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Research article

China's Influence in Latin America in the Brazilian Case (2002—2018)

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Abstract. In this paper the authors aim to establish the reasons that led the Chinese state to view Latin America as an important partner between 2002 and 2018 and try to analyse the development of Chinese presence in Latin America and its possible impacts and perspectives in the 21st century in Brazil. For that, both political and economic relations between China and Latin America's countries, especially the relations between China and Brazil, and their development are examined by using a comparative and historical approach. This paper is divided in three sections. The first part characterizes the emergence of Asia as a prominent actor within the current world system and China's participation as a major economic competitor from the 1980s. In the second section, the Chinese interest in Latin America and its importance is analysed. Finally, the influence of China in Brazil is exposed in the last section. In the conclusion, undoubtedly, the Asian country has a huge influence in areas where it conquers, especially in Latin America and Brazil, leading mainly investments and its products of both high technology and low cost. In the short term, countries that receive this type of investment see an increase in production and, consequently, an economic improvement due to the increase in the market and the consumption process. On the other hand, Latin American companies and industries do not have the technological capacity or, to a certain extent, a competitive advantage to compete with Chinese products in the long term, due to the stricter labour laws in American countries, compared to the Asian country. Hence, one of Brazil's possible strategies for meeting the challenges of expanding relations with China is to invest in greater complementarity and structural integration of the region through MERCOSUR.

Key words: Chinese Influence, Sino-Brazilian relationship, Latin America, China

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Влияние Китая на Латинскую Америку на примере Бразилии (2002—2018 гг.)

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Статья направлена на определение причин, побудивших Китай рассматривать Латинскую Америку в качестве важного партнера в 2002—2018 гг., а также на проведение анализа развития присутствия Поднебесной в регионе, его возможные последствия и перспективы китайско-бразильского сотрудничества в XXI в. Для этого рассматриваются как политические, так и экономические отношения между КНР и странами Латинской Америки, особенно отношения между Китаем и Бразилией, и их развитие при помощи использования сравнительного и исторического подхода. Статья состоит из трех частей. В первой — характеризуется быстрое развитие Азии в качестве значимого актора современной мировой системы и рассматривается Китай в качестве основного экономического конкурента с 1980-х гг. Во второй — анализируется интерес китайской стороны к Латинской Америке и его значение в регионе. Наконец, влияние Китая на Бразилию раскрывается в последней части. Несомненно, азиатская страна имеет огромное влияние в тех областях, в которых имеет преимущество, особенно в отношении стран Латинской Америки, в частности Бразилии, в основном предоставляя инвестиции и свою высокотехнологичную продукцию по низкой стоимости. В краткосрочной перспективе в странах, получающих данные вложения, наблюдается увеличение объемов производства и, следовательно, улучшение экономической ситуации за счет роста рынка и процесса потребления. Вместе с тем, латиноамериканские компании и отрасли не обладают технологическим потенциалом или, в определенной степени, конкурентным преимуществом для соперничества с китайской продукцией в долгосрочной перспективе из-за более строгих законов о труде в американских странах по сравнению с азиатскими государствами. Следовательно, одной из возможных стратегий Бразилии для решения задач по расширению отношений с Китаем является инвестирование с целью стимулирования повышения взаимодополняемости и структурной интеграции региона через МЕРКОСУР.

Ключевые слова: китайское влияние, китайско-бразильские отношения, Латинская Америка, Китай

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Introduction

China shows structural economic change since the late 1970s¹, moving from a planned economy to a market economy with remarkable efficiency [Bekerman, Dulcich, Moncaut 2013]. Amidst a process of growth, China implies

¹ “The so-called “Four Modernisations” implemented since 1978 by Deng Xiaoping represent the pursuit of the country’s desired economic growth. The four contemplated sectors — industry, agriculture, military and science & technology — are now privileged by government policies. From then on, China began to experience a period of dizzying economic growth that reflected in a process of modernisation in several areas” [Jaeger 2017: 7].

changes in its global action, gaining more space, transcending the periphery to a privileged position in the international economy and becoming an avid competitor that challenges the primacy of the United States (US) as an economic power. However, it was not only in the economic sector that China made big leaps, its political influence and diplomatic rapprochement with the so-called emerging and central countries can also be noted².

² Its influence is also noted through its participation in international blocks such as the World Trade Organization (WTO), since December 2001, the BRICS (Brazil, Russia,

China's rise as an emerging power was one of the most relevant phenomena in the world economy in recent years. China became the world's largest exporter in 2009, as well as maintained a growing and accelerating economy [Kissinger 2011; Hiratuka, Sarti 2016]; this growth stayed in the last decades of the twentieth century and accentuated in the beginning of the following century. China represents one of the most competitive economies and leads the list of strategic partners most relevant to Latin American countries, notably Brazil [Buelvas, Pastrana 2017; Bernal-Meza 2019].

This paper seeks to establish the reasons that led the Chinese state to view the region as an important partner between 2002 and 2018 and tries to analyse the development of Chinese presence in Latin America and its possible impacts and perspectives in the 21st century in Brazil.

Since 2002, there has been a further intensification of relations between the Latin American countries and China, especially due to the Asian country's entry into the World Trade Organization (WTO). There was an increase in imports from Latin American countries for Chinese products, including in some countries, this Chinese participation was shown to be more than 300 % from 2002 to 2011 [Medeiros, Cintra 2015].

According to Immanuel Wallerstein [2004], in the 1970s the US began its relative economic and ideological decline as a world power. This would be an important constraint, because of the low US fluency in the region, since it does not have a great strategic value (such as the Middle East), thus providing a favour in the conquest of space in Latin America by the Chinese.

This paper divides into three sections. The first part will aim to characterize the emergence of Asia as an adversary within the current world system and China's participation as a major economic competitor from the 1980s. In the second section, the Chinese interest in Latin America and its importance will be analysed, and finally, in the third section, the influence of China in Brazil. Finally, the authors make an

overview of expectation and reality regarding China as an emerging power and prospects for the development of Sino-Brazilian economic relations.

The Asian Economic Rise

The crisis of the Fordist regime of production (mass and serial production) in the 1970s in the central countries (USA, Western Europe, and Japan) led to the need to seek competitive and locational advantages that outweighed the fall in profits. High labour costs and stringent environmental legislation, for example, were important components of declining corporate profitability in central countries. The reality encountered by the employer class to overcome this problem was extremely difficult to solve within western central capitalist societies.

Following the death of Mao Zedong in 1976, China entered a process of social and economic transformation, consolidated from 1978 under the leadership of Deng Xiaoping [Kissinger 2011].

The leaders of the post-Mao era had an imperative to promote the industrial development of the country and needed investments and technology. From the western side, China was an important area of opportunity. Western investment would be important for the creation of an industrial park and the transfer of technology that would transform China in the following decades.

With its approach to the West since 1978, China became a major supplier of labour to produce US and European products looking for ways to increase the costs of production generated by Fordism and inflation in the 1970s. The creation of Special Economic Zones (SEZs) to host foreign industries and facilitate the export of production was one of the great achievements of Chinese leaders in the Deng Xiaoping era.

However, Chinese growth and dynamism exceeded the best expectations of analysts and researchers from around the world. Over the decades, the Chinese have succeeded in creating their own domestic market, own companies and exporting their own products, becoming a major

India, China and South Africa), since 2006, and their associations with Asian countries.

country within the capitalist world-system. This dynamism began to rival the central capitalist countries.

Between 1980 and 2004, China's real GDP growth averaged 9.5 %, making it the world's sixth largest economy in 1980 with a 1 % share³. Between 2005 and 2015, China increased its global share from 9.31 to 18.14 %⁴. Between 1990 and 2000, average growth was around 10 % a year⁵. In recent years, the Chinese economy has been losing its previous strength⁶: from 10.6 % in 2009, the forecast for 2019 was growth of 6.2 %⁷.

Still in the 1980s, the booming Japanese economy favoured Asia's economic expansion by inserting countries into the industrialisation process. The *spillover* of their economy, that is, the need for labour and space, meant that new countries benefited from the capitalist logic.

The Japanese relocated some of their factories to countries such as South Korea, Hong Kong, Singapore and Taiwan, aiming for cheaper labour, low-cost land and less stringent labour and environmental legislation. South Korea became global competitor by producing and developing their own brands on the world market, as with the Chinese in the late 1990s.

As can be seen, the Asian force is an example of the challenges facing the US in maintaining its economic hegemony.

China and Latin America

With China's consolidation as a power, its economic expansion into new areas would be

³ China's Economic Rise: History, Trends, Challenges, Implications for the United States // Congressional Research Service. 2020. URL: <https://fas.org/sgp/crs/row/RL33534.pdf> (accessed: 07.03.2020).

⁴ Ibid.

⁵ China registra menor crescimento econômico em 26 anos // Correio Braziliense. 20.01.2017. URL: https://www.correiobraziliense.com.br/app/noticia/economia/2017/01/20/internas_economia,566850/china-registra-menor-crescimento-economico-em-26-anos.shtml (accessed: 18.04.2019).

⁶ A more detailed study of Asian ascension is available in Giovanni Arrighi's book "Adam Smith in Beijing: Lineages of the Twenty-First Century" [Arrighi 2007], chapter "The Rise of East Asia: A Miracle or Many?"

⁷ Motta L. A conta do pouso chinês // Istoe Dinheiro. 2019. URL: <https://www.istoedinheiro.com.br/a-conta-do-pouso-chines/> (accessed: 18.04.2019).

inevitable. Both Africa and Latin America have become desired markets for export of capital, goods and services. It is worth remembering that both areas are extremely lacking investments, especially in the infrastructure sector, where Chinese participation is one of the focus of Beijing [Molina Díaz, Regalado Florido 2017].

As regards trade relations between China and Latin American countries, they began to intensify in the early 21st century, especially from 2002, with the Asian country's entry into the World Trade Organization (WTO), as well as the Chinese President Hu Jintao's visit to the region in 2004 that resulted in signing trade, cooperation and investment agreements with Latin American countries [Medeiros, Cintra 2015; Pinto 2013]. Partnership growth is obvious as in 1990 China accounted for 0.6 % of total Latin American trade, while in 2009 it jumped to 9.7 %. In 2018, the trade between Latin America and the Caribbean with China demonstrated the growth in exports and imports, continuing its upward trend in the last decade [Molina Díaz, Regalado Florido 2017], the region exported 158.6 billion USD in goods to China, and received 148.8 billion USD in Chinese imports in return⁸.

It is noteworthy that in recent decades Latin America has been standing out on the world stage, especially because it became reliable to other countries. This refers to the organisation of the international space. The region reveals as an important force to create a system based on the principles of multipolarity, as well as be known for executing sustainable development and implementing social transformation to eradicate hunger, poverty and social inequality [Sayámov 2019].

Over the years, China is looking for commodities in the international market that explains its rapid economic growth and its processes of industrialisation and urbanisation⁹.

⁸ Ray R., Wang K. China — Latin America Economic Bulletin, 2019 Edition // Global Development Policy Center. 2019. URL: <https://www.bu.edu/gdp/files/2019/02/GCI-Bulletin-Final-2019-1-1.pdf> (accessed: 05.03.2020).

⁹ The urban population in 1978 represented 18 %, while in 2011 it was 51.3 % of the population. In 2008, 70 % of its GDP was from international trade and its exports in a

In addition, another reason for closer ties, that is, for Chinese influence to grow and change the structure of Latin American markets, was the 2008 financial crisis [Cintra 2013], which originated in the US and reached the global economic conjuncture, and main American and European economies began to retract. As a result, there was a need for greater demand for new markets from China to maintain its growth, and thus Latin America gained more attention.

According to data released by the Latin American and Caribbean Academic Network on China (Red LAC — China), the monitor of Chinese OFDI in Latin America and the Caribbean, the amount of Chinese foreign investment in Latin America grew more than its quadruple, from 2003 (54,2 thousand USD) to 2017 (229,1 thousand USD). While in the rest of the world, this growth did not triple in the period (0.55 billion to 1.4 billion USD).

These Chinese investments in Latin American countries in recent years intensified because the region is a great opportunity for the Chinese achieve their goals in one place: an area exporting commodities to their domestic market and at the same time serving as the outflow of Chinese exports. In other words, in addition to the abundance of commodities produced by Latin America¹⁰, the region would also be a consumer market for Chinese products.

Furthermore, China's large multilateral investment project (*Belt and Road Initiative*) emerged at the beginning of Xi Jinping's presidential mandate in 2013 as a preponderant strategy in his foreign policy. These investments have two objectives: the land, through the belt, and the sea, through the route [Benvenuto 2018]. Although the focus of the project is not Latin America, China has left it open to anyone interested in making a cooperation agreement. It is worth mentioning that the majority of Latin American countries, including Brazil consider Asia as the main trading partner.

single day currently exceed the exports of the whole year 1978 [Cintra 2013].

¹⁰ Mainly mineral products such as metals and petroleum; including soybeans, coffee, meat and forest products, which comprise the main products exported to the Chinese [Cintra 2013].

Chinese expansion in Latin American countries through trade leads to a probable primacy of low aggregate value products due to the increasing use of these products in the export tariffs of these countries. It is important to mention that the intensification of trade and economic cooperation between Latin America and China be seen as a negative influence on the issue of the environment. Since the Asian country carries the legacy of being directly involved with the environmental deterioration of the planet in recent decades. This is due to its rapid economic growth that was unsustainable [Lavut 2019].

Moreover, Latin American countries have several asymmetries that hinder economic and industrial development. One obstacle, for example, is the deficiency of Latin American infrastructure. With old-fashioned roads and ports, the logistics issue is a major factor in the competitiveness of any economy.

In this way, the Chinese government seeks to identify opportunities, and makes investments favourable to pre-existing ports and abandoned facilities, as well as further modernisation that will benefit countries. However, it is possible to see a contrast due to the predominance of investments aimed at increasing the efficiency of the shipment and shipping of Latin American primary products to Asia¹¹, that is, to some extent favouring the Chinese market.

Over the years, there has been a considerable increase of China's investments in Latin America mainly in infrastructure to the detriment of other sectors. Between 2003 and 2010, the main investments referred to the extractive industry, which accounted 82 % of the total 39 % of operations¹². While between 2011 and 2016 there was an important increase and diversification in the infrastructure sectors and

¹¹ Abdenur A.E. China na América Latina: investimento em infraestrutura portuária // International Centre for Trade and Sustainable Development. 2013. URL: <http://www.ictsd.org/bridges-news/pontes/news/a-china-na-am%C3%A9rica-latina-investimento-em-infraestrutura-portu%C3%A1ria> (accessed: 18.04.2019).

¹² RED ALC-CHINA. Monitor de la OFDI de China en AL y el Caribe. 2020. URL: <http://www.redalc-china.org/monitor/informacion-por-pais/busqueda-por-pais/80-america-latina-y-el-caribe> (accessed: 05.04.2019).

activities in the manufacturing industry that covered 72.4 % of operations in 2016¹³. However, in 2018, the Chinese Foreign Direct Investment to Latin America fell. For example, Mergers and Acquisitions fell from a record high of 17.5 billion USD in 2017 to 7.6 billion USD in 2018¹⁴.

In this way, Chinese investments in Latin American countries were mainly allocated to products with high aggregate value. Thus, “Latin America is also important to China to secure strategic alliances. As part of its global positioning as emerging as a superpower, China recognises the governments of Mexico, Brazil, Venezuela and Argentina as ‘strategic partners’. With special treatment given to these countries, China hopes to increase its influence in the region” [Cintra 2013: 31].

In this way, China sought to insert its activities in such a way as to ensure its gains in both trade and politics in a zone that has traditionally been of US influence¹⁵. Therefore, infrastructure investments in Latin America fit strategically on the part of the Chinese and strengthen their ties with the region¹⁶.

New trends and principles of China’s foreign policy in the countries of the region are reflected in a number of documents, primarily in the updated 2016 Strategy on Latin America [Borzova, Agaev, Torkunova 2018].

¹³ RED ALC-CHINA. Monitor de la OFDI de China en AL y el Caribe. 2020. URL: <http://www.redalc-china.org/monitor/informacion-por-pais/busqueda-por-pais/80-america-latina-y-el-caribe> (accessed: 05.04.2019).

¹⁴ Ray R., Wang K. China — Latin America Economic Bulletin, 2019 Edition // Global Development Policy Center. 2019. URL: <https://www.bu.edu/gdp/files/2019/02/GCI-Bulletin-Final-2019-1-1.pdf> (accessed: 05.03.2020).

¹⁵ In addition to the 2008 crisis in which it is considered a determining factor in the US, the loss of US hegemony in the region also occurred when the US turned to war on terrorism, especially after September 11, 2001, and, in this context, China is beginning to seek to expand its influence abroad, notably in Latin America.

¹⁶ Abdenur A.E. China na América Latina: investimento em infraestrutura portuária // International Centre for Trade and Sustainable Development. 2013. URL: <http://www.ictsd.org/bridges-news/pontes/news/a-china-na-am%C3%A9rica-latina-investimento-em-infraestrutura-portu%C3%A1ria> (accessed: 18.04.2019).

Chinese diplomatic influence is sustained by foreign direct investment, soft power and foreign policy that is free of conditionalities. Therefore, for Latin American countries, China is a great strategic market for selling its natural resources and agricultural products. For Chinese companies, the Latin American region is a large consumer market for their manufactured products, usually with low prices [Cintra 2013]. However, Brazilian scientist Cintra still puts the idea that such trade dynamics brings to the discussion the idea of the “curse of raw materials” that suggests that a region with an abundance of natural resources will have its economic growth impaired in the long run.

The great influence and importance that China has had on Latin American countries during the last decades, when it became the main trading partner for many countries between 2007 and 2017, is undisputed.

Moreover, in 2018, UNECLAC Executive Secretary Alicia Bárcena stated that financially China had provided 141 billion USD in credit to Latin American countries over the past decade, exceeding that provided by institutions such as the Inter-American Development Bank (IDB) and World Bank (WB). However, according to the secretary, in terms of trade, the diversification of the export basket to China remains basic commodities such as soybeans, iron ore, copper, and oil. However, Bárcena states that Chinese foreign direct investment to the region increased in 2017, and began to diversify into new sectors such as food, telecommunications and renewable energy¹⁷.

According to a report from the Brazilian newspaper O Estado de S. Paulo, “China advanced its acquisition plans in Latin America and, in 2017, allocated a record volume of resources to buy companies and shares in region”¹⁸. It was 17.5 billion USD spent by

¹⁷ CEPAL vê alta do investimento chinês na América Latina e no Caribe em 2017 // CEPAL. 2018. URL: <https://nacoesunidas.org/cepal-ve-alta-do-investimento-chines-na-america-latina-e-no-caribe-em-2017/> (accessed: 20.05.2019).

¹⁸ Investimento chinês na América Latina é recorde // O Estado de São Paulo. 2019. URL: <https://economia.estadao.com.br/noticias/geral,investimento-chines-na-america-latina-e-recorde,70002258090> (accessed: 20.05.2019).

China on the mainland for acquisitions, and that between 2016 and 2017, the region increased its exports from 84 billion USD to 104 billion USD to China that makes the Asian country to become a buyer of a quarter of all export from the region¹⁹. In addition, according to Russian news agency Sputnik, in 2015 Chinese authorities announced plans to double trade relations with Latin America from 250 to 500 billion USD by 2025²⁰.

In addition, Chinese Foreign Ministry spokesperson Lu Kang in 2019 called on the US not to create problems with China-Latin America ties, saying, according to the Chinese newspaper People's Daily, that "cooperation between China and Latin American countries, guided by principles of mutual respect, equality, mutual benefit and win-win outcomes, focuses on common development and has made significant contributions to the economic growth and improvement of people's well-being in Latin American countries"²¹.

It becomes clear that the importance and influence of China in the Latin American region has a high degree of influence during the last decades to the present day. China's high number of interests and investments in the region has led to widespread speculation about its desirable and undesirable effects [Hernández 2018].

This means that there are predominantly two main views on the possible consequences of Chinese influence in the region. An optimistic view believes in the developmental potential of the Chinese presence as a major economic power, and also in a new world order less focused on dependence on US hegemony, where commodity-producing countries may be more

easily inserted due to the strategic market of rising Chinese and Asian consumption levels. In addition, a pessimistic view foresees the emergence of a dependency relationship between the region and the country, as well as a disruption of the productive system of the region's economies due to competitive pressure from Chinese exports [Bekerman, Dulcich, Moncaut 2013].

This last view, the pessimistic one, will possibly generate a certain degree of deindustrialisation and "reprimarization"²² of the Latin American economies, beyond the already present state of this economic style. Therefore, the main products sought by the Chinese market are precisely those from agricultural production and mining sector. So its economic intervention in the region has mainly inserted its own companies in the fields of extraction and infrastructure.

Thus, Latin America cannot simply believe, nor have hope that China can actually change the situation in the region²³. It follows that a greater presence of Chinese investments in Latin America has consequences for the MERCOSUR regional integration project and its expansion, as the negotiation of bilateral agreements is faster and easier than an agreement between the country and the country block [Guimarães 2006]. In this sense, for Brazilian diplomat Samuel Pinheiro Guimarães, regional integration and the success of MERCOSUR are not in the interest of any external power²⁴.

Influence in Brazil

Since mid-1974, the year in which the diplomatic recognition of the People's Republic

¹⁹ Investimento chinês na América Latina é recorde // O Estado de São Paulo. 2019. URL: <https://economia.estadao.com.br/noticias/geral,investimento-chines-na-america-latina-e-recorde,70002258090> (accessed: 20.05.2019).

²⁰ Chineses estão ultrapassando todos os investidores na América Latina // Sputnik. 2019. URL: <https://br.sputniknews.com/opiniao/2019010913076022-china-investe-comercio-eletronico-america-latina/> (accessed: 18.04.2019).

²¹ China pede que EUA não crie problemas com os laços China-América Latina // People's Daily. 2019. URL: <http://portuguese.people.com.cn/n3/2019/0416/c309806-9567187.html> (accessed: 18.04.2019).

²² It refers to the return to primary commodities as the main source of export revenues, like the Brazil's case.

²³ Abdenur A.E. China na América Latina: investimento em infraestrutura portuária // International Centre for Trade and Sustainable Development. 2013. URL: <http://www.ictsd.org/bridges-news/pontes/news/a-china-na-am%C3%A9rica-latina-investimento-em-infraestrutura-portu%C3%A1ria> (accessed: 18.04.2019).

²⁴ Guimarães S.P. Relatório ao Conselho de Ministros 2012. URL: <http://www2.camara.leg.br/atividade-legislativa/comissoes/comissoes-mistas/cpcms/publicacoes/eeventos/relatorio-ao-conselho-de-ministros> (accessed: 25.11.2018).

of China by Brazil took place, diplomatic relations have been re-established [Oliveira 2010]. Cooperation between the two countries gained greater prominence in the post-Cold War. However, it was with the rise of Luiz Inácio Lula da Silva to the Presidency of the Republic, in 2003 that relations were boosted, and China began to have a greater degree of influence. In his speech at the Seminar called “Brazil — China: A Necessary Leap” made in 2003 Lula da Silva states the following: “Brazil and China will increasingly be partners in building a harmonious and prosperous coexistence among our peoples. I have repeated that South America will be a priority in my Government, because I am convinced that the full development of Brazil will only be possible as part of the integration of the continent as a whole. Brazil’s vast distances and regional and social disparities will only be definitively overcome when the integrated South American space is conformed. Moreover, if we have a regional vocation, we are a global country. Just as national integration involves regional integration, I am convinced that the rapprochement with Asia and, in particular, with China, will be decisive for Brazil to achieve this greater destiny”²⁵.

Thus, there is a project of international insertion where Brazil delegates to the Asian region an important space, with an intensification of South — South cooperation, giving strategically an important space to the BRICS, and having China, mainly, as an alternative for the Brazil, leaving a little of the “North” axis of the world, and a more multilateral and universal foreign policy [Stuenkel 2015]. In this way, the partnership process became more evident from 2000 to 2010, when economic and trade relations with China grew, during this period the proportion of exports of Brazilian primary products to the Asian country increased from 68 to 83 %, especially minerals and oilseeds²⁶.

²⁵ Speech of the President of Brazil Luiz Inácio Lula da Silva // Palavra Internacional do Brasil. 2003. P. 3—4.

²⁶ As relações bilaterais Brasil — China: a ascensão da China no sistema mundial e os desafios para o Brasil // IPEA. 2011. URL: http://repositorio.ipea.gov.br/bitstream/11058/6889/1/Comunicados_n85_Relac%C3%A7%C3%B5es_bilaterais.pdf (accessed: 18.04.2019).

Moreover, in 2009 China becomes Brazil’s main partner. “With the new numbers, China surpassed the United States as Brazil’s main trading partner”²⁷. It can be seen that at present China continues to be Brazil’s main trading partner (the bilateral turnover reached 98.9 billion USD in 2018)²⁸, both in the importation of Chinese products and in the exportation of Brazilian products to the China²⁹.

However, the economic dynamism generated by the trade *boom*, even bringing growth, can be counterproductive to the country’s industrial and technological development, since the intensified presence of Chinese products and companies in Brazilian society has induced a loss of state control about their natural and productive resources, this can often be an irreversible diversion process. According to data released by the IPEA, in 2011, Chinese companies were already negotiating the purchase of parts of the oil, mining and electricity sectors. Also, according to Brazilian experts Holland and Barbi, China’s largest investments in Brazil were in Petrobras³⁰, which in 2009 lent the company 10 billion USD in low interest in exchange for a payment made in oil barrels from 2010 to 2019 [Holland, Barbi 2010]. In addition, there were also investments in the steel and telephony areas.

Furthermore, Chinese investment in Brazilian companies has been concentrated in areas such as agriculture, pesticides and mining, contributing even more to a movement towards the “reprimarization” of the country’s production

²⁷ China torna-se principal parceiro comercial do Brasil após revisão de exportações // Agência Brasil. 2009. URL: <https://agencia-brasil.jusbrasil.com.br/noticias/2054331/china-torna-se-principal-parceiro-comercial-do-brasil-apos-revisao-de-exportacoes> (accessed: 18.04.2019).

²⁸ Brasil e China firmam acordos em áreas como política, comércio e saúde // Agência Brasil. URL: <https://agenciabrasil.ebc.com.br/internacional/noticia/2019-11/brasil-e-china-firmam-acordos-em-areas-como-politica-comercio-e-saude> (accessed: 07.03.2020)

²⁹ China é o principal parceiro comercial do Brasil // Agência Brasil. URL: <https://agenciabrasil.ebc.com.br/internacional/noticia/2019-11/china-e-o-principal-parceiro-comercial-do-brasil> (accessed: 07.03.2020).

³⁰ Brazilian Multinational Corporation in the petroleum industry.

and boosting, in a certain way, the preponderance of the great agribusiness with a lot of economic and, to a certain extent, political power in the country. First of all, Brazil imports the products of the technology sector, while there are great difficulties in bilateral investments and trade for technology³¹.

According to the Brazilian Ministry of Economy, the main products exported to China in 2018 were 43 % crushed soybean, 23 % crude oil, and 17 % iron ore and its concentrates, 5.4 % cellulose, 2.3 % frozen, fresh or chilled beef, among other products³². Whereas the main Chinese products imported by Brazil in 2018 consisted of great number of manufactured products, essentially drilling or explosion platforms, motors, generators and electrical transformers; small percentage of basic products such as coal, lignite or peat coke; and very small percentage of semi-manufactured products such as raw aluminium [Cariello 2019].

Despite the fact that Brazilian trade integration with China deepened significantly in the 2000s, it was characterized by strong asymmetries. Since Brazil concentrates its exports on primary products, agricultural and mineral commodities, while its imports, as already mentioned, are manufactured products with greater technological content. This ends up implying that the participation of Brazilian investors in China is still insignificant in relation to Chinese investments in Brazil, which have had a considerable increase in recent years [Hiratuka, Sarti 2016].

There is a very large asymmetry when it comes to mainly high tech product. In addition to Sino-Brazilian imports and exports, one can list the loss of Brazil itself to China in the Latin American market. It can be seen from this point of view that, until 2009, Chinese steel exports to

the subcontinent grew by 90 %, whereas Brazilian exports of this same product, which is very important in its export agenda, decreased by 38 % [Landim 2009].

However, the two countries also sought since the reestablishment of diplomatic relations a way to insert themselves in the International System, and that in a way was an important cooperation to Brazil for its projection in the international scenario. However, the discrepancy in growth rates in recent years, mainly economic, from China compared to Brazil is evident. Brazilian expert Oliveira adds, that “because of Brazil’s growing dependence on the Chinese market and its asymmetrical character, part of Brazilian society follows the Sino-Brazilian relationship with a mixture of disillusionment and scepticism. The mainstream press continually reproduces this discontent, emphasizing the images of the Chinese threat, the need for safeguards, the ingenuity in recognising China as a market economy” [Oliveira 2010: 89].

In 2010, the bilateral China — Brazil relationship gained a new level. It was a milestone in the consolidation of the internationalization strategy of Chinese companies, in which there were direct investments by China in Brazil. Between the years 2010 to 2016, 79 Chinese companies came to Brazil, or showed interest in entering the country. In fact, 53 new entrants on the Brazilian market made investments in the total amount of 44 billion USD³³. In 100 operations, 43 % was classified as Merger and Acquisition, 39 % an organic expansion, and 18 % joint venture³⁴. In addition, three companies stand out: Sinopec, State Grid and China Three Gorges. In the 2010—2016 period, the amount invested by these companies represents 70 % of the total invested by China in Brazil³⁵.

In the period 2010—2011 there was a large influx of Chinese capital into the country,

³¹ As relações bilaterais Brasil — China: a ascensão da China no sistema mundial e os desafios para o Brasil // IPEA. 2011. URL: http://repositorio.ipea.gov.br/bitstream/11058/6889/1/Comunicados_n85_Rel%C3%A7%C3%B5es_bilaterais.pdf (accessed: 18.04.2019).

³² Brasil // Ministério da Economia. 2019. URL: <http://www.mdic.gov.br/comercio-exterior/estatisticas-de-comercio-exterior/comex-vis/frame-brasil> (accessed: 20.05.2019).

³³ Kupfer D., Freitas F.R. de. Direções do investimento chinês no Brasil 2010—2016: Estratégia nacional ou busca de oportunidades // Direções Globais de Investimentos. 2018. URL: <http://cebc.org.br/2018/10/18/china-direcoes-globais-de-investimentos-2018/> (accessed: 18.04.2019).

³⁴ Ibid.

³⁵ Ibid.

followed by a decline between 2012 and 2014 and resumed in 2015 and 2016. However, the Chinese influence in the country becomes unquestionable, as well as its importance in recent years, decades, whether economically or politically.

Thus, the importance of China in the Brazilian trade balance is crucial, especially as a market to export Brazilian products. Moreover, according to the Brazilian Ministry of Economy, in 2018 China had 26.7 % of the share of Brazilian exports and 19.2 % of imports, generating a surplus of 29.2 billion USD.

In addition, Chinese investments in Brazil and their influence continue to the present day. There are a number of confirmed Chinese capital projects that include both greenfield projects, (investments in which the entrepreneur puts resources into building a new structure necessary for the operation), as well as brownfield projects (investments in pre-existing projects, or in a project to be developed or updated that will build on an existing one).

However, in 2019, in the executive branch, a new right-wing Brazilian government was initiated; whose foreign policy strategy was an alignment with the US [Ókuneva 2019]. For the current Brazilian chancellor Ernesto Araújo “the relationship with the United States may be the most neglected partnership in recent years in Brazil, for a view that the United States would be a partnership that should not be worked in various areas, our purpose is to make up for lost time”³⁶. Even so, according to Ministry of Economy data until May 2019, China remains the main Brazilian trading partner.

In 2019, the Vice-President of the Republic Hamilton Mourão went to the Asian country to co-chair together with the Chinese Vice President Wang Qishan the “V Meeting of the Chinese-Brazilian High-Level Concertation and Cooperation Commission (COSBAN)”, established in 2004. Meeting at which both vice-presidents reaffirmed the fundamental role of

such a mechanism in implementing bilateral initiatives and advancing the Global Strategic Partnership established between Brazil and China. Thus, it can be noted the undeniable importance of China for the Brazilian state even today, whether in strategic policy for an international insertion, as an economic partner.

Final Considerations

As an emerging power, the rise of China was one of the most relevant phenomena in the economy in the new post-Cold War world order (1945—1991). China began to occupy spaces of the so-called “traditional” powers, since the USA and the countries of Europe were no longer able to dominate in some areas where, until then, they had a monopoly, as in the Latin American region. Brazil, a country in this region, was one of those that had the most significant changes. In other words, China becomes the main trading partner and the Asian country becomes Brazil, one of the most strategically important countries in the international scenario until today.

In order to analyse the expectations generated and the reality presented in the international scenario, China presents itself as one of the main economic powers, and with the expectation of being the main one in a few years. However, many measures still need to be implemented in order to speak of China as a possible hegemonic power, as the country still falls far short of other relevant cross-border issues and that a world power must “take over”, as is the case, finding solutions to environmental damage, human rights violations or regional and social imbalances.

China’s importance is unquestionable, whether in the global, regional or local context. Undoubtedly, the Asian country has a huge influence in areas where it conquers, especially in Latin America and Brazil, leading mainly investments and its products of both high technology and low cost. In the short term, countries that receive this type of investment see an increase in production and, consequently, an economic improvement due to the increase in the market and the consumption process. On the other hand, Latin American companies and industries do not have the technological capacity

³⁶ China torna-se principal parceiro comercial do Brasil após revisão de exportações // Agência Brasil. 2009. URL: <https://agencia-brasil.jusbrasil.com.br/noticias/2054331/china-torna-se-principal-parceiro-comercial-do-brasil-apos-revisao-de-exportacoes> (accessed: 18.04.2019).

or, to a certain extent, a policy to compete with Chinese products in the long term, due to the stricter labour laws in American countries, compared to the Asian country.

Therefore, this lead to national deindustrialisation and dependence of these countries on China, leading to the closure of factories and replacing self-supply and exportable products with a predominantly agricultural agenda and an increase in imports of foreign products. As such, Latin America, and especially Latin American society, always has an expectation and perspective, it can be said somewhat common sense, that an influencing power in the region can improve the economy, the well-being of the population and internal development. However, a world economic power may possibly have a degree of bargaining trade or some interest behind each investment.

We believe that there is no totally pessimistic or optimistic view on the possible consequences of China's influence in the Latin American region; it depends a lot on the "point of view", the perspective of visualising and analysing the context. Accepting the Chinese influence on trade and regional relations, even recognising and making them extremely important during the last decades and even today, and especially because in a way there is a distance from the north of the world and the said powers. There is also greater multilateralism in foreign policy and international projection strategy. Countries encouraging, in a way, a return to basic economies and will perpetuate their role as mere input providers for large international industrial parks.

One aspect that took into consideration is the election of Brazilian President Jair Bolsonaro in 2018. The far-right candidate during his election campaign made several criticisms of the Brazilian foreign policy of the governments of the Workers' Party (2003—2016). Almost simultaneously, Bolsonaro criticised the Southern Common Market (MERCOSUR) for its lack of major trade agreements, as well as its "ideology by the left" and the lack of practical utility for Brazil. The criticisms also extended to

relations between Brazil and China during their campaign.

According to Bolsonaro, China is "buying Brazil" due to the Chinese commercial activity³⁷, that is, through its investments in the country and its exports. However, after his inauguration in 2019 President Bolsonaro, in his speech³⁸, adapted to reality, since Beijing is one of the main commercial partners in Brazil as mentioned above.

The current Brazilian foreign policy led by the Itamaraty (Ministry of Foreign Affairs) is of automatic alignment with the USA. This fact contradicts the country's historical positioning in defence of multilateralism and multipolarity. Within this perspective, the BRICS seemed to lose strength as an alternative to the unipolar dimension currently defended by Washington. On the other hand, we know that the commercial and geopolitical reality has been forcing President Bolsonaro to review his electoral rhetoric in the face of international reality. Thus, we can see a loss of relative interest in the faster advancement of BRICS proposals that depend on the current Brazilian government.

In our analysis and opinion, the most important view for development, both unitary of the Latin American States and for intra and extra-regional trade relations, is both industrial development of value-added products and investment applying in science and in-house technology. Likewise, one of Brazil's possible strategies for meeting the challenges of expanding relations with China is to invest in greater complementarity and structural integration of the region through MERCOSUR.

³⁷ Spring J. Discurso anti-China de Bolsonaro causa apreensão sobre negócios no país // UOL. 2018. URL: <https://noticias.uol.com.br/politica/eleicoes/2018/noticias/reuters/2018/10/25/discurso-anti-china-de-bolsonaro-causa-apreensao-sobre-negocios-com-o-pais.htm> (accessed: 18.04.2019).

³⁸ 'China cada vez mais faz parte do futuro do Brasil', diz Bolsonaro // G1. 2019. URL: <https://g1.globo.com/politica/noticia/2019/11/13/bolsonaro-recebe-presidente-da-china-no-itamaraty-antes-de-cupula-de-lideres-do-brics.ghtml> (accessed: 05.03.2020).

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