of a commentary from Lula on the abuses in China is a shame, above all when we know how much Chinese workers suffer and that Lula was a union leader."

**Human rights as a hegemonic weapon**

Before agreeing with China not to allow the use of human rights charges to upset economic innovations designed to benefit the poor more than would nongovernmental-organization handouts, Lula went head-to-head with the US and Europe in Geneva in April over this issue. Brazil successfully maneuvered and voted against the world's two largest economies at the annual meeting of the UN High Commissioner for Human Rights (UNHCHR) in their bid to send a human rights envoy to China.

The US and the EU are China's two largest trading partners. Lula is only the second Brazilian president to decline to play the human rights card with China. Ex-President Fernando Henrique Cardoso (1995-2002) was similarly criticized during his 1995 visit to China.

The current Brazilian president, however, said in Shanghai that he is more convinced than when he came to power that it is possible to combine economic policy and social policy to combat poverty. "After 15 months, I feel more optimistic and convinced than before that it is possible to establish responsible economic policies and combine them with sustainable development and social policies," he said in a speech to a World Bank conference on poverty. The speech before delegates from Asia, Africa, and Latin America provided an ideal forum to spell out his conception of the relationship between human rights and economics. He opted for a set of priorities in which poverty ranks at the top.

"When it becomes a political and economic problem of the first order, the struggle against poverty will advance significantly. World peace depends on it. There will be no peace in the world without social justice. It is an elemental thing that is also in the declaration of fundamental rights. Everyone
has a right to drink coffee and to eat. It is a right and therefore must be an obligation for all," Lula said. For starters, Lula strongly endorsed assessments on arms sales, tax havens, and financial operations, among others.

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