

THE SINO-BRAZILIAN RELATIONSHIP: HEADING TO COOPERATION OR COMPETITION?

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ABSTRACT

This article will examine the relationship between The People's Republic of China and the Federal Republic of Brazil at a global level and where it will emerge in the future.

Latin-America is changing and it is preparing to compete in a globalized market. The perception of South-South relations that the Chinese government has, suggests that probably will arise a cooperation that offers new alternatives of economic exchange enhancing globalization and integration of markets without fostering free market policies or intervention in other countries national affairs. Brazil is a good example of this integration. Relations between China and Brazil show how Latin-America is coming closer to China and it is trying to build a relation in between the countries guided by mutual success and exchange. But, will it emerge cooperation between Beijing and the developing countries or a competition for having control of the developed countries market? The cooperation of East Asia and Latin America could bring both regions economic growth as the exchange will be bigger and will make the race to development continue.

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Key words: Brazil, China, integration, emerging economies, South-South cooperation.

RELACIONES ENTRE BRASIL-CHINA ¿HACIA LA COOPERACIÓN O LA COMPETENCIA?

RESUMEN

Este artículo examinará la relación entre la República Popular China y la República Federal de Brasil de manera global y develará hacia donde se dirige en un futuro.

América Latina está cambiando y se prepara para el desafío de competir en un mercado globalizado. La percepción que tiene el gobierno chino frente a las relaciones Sur-Sur sugiere que probablemente surgirá una cooperación que ofrezca nuevas alternativas de intercambio económico que afiancen la globalización y la integración de los mercados. Dicho intercambio se caracterizará por no incentivar políticas de libre mercado ni intervención en los asuntos internos de otras naciones. Brasil es un gran ejemplo de dicha integración. Las relaciones entre China y Brasil demuestran como América Latina se esta acercando cada vez más a China y está buscando construir una relación entre los países guiada por el intercambio y el éxito mutuo. Pero, ¿surgirá cooperación entre Beijing y los países en vía de desarrollo o se desarrollará una competencia por tener el control del mercado de los países desarrollados? La cooperación entre el lejano Oriente y América Latina le puede aportar a ambas regiones crecimiento económico puesto que el intercambio económico será mayor y los afianzará a ambos en el camino del desarrollo.

Palabras clave: Brasil, China, integración, Cooperación Sur-Sur, economías emergentes.

1. INTRODUCTION

Latin America is, like China, an emerging economy that is growing really fast. The countries of the Latin region are industrializing and are investing in infrastructure in order to be able to compete in equal conditions with the rest of the world. As well, the region as a whole has the benefit of be endowed with

natural resources. Because of this, there is a clear advantage in commodities towards the rest of the world that the region is trying to take advantage of.

2. WHY LATIN AMERICA?

Latin America has become more and more important to China as China is running out of natural resources. “According to current levels of production, the world’s known oil reserves will near depletion in approximately fifty years, but in China, reserves will last for only eleven years.” (Jian Shixue 51) It is a well-known fact that China’s economic growth is huge and has been sustained for the last 30 years since the opening of 1978 led by Deng Xiaoping. For instance, according to the World Bank China’s GDP in the last 4 years has been in between 14.2% and 10.3%. (<http://data.worldbank.org>) One of the main issues that China is facing right now is that its growth is not sustainable anymore. As the economic production model of the country is based on the consumption of natural resources, Latin America can play and is actually playing a big cooperation role.

On the other hand, South American countries have had an average of continued annual growth of around 5% in GDP. The only year in which this growth was under the 5% was in 2008, caused by “the global meltdown originating in OECD (Organization for Economic Cooperation and Development) countries which interrupted the boom enjoyed by the region.” (Santiso, Avendano 67) In this sense, the 2008 crisis affected the economic performance of the Latin- American countries as its economies are still very dependent on the exchange with the United States and Europe. Because of this reason, it is good deal for Latin countries to open more to other markets like the Asian, mainly China, as there is a mutual interest of develop the cooperation in between the two regions.

3. CHINA AND BRAZIL RELATIONS: A BRIEF HISTORY

3.1. From 1949 to 1980’s

Sino-Brazilian relations can be divided on two different periods. The first period is from 1949 when the People’s Republic of China was created until 1970’s and the second period from 1970’s to nowadays. The first period was characterized by “the limited extent and scope of their interactions, determined to some degree by each country’s respective Cold War allegiances, but perhaps more importantly by geography, low levels of openness to the outside world, and an

almost complete lack of interest and knowledge about each other.” (Tavares, Nedal 237) This period can be described with one word: remoteness. The two governments had two complete different approaches towards the Cold War and their markets were, in some sense, closed and based on the protection of the national industry. In Brazil, protectionism policies played a very important role so the protection of the national industry was an important issue for the government. As well, there was resistance by some sectors of the Brazilian politics to Communism. Brazil was a country that shared the same way of thinking of the United States and Western Europe and was not really interested in having international relations with countries like China at the time.

The second period was originated by one big fact: the People’s Republic of China replaced Taiwan in the United Nations and had a permanent seat at the Security Council. The answer from the Brazilian government could not wait. The Foreign Minister Antônio Azeredo da Silveira declared in 1974 that “The substantial changes the world has seen in this decade, as well as the presence of the PRC as a power, recognized de jure by most governments and holding a permanent seat at the UN Security council, suggest that Brazil immediately reconsider its relationship with that country... The PRC has consolidated its position as an emerging power and has displayed diplomatic wit and political sensibility in its relations with other states in all international forums.” (Tavares, Nedal 238) The approach to China changed immediately: the PRC had veto power and had become a country with more political power in the international spectrum. Brazil’s Foreign Minister good-will was to adjust to the changes that the world order was suffering and make Brazil part of this changes. As a result, there was a re-establishment of diplomatic relations with mainland China on 15th August 1974. Despite this, as stated before, there was resistance to communist ideas in Brazil politics. For example, the opinion that the Minister of the Army Sylvio Frota had in regards to the relations with China was:

“The People’s Republic of China defends, undoubtedly, values that are antithetical to our culture. It exports the communist revolution and interferes in the internal affairs of other countries, somewhat openly, according to the international and national situation of the target state and to the strategy of the international communist movement. It is intrinsic in the ideology it propagates, in the long term, to ruin and destroy to the very end human society as we know it.” (Tavares, Nedal 239).

According to this opinion, China was a threat to Brazil and to its idiosyncrasy. The communist ideas would interfere with the Brazilian national affairs and make the country, if these ideas become popular, be destroyed in the long term.

This kind of ideas made the integration during this period harder and slower as there was resistance from many sectors of Brazilian society. The progress of the relations during this period was very slow and there was an interest of both nations more on the domestic than the international affairs.

3.2. The 90's and the new century

The world changed with the collapse of the Soviet Union. The Bipolar way of running of the world order during the Cold War changed dramatically to the hegemony of one power: The United States of America. This abrupt change came with globalization and the imposition of a liberal trade system. Again, the world order changed and the countries had to prepare for this new challenge. During this period, Brazil foreign policy focused in “taking steps simultaneously toward domestic economic liberalization and regional integration. Relations with immediate neighbors and the United States were therefore of paramount importance during the 1990s, leaving little room for exploration around the globe beyond participation in multilateral institutions.” (Maciel, Nedal, 239) Then, Brazil was preparing for leading the region and opening its market to the world's hegemony. Furthermore, the Brazilian State was transformed in its structure so that it was capable to reach the goals of international integration and opening up.

In 1993 arose the opening of Brazil's market to East Asia. During the Itamar Franco administration Asia was defined as “one of the priorities of Brazilian diplomacy, due to its cooperative potential in the fields of science and technology, as well as its significant import and export markets.” (Altemani de Oliveira 37) Brazil perceived Asia as the key to development. Asia in the 90s was a model to the world in terms of economic development. This was generated by a high-scale production in technology and science and a big import-exports market. Brazil was interested on creating partnership with such a prosperous region.

On the other hand, China was also interested in developing a good relation with Brazil as it was becoming the strongest economy of Latin-America. But, the interest was focused not only towards economic exchange but also projected a give-and-take scenario capable of producing a better future for the population of both nations. As Li Ruihuan (Chairman of the National Committee of the Chinese People's Political Consultative Conference) defined the idea of strategic partnership:

“Latin America represents one of the most dynamic regions of the planet in terms of economic development. In the political sphere, the region, particularly

Brazil, occupies an important strategic position in the world. Brazil is the largest developing nation in Latin America, and China is the largest developing nation in the world. There are many similarities between the two countries: they both intend to reach economic development and improve the living conditions of their population. Thus, cooperation carries a very significant meaning for both countries, as there is no fundamental conflict of interests. In fact, the two countries are complementary. Therefore, I see a very promising horizon for relations between our two countries, especially in the economic field.” (Altemani de Oliveira, 41).

The first time Brazil wanted to link as a regional block with Eastern Asia happened in 1997. In that occasion, Brazil was interested on generate a link between ASEAN (China, South Korea and the Association of Southeast Asian Nations) and MERCOSUR (Brazil and the South cone nations). The objective of this integration was to “use regional blocks as instruments in the negotiation process of new international arrangements, and from its attempts at insertion in Asia-Pacific multilateral organizations, especially APEC.” (Altemani de Oliveira 38) Brazil was looking for the creation of a Free Trade Area between the two regions so that the exports-imports increased substantially. In the end there was no agreement between the two regions as it was considered that “the moment was not yet right for the establishment of a Free Trade Area between the two regions” (Altemani de Oliveira 38).

In 1999 the Forum for East Asia-Latin America Cooperation (FEALAC) was institutionalized. The main objective of the FEALAC was to create channels between the two regions for implementing plans that “strengthen economic, political, and cultural ties between the two regions.” (Altemani de Oliveira 39) This forum introduced a new way of economic and political cooperation between the two regions. It looked for strengthen the relations between the regions so that they would be able to cooperate with each other having always a channel of communication.

“In March 2001, it was decided that FEALAC would ‘be refined within the context of globalization and of the strengthening of relations between different regions of the world and would have the objective of filling a gap in the relationship between Asia and Latin America. The main purpose of this multidimensional inter-regional dialog and cooperation mechanism is to stimulate political dialog, understanding and cooperation.” (Fujita 3)

FEALAC, at this moment, seemed to be a channel between the two regions for mutual cooperation towards globalization. The regions as a whole needed to

develop themselves in order to be able to compete in a globalized market. What makes this instrument particularly interesting is that it searches for a sustained growth in the two regions so that they are able to compete in fair conditions and have access to markets.

A problem that FEALAC is facing today is that its implementation has been limited. Both regions made a priority on their international relations with Europe and the United States. Then, the States that make up the organization are not fully honoring the objectives of FEALAC.

4. SOUTH-SOUTH COOPERATION

Brazil and China are countries that have common interests. Both of them are still on the track to development and are growing annually at high rates (above 5% GDP). The sense of having South-South cooperation is based upon creating a general position based upon the common interests that developing countries have. Then, the mutual aid main objective is the defense of the common interests of developing countries concerning the developed countries interests. The goal of the cooperation is not to create a resistance to the developed world policies but an strategy that allows developing countries ensure a common voice in multilateral forums. As Enrique Altemani de Oliveira stated:

“The objective is by no means to form a movement in opposition or in resistance of relations with developed nations. What is desired is a positioning strategy in face of the current state of negotiations in different multilateral forums.” (Altemani de Oliveira 43).

According to this, China and Brazil, as leaders of their regions, must formulate their foreign policy thinking not only on their countries but on their regions too. In recent years, multiple forums have been taking place all around the world in different kind of subjects (economy, environment, education, etc.). In order to receive an advantage in multilateral forums as a region, it is important that cooperation and share of common interests grow between developing countries.

The importance of China and Brazil can be exemplified by the emergence of their economies and the issue of being members of the BRICS. The members of the BRICS are Brazil, China, Russia, India (and more recently South Africa) and they gained this title because they are the countries who are sustaining and building the structure of the 21st century economy. Being under the BRICS category builds up self-confidence in the country’s economy and makes it be

an outstanding country in the region where it is geographically located. Despite this, both countries are interested in not only the development of the domestic economies but on the growth of the region as a whole. If the countries that are located in the region begin to grow sustainably, the creation of wealth will be distributed among the whole region. Furthermore, Brazil and China are leaders in their regions and should build up bridges in their regions so that the economic growth is proportional and homogenous.

5. COMPETITION OR CONSENSUS?

As it was said before, the Sino-Brazilian relations are heading towards cooperation and the search of common interests in order to be able to compete and enter easier into the globalized world market. Both countries are looking for self-benefits (mostly economic). However, both economies are changing rapidly and the interests are changing as well. “As a result of its economic, political and strategic role in the present international context, China might start to consider its partnership as less important.” (Altemani de Oliveira 49) Possibly, Li Ruihuan’s opinion of Sino-Brazilian relations is more valid than ever.

It is at this point when two possible scenarios can transcend: on one hand, the geographical distance can turn into economical distance as the interests are not common or, on the other hand, the FEALAC can become fully implemented and be a practical tool that brings Latin America and East Asia together. In the first scenario, the two regions will be in a constant competition of having the control of the globalized world market. In the second scenario, the two regions are working together, conserving the common interests on building development and reducing the social gaps in the countries so that societies become more equal and competitive. Then, the question that has to be asked is if the developing countries want to organize as a block to compete with the developed world? If the cooperation between Latin America and East Asia is successful, the model will be replied with regions like Africa or the Middle East.

Frankly, the first case scenario is impossible to happen because the export-import relations between China and Latin America have been increasing exponentially during the last 10 years. For instance, “the Chinese market rose as the second export destiny of Brazil, Argentina, Peru, Costa Rica and Cuba, and even as Chile’s first export market.” (CEPAL 2008) In addition to this, China’s industry size is bigger than Latin America’s industry size which will make the competition be tough for Latin America as a region. “The growth achieved by countries such as Brazil, Chile, Argentina, Venezuela and Peru based (primarily) on exporting primary products may not provide many jobs or modernization

either, and their industries are also harmed by cheap Chinese imports.” (Fernandez, Hogenboom, 184) Although Latin-American economies are based on the production of commodities and primary products, China is running out of natural resources. This encourages China grow its interest in Latin America as a region because its economic model is based upon the consumption of resources. Then, this model will only be sustained with the help and cooperation of regions like Latin America. As well, Latin America will receive huge benefits from this exchange as its supply of resources is constant and the foreign direct investment in the region may increase.

6. CONCLUSION

According to the way the economics have been developed between East Asia and Latin America, the most probable scenario is cooperation and mutual benefit programs. As well, under the direction of FEALAC the relations between the regions can be encouraged to lead the path of growth and development in both regions. As well, this relation is not only economic but is reaching other subjects that concern to all the developing countries in the world. In this sense, common interests between both regions exist. One of the main goals of the cooperation can translate in mutual interest between the regions of reaching the global free trade market.

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