

# Brazil-China Relations

## A Cooperative 'Paradigm'

by Gretchen Small

"The time has come to consolidate the union between [Brazil and China]. This alliance will serve as a paradigm for cooperation between nations. Two giants without divergences are free to think of the future and grow in diverse areas," Brazilian President Lula da Silva stated in closing the seminar on "Brazil-China: Trade and Investments. Perspectives for the 21st Century," held in Beijing on May 25, in which more than 700 Brazilian and Chinese businessmen participated.

This spirit shaped Lula's May 23-27 visit to China, which had as its goal the strengthening of the strategic partnership which the two countries established in the 1990s. The importance which Brazil invested in the trip, was seen in the delegation which accompanied Lula da Silva: seven cabinet ministers, six state governors, one Senator, 10 Deputies, and more than 420 businessmen.

More than 15 economic and trade deals were signed during the visit, including joint industrial projects of a scale reflecting the size and aspirations of these great developing nations. Even more exciting long-term, high-technology-centered agreements are under discussion for the future. Agreement was reached to establish a "High-Level Brazilian-Chinese Commission for Deliberation and Cooperation," to coordinate the multifaceted aspects of their expanding relations, not the least of which are common efforts to bring about a United Nations-centered "multipolar international system," based on respect for sovereignty and international law. Brazil's Vice President José Alencar and Chinese Vice Prime Minister Wu Yi are to head this governmental commission, while a Brazil-China Business Council has also been formed to facilitate private sector coordination.

### Fostering Mutual Development

Brazil's partnership with China is not some "communist turn" introduced by the Lula government, as the neo-conservative nuts at the Hudson Institute screech. Lula da Silva took office only in January 2003, and China and Brazil established diplomatic relations in 1974. Relations began to take off in a big way in the 1990s, typified by the 14-year-old Chinese-Brazilian Earth Resources Satellite (CBERS) project, under which two satellites have already been launched. In 2003, trade between the two countries reached

just under \$8 billion, a sum eight times greater than a decade before.

Relations with China, as with other leading developing sector nations, are viewed as more than mere trade deals by the Lula government. Under the leadership of Itamaraty, as Brazil's Foreign Ministry is known, the Lula government set out to build alliances with every region in the world, to the purpose of creating what Brazilians call a "new political and commercial geography in the world." Cooperation between developing sector nations stands at the center of that policy.

Thus far, Lula's government has made no attempt to challenge the premises of the financier-run world order of globalization, insisting, rather, that the emerging "new geography" serve to gain Brazil and other developing sector nations a better stateroom on a sinking Titanic. Under that policy, Brazil has fully complied with the International Monetary Fund's austerity program, the which has reduced its economy to near-rubble, and created the greatest social crisis in its history as a result, while Brazil's international financial obligations have only grown bigger. For all its playing by the rules, international financiers are now gunning for Brazil, in the same way they assaulted its neighbor and ally, Argentina.

As globalization's imperial system disintegrates, the Lula government's newly-forged alliances, built upon the principle that all nations have an inalienable right to advanced development for their peoples, may provide useful vehicles for the founding of the New Bretton Woods agreements needed to re-establish global economic growth.

In his 18 months in office, Lula has traveled not only to the United States and Europe, but to Africa and the Arab world. Two efforts are given the highest priority: The first lies in Brazil's efforts to expand the Common Market of the South (Mercosur), initially joining Argentina, Brazil, Paraguay, and Uruguay, into a single South American community of nations.

The most ambitious achievement of the Lula government's strategy, thus far, has been the founding in June 2003 of a new "Group of Three," which established regular political consultation between India, Brazil, and South Africa, nations which see themselves as leading representatives of each of the continents of South America, Asia and Africa, respectively.

Brazil, from the outset, made clear it would like to see the group expand into a Group of Five, through the addition of China and Russia. That project has yet to be realized, but neither has it been ruled out, President Lula made clear in his May 26 Shanghai press conference. "We dream that in a very near future, it can become a G-5, in which China and Russia are included. All this is something which has to be worked on very carefully, because a word . . . could create obstacles," Lula explained.

## Doing What the U.S. Used to Do: Building!

Only a certifiable lunatic could view the economic cooperation underway between China and Brazil as a threat to the United States. The United States was founded upon the principle that the economic development of any nation is to the benefit of all. As Henry Carey so eloquently wrote in his famous pamphlet, *The Harmony of Interests*, the system which we are proud to call the American system, rejects the English system that “looks to pauperism, ignorance, depopulation, and barbarism.” Our’s is a system which looks “to raising the standard of man throughout the world to our level . . . to increasing wealth, comfort, intelligence, combination of action, and civilization.” Adopting the Malthusian world outlook of the British system for the last 40 years, with its fanatical obsession with “making a buck” at everyone else’s expense, the United States has only itself to blame for missing out on the great opportunities opened by the development of such nations as China and Brazil.

Brazil sees participation in China’s economic expansion as an opportunity for Brazil, and its neighbors, too, to begin to produce again. As President Lula told China’s *People’s Daily* in a May 26 interview: “Brazil and Latin American countries are not worried about China’s rapid economic development. I can say on behalf of the Mercosur countries that we hope for China’s economic growth, hoping that China can import more products from Mercosur, and that China would export more products to the aforesaid market. The relatively balanced trade relations and development between China and the Southern Common Market will facilitate the economic development of both sides.”

The economic accords reached between China and Brazil range from an expansion of the two nations’ joint space program, to giant mineral extraction projects. A joint venture between the two state oil companies, Petrobras and China Petroleum & Chemical Corp. (Sinopec), is projected to boost Petrobras’s oil exports to China almost three-fold this year, to 14 million barrels. Brazil’s giant mining company, Companhia Vale do Rio Doce (CVRD), signed an agreement to invest in two Chinese coal-mining companies. The China Baosteel Group agreed to invest in CVRD’s construction of a new steel mill in São Luis, in the poor northeastern state of Maranhao, while CVRD and Aluminum Corp. of China, will explore the possibility of constructing an alumina plant in Brazil, projected to produce 1.8 million tons of alumina by 2007, half of which would be exported to China.

Still under discussion is a long-term “food for infrastructure” agreement, which Brazilian Agriculture Minister Roberto Rodrigues proposed to Chinese officials in November 2003. Over the next 20 years, China will face the greatest rural exodus ever known, as nearly 350 million people—“almost two Brazils”—leave China’s countryside for its cities, Rodrigues explained. The expansion of its urban cen-

ters will require greater water usage, straining China’s water resources for agricultural irrigation. Brazil, whose agricultural frontiers are still expanding, can help supply China with some of the food which this will require, in return for which, China could help solve one of the biggest bottlenecks for developing Brazil’s economy, by investing in Brazil’s delapidated infrastructure, particularly its ports and railways.

The Chinese “are very interested in the matter,” but asked for more time to study all aspects of such a broad arrangement, before signing the proposed bilateral agreement, Rodrigues reported.

The greatest potential for generating economic growth in both countries, however, lies in cooperation on projects which extend the frontiers of human knowledge. As Lula told *People’s Daily*, “Brazil is not content with exporting raw material and minerals to China,” but hopes “to increase trade between the two countries in high-tech and high value-added products.” Here, the most exciting announcement from the trip was the report that Brazil and China are exploring the possibilities of broadening cooperation on the peaceful uses of nuclear energy. The areas discussed ranged from the use of radioisotopes for medical and agricultural purposes, to Chinese interest in purchasing unprocessed uranium from Brazil, and in learning more about the unique uranium enrichment process which Brazilian scientists have developed. Brazil, for its part, expressed interest to participating in the planned construction of 11 nuclear plants in China, four of them in the short term.

Brazil, which has the sixth-largest uranium reserves in the world, has never sold uranium to other countries, Brazilian Science and Technology Minister Eduardo Campos reported. “But we can discuss the hypothesis of selling our uranium to the degree that makes the industrial-scale production of enriched uranium viable.” Brazil needs to find ways to finance its nuclear program, for if the pattern of investments of the last 10-15 years continues, the program will not be viable, he explained.

The decision to move ahead in this area will require great political will, as the mere raising of such cooperation sent both the anti-nuclear and anti-China nuts into high orbit, and, according to *Folha de São Paulo*, provoked an “unofficial” reaction from the Bush Administration. Any decision will only be taken, after an ongoing review of Brazil’s entire nuclear program has been completed by August, Brazilian officials report.

President Lula declared, in a departure from a prepared speech on the last day of his visit, that there is no reversing the alliance between China and Brazil. There are many working against it, but there are many working for it, as well, he said. “I leave China with the certainty that we have done an extraordinary job. But we will only reach perfection when we have technological partnerships which drive us towards growth.”