

## **BRAZIL-CHINA BILATERAL LINK DURING THE 21ST CENTURY: BUSINESS AS USUAL**

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### **Abstract**

Throughout 50 years of bilateral relations, the link between Brazil and China was built slowly but steadily, reaching an unusual dynamism in the 21st century. This was the result of State policies, which found in their counterpart fertile ground for their own foreign policy to flourish, as well as an important economic and commercial complementarity. For this reason, the aim of this article is to examine China's rise on Brazil's foreign agenda over the course of this century, paying special attention to existing commercial interests, particularly in the energy sector. Chinese penetration since 2000 has maintained continuity and dynamism, regardless the ideological turnovers, since trade and energy business have become its backbone. While the PT governments took the political and economic dimensions of diplomacy towards China along the same track, Bolsonaro's administration decoupled these dimensions, although he had to relegate his 'anti-communist cultural battle' in the face of China's status as the main economic partner and the exuberant portfolio of investments in renewable and non-renewable energies. With a qualitative methodological design, this paper presents two sections: the first begins with the declaration of the bilateral link as a strategic partnership and goes through the Petistas governments; the second focuses on the post-impeachment period and sustains the alliance despite Jair Bolsonaro's speeches against Chinese 'communism'. The results are clear: the relationship between Brazil and China over the course of this century is unprecedented in the regional scenario and is highly unique. Each country sees in the other a first-rate partner to satisfy a set of interests that, at times, run parallel to political and commercial dimensions and, at others, are decoupled, with one of them prevailing above all: the economic one. For this reason, the short circuits that existed during Bolsonaro's term did not divert the relationship from its usual path.

### **Keywords**

China, Brazil, Energy Sector, Foreign Agenda, Ideological Turnovers.



## Resumo

Ao longo de 50 anos de relações bilaterais, o vínculo entre o Brasil e a China foi-se construindo de forma lenta, mas constante, atingindo um dinamismo invulgar no século XXI. Este foi o resultado de políticas de Estado, que encontraram no seu homólogo terreno fértil para o florescimento da sua própria política externa, bem como uma importante complementaridade económica e comercial. Por esta razão, o objectivo deste artigo é examinar a ascensão da China na agenda externa do Brasil ao longo deste século, prestando especial atenção aos interesses comerciais existentes, particularmente no sector energético. A penetração chinesa desde 2000 manteve a continuidade e o dinamismo, independentemente das reviravoltas ideológicas, uma vez que o comércio e os negócios energéticos se tornaram a sua espinha dorsal. Enquanto os governos do Partido dos Trabalhadores (PT), levaram as dimensões política e económica da diplomacia em relação à China no mesmo caminho, a administração de Bolsonaro dissociou essas dimensões, embora tenha tido de relegar a sua "batalha cultural anticomunista" face ao estatuto da China como principal parceiro económico e o exuberante portefólio de investimentos em energias renováveis e não renováveis. Com um desenho metodológico qualitativo, este artigo apresenta duas secções: a primeira inicia-se com a declaração do vínculo bilateral como parceria estratégica e passa pelos governos do Partido dos Trabalhadores (PT); a segunda centra-se no período pós-impeachment e sustenta a aliança apesar dos discursos de Jair Bolsonaro contra o 'comunismo' chinês. Os resultados são claros: a relação entre o Brasil e a China ao longo deste século é inédita no panorama regional e altamente singular. Cada país vê no outro um parceiro de primeira ordem para satisfazer um conjunto de interesses que, por vezes, correm paralelamente às dimensões política e comercial e, outras vezes, são dissociados, prevalecendo sobretudo um deles: o económico. Por isso, os curtos-circuitos que existiram durante o mandato de Bolsonaro não desviaram a relação do seu rumo habitual.

## Palavras-chave

China, Brasil, Setor Energético, Agenda Externa, Mudanças Ideológicas.

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## **BRAZIL-CHINA BILATERAL LINK DURING THE 21ST CENTURY: BUSINESS AS USUAL**

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### **Introduction**

2024 is not just another year in the relationship between Brazil and China. The two countries, whose contacts date back to colonial times, are celebrating 50 years of uninterrupted diplomatic relations since their re-establishment in 1974 under the Geisel administration. They are also commemorating 20 years of the creation of the Sino-Brazilian High-Level Commission for Coordination and Cooperation (COSBAN), a decisive section in bilateral political dialogue and in positioning themselves in relation to some impact issues impact on the global agenda.

Throughout this time, the link was built step by step, acquiring an unusual dynamism after the arrival of Lula da Silva in 2003 when the respective national interests converged. On the one hand, during the first decade of the current century, the Brazilian government focused, among other things, on South-South relations and the diversification of international partnerships as part of its global player aspirations. On the other hand, the Chinese government found in Brazil, as in the rest of Latin America, the opportunity to import large volumes of raw materials that would feed the accelerated growth of its economy and boost its strategy of global projection through investments and loans (Paulino, 2020).

At the end of Lula's second government, China displaced the United States as the main destination for Brazilian exports, narrowed the gap with imports from that country and its direct investments made a notable leap in the areas of energy, metals and transport, among others. As the Chinese proverb says, "the one who has displaced the mountain is the one who started by removing the small stones" and, in this sense, the Asian giant was able to take advantage of its positive assessment of time, understood as a continuity of long-term actions, and its economic and commercial power.

In this paper, we aim to examine China's rise on Brazil's foreign agenda during the 21st century, paying special attention to existing commercial interests, particularly in the energy sector. The decision to analyze the bilateral relationship through the energy business was not a random one. First, we must bear in mind that China plays a strong



role in the chess game of global energy geopolitics thanks to its exponential growth. It leads the world in primary energy consumption and, with Japan, in international trade in liquefied natural gas (LNG); it is the largest importer of crude oil; it sets the pace —along with India— in global coal production; and it exhibits very attractive growth in renewable energy generation (it ranked first in 2022), as well as in the production of technologies for its development (Energy Institute, 2023). In short, it aims to dominate the energy business fronts, i.e. as a consumer, buyer and supplier in the clean energy industry.

Second, the place of Chinese energy investments in Brazil. In fact, energy is the sector that has received the most investment since Lula's first government, and Brazil is the main recipient in the South American scenario, regardless of the political turnovers experienced in the region in general and in the country in particular in recent years. An eloquent fact is that, in 2021 during Jair Bolsonaro's administration (2019-2022), Brazil was the largest recipient of Chinese investment in the world (Cariello, 2022).

Bearing in mind that, since the mid-2000s, Chinese penetration in Brazil has been vertiginous and voracious, we argue that it has maintained continuity and dynamism, without being overshadowed by Brazilian political turnovers. Despite fluctuating on the left-right spectrum, the pragmatic and strategic sense of the bilateral link has prevailed, where trade and energy business have become its backbone. While the PT governments took the political and economic dimensions of diplomacy towards China along the same track, Bolsonaro's administration decoupled these dimensions, although he had to relegate his "anti-communist cultural battle" in the face of China's status as the main economic partner and the exuberant portfolio of investments in renewable and non-renewable energies.

The paper is structured based on a qualitative methodological design that includes the analysis of bibliographical documentation, statistics and declarations by high-level officials. It is organized in two sections. The first is framed temporally at the beginning of the launch of the strategic partnership and goes through the *Petistas* governments. In the second section, which begins post-impeachment, we focus on showing that the strategic association with the communist country is sustained, at least in economic terms and mainly in the energy sector, despite the discourses against Chinese "Marxist globalism".

### **From strategic partnership to global strategic partnership**

The end of the Cold War and, consequently, the process of international restructuring in political and economic terms, not only reaffirmed the path taken by China and Brazil in previous years, but also catapulted bilateral ties to a new level. In November 1993, after the visit of the then Chinese president, Jiang Zemin, to Brazil, the relationship was defined as a *strategic partnership*, and since then it has been the expression used to refer to contacts between the two countries.

However, as Gonçalves & Bauab Brito (2010) express, there is no univocal definition of what a strategic partnership is, although there is a shared understanding regarding its essence. A strategic partnership refers to a partnership between three core elements: fruitful dialogue, commitment in the medium and long term and close links in different



areas. In this sense, it represents "(...) relations between nations that have common interests and are committed to cooperate and coordinate their actions in the international environment" (Gonçalves & Bauab Brito, 2010, p. 12). Brun (2016, p. 195) summarizes the issue by indicating that a strategic partnership refers to "(...) a priority relationship over time and with multiple facets with benefits for both partners". In this sense, for Brazil, the recognition of strategic partnership was the first attempt to establish a priority relationship with an important actor in the international arena, outside the Latin America-United States-Europe axis. For China, it was an opportunity to continue deepening its process of international opening through rapprochement with a major player on the Latin American stage that stands out geographically, economically and in terms of population, and which also has the necessary conditions to exercise leadership among other developing countries (Biato Junior, 2010).

The strategic partnership declaration placed the bilateral relationship between China and Brazil in a central position, which explains the proliferation of agreements throughout the 1990s for the joint treatment of economic-commercial, educational, scientific-technological, agricultural, industrial and technical issues, among others (República Federativa do Brasil, Ministério das Relações Exteriores, n.d.). Simulating a game of cards, the definition of strategic partnership represented shuffling and re-shuffling. In practice, this commitment, which does not imply the non-existence of differences between the partners, must be read with certain caveats. First, it should be understood as a kind of foundation on which the bilateral relationship rests in all its dimensions. It is a mechanism for regulating and coordinating actions at the State-State level and in the international arena. Considering this, it will not necessarily generate automatic results, nor will they have the same intensity in all the areas involved. Secondly, and in connection with the above, in the Sino-Brazilian case the understanding of strategic partnership favored the recovery of trade exchange but was not decisive. Biato Junior (2010) explains that the increase in trade values responded mainly to the process of economic recovery and growth experienced by both countries and the increase in the purchasing power of the population. The 1997-1998 Asian crisis generated a phase of deceleration in trade that was quickly reversed towards the end of the 20th century and the beginning of the current one. As can be seen in Table I, in 1990-2000 period, the United States led the market for Brazilian products, followed at a marked distance by Argentina, the Netherlands and Japan.

China's share began to grow from 1993 onwards, although in 1995, with the highest export peak of the decade, it only represented 2.5% of Brazil's total sales. Imports replicated the same behavior as exports, i.e. in the years 1995-1997, and reached 2% of total purchases at that time. *Prima facie*, these numbers seem insignificant. However, if we consider the size of the partners and the fact that in previous years trade oscillated between 0.6% and 0.7%, the result is more than eloquent.

**Table I: Brazil's exports by main destinations (in millions of dollars)**

Year	United States	Argentina	The Netherlands	Japan	China
1990	7594	645	2494	2348	381
1991	6264	1476	2147	2556	226
1992	6932	3039	2338	2305	460
1993	7843	3658	2488	2313	779
1994	8816	4135	3077	2574	822
1995	8682	4041	2917	3101	1203
1996	9182	5170	3548	3047	1113
1997	9368	6765	3997	3065	1087
1998	9741	6743	2741	2204	904
1999	10662	5359	2589	2190	674
2000	13160	6229	2794	2471	1084
2001	14148	4993	2861	1984	1901
2002	15325	2337	3124	2096	2516

Source: Authors elaboration with data from Ministério do Desenvolvimento, Indústria, Comércio e Serviços (COMEX STAT) (<https://comexstat.mdic.gov.br/>)

With the arrival of Lula to the presidency, the Sino-Brazilian relation took on a priority character thanks to the convergence of concrete interests between the two countries and the possibilities for growth derived from the international context. Brazil had much to offer China and China to Brazil, especially after its admission to the World Trade Organization (WTO) in 2001.

The PT leader's decision to amplify and consolidate Brazil's international presence; to build, in Celso Amorim's words, an *ativa e altiva* foreign policy, permeated by a universalist vision, advocating multilateralism, with a view to strengthening South-South relations (Gomes Saraiva, 2010; Lessa, 2010, among others) found in China the ideal candidate: a market with an immense consumption capacity and a powerful political partner for addressing the central issues of the global agenda. For China, Brazil was a window of opportunity both bilaterally and multilaterally. Bilaterally through the provision of raw materials and basic inputs, as a space for the internationalization of its companies and as a partner in the construction of an international architecture in line with the 21st century. During his visit in November 2004, the then President Hu Jintao summed up this issue in his speech to the Brazilian Congress: "(...) at the political level, we support each other to be trustworthy and time-tested friends (...) at the economic level, we promote mutual complementation with our respective advantages to be mutually beneficial cooperation partners on the basis of a new starting point" (Hu Jintao, 2010). At multilateral level, the convergence on strengthening multipolarity and the need to democratize international relations stood out. Lula delivered his first speech as president-elect to parliament in 2003 underlining the word *mudança*. These were times of change at home and abroad.



*We aim not only to increase Brazil's presence on the international market, but also to stimulate the incipient elements of multipolarity in contemporary international life. The democratisation of international relations without hegemonies of any kind is as important for the future of humanity as the consolidation and development of democracy within each state (da Silva, 2003).*

During the PT's tenure in office, ties with China grew by leaps and bounds. In 2012, Dilma Rousseff and Hu Jintao agreed to recategorize it as a global strategic partnership, raising the scale of convergence and commitment, guided by the following guiding principles: strengthening political trust and dialogue between equals, intensifying trade exchange with reciprocal benefits, deepening international cooperation on bilateral and global agenda items, and promoting knowledge between the societies of both countries (República Federativa do Brasil, 2004). This resulted, among other things, in the creation of COSBAN in 2004, the Brazil-China Cooperation Fund in 2015 and the signing of Joint Action Plans (2010-2014, 2015-2021) and a Cooperation Plan (2012-2021), which "(...)" in a spirit of equality and pragmatism and aiming at obtaining positive results for both parties' set the objectives and guidelines for joint work in all areas of the relationship" (República Federativa do Brasil, 2015). As Brun (2016, p. 198) puts it, such an alliance "(...)" does not resemble classic alliances for at least three reasons: it does not include a military component, it involves collective initiatives, and it does not suggest a systematic commitment".

COSBAN deserves a brief mention. This mechanism is made up of 11 thematic sub-commissions<sup>1</sup> and plays a key role in the dynamics of the relationship, as it not only establishes dialogue between the States at the executive level —vice prime minister of the State Council for China and vice president for Brazil—, but is also in charge of promoting and sustaining bilateral contact and establishing the steps to be taken.

Of all the dimensions involved in the relationship, two undoubtedly stand out: trade and investment, particularly in the energy sector. In 2003, Brazilian exports to China represented 6.2 per cent of the total, compared to 22.8 per cent of sales to the United States as the main trading partner. This situation was reversed during Lula's second term (see Table II), when North America was displaced by the emergence of China in 2009 as the number one destination for Brazilian exports (13.8 per cent of the total), made up mainly of soybeans, iron ore, oil and sugar, among others. This behavior has continued to the present day, in addition to the widening of the gap in terms of trade with the United States. In terms of volume, Dilma's administration surpassed Lula's, with a peak of USD 46,023 million, reaching 19.8% of total exports in 2013<sup>2</sup>.

<sup>1</sup> Politics, Economic-Commercial and Cooperation, Economic-Financial, Industry, Information and Communication Technologies, Agriculture, Sanitary and Phytosanitary Issues, Energy and Mining, Science, Technology and Innovation, Space Cooperation, Culture and Tourism, and Environment and Climate Change.

<sup>2</sup> It should be clarified for organizational purposes that the data expressed in the Rousseff administration, as well as those contemplated in Temer's mandate, were considered by virtue of the calendar year, despite the impeachment that led to her removal from office in mid-2016.



In terms of imports, the increase in Chinese presence was remarkable. In 2003, Brazil bought USD 2143 million, or 4.3% of its total imports, while in 2010 they reached USD 25,591 million. During the period 2003-2010, the average import value was USD 11.66 billion, while during 2011-2016, this value was USD 32.62 billion (República Federativa do Brazil, Ministério do Desenvolvimento, Indústria, Comércio e Serviços, n.d.).

<b>Table II: Brazil's exports by destinations (in millions of dollars)</b>			
<b>Year</b>	<b>United States</b>	<b>China</b>	<b>Argentina</b>
<b>2003</b>	16659	4531	4559
<b>2004</b>	20002	5438	7371
<b>2005</b>	22643	6826	9967
<b>2006</b>	24507	8398	11733
<b>2007</b>	25051	10776	14409
<b>2008</b>	26547	16519	17598
<b>2009</b>	15598	20994	12781
<b>2010</b>	19300	30747	18507
<b>2011</b>	25776	44304	22701
<b>2012</b>	26646	41225	17986
<b>2013</b>	24643	46023	19612
<b>2014</b>	27016	40611	14277
<b>2015</b>	24037	35155	12793
<b>2016</b>	23155	35133	13417

Source: Authors' elaboration with data from Ministério do Desenvolvimento, Indústria, Comércio e Serviços (COMEX STAT) (<https://comexstat.mdic.gov.br/>)

The other side of the economic dynamism between the two States is around investment, which we consider to be the spearhead of China's strategy to reach, and thus expand, both in Brazil and in the rest of Latin America through loans, financing, the sale of technological equipment, and Foreign Direct Investment (FDI), in the strict sense of the word. As mentioned above, the energy sector, without being the only one, has been the main beneficiary of the large amounts of money that the Chinese government has invested in the South American country over the course of this century. This can be explained by the insertion of the two countries in the bilateral energy scheme. On the one hand, China has directed its international strategy towards energy security in the short, medium and long term through the diversification of sources and countries in a context of global projection and gigantic energy consumption, which it satisfies mainly through imports. On the other hand, Brazil possesses enormous potential in renewable and non-renewable resources. The seriousness of the Venezuelan crisis and the discoveries of pre-salt oilfields make it a leading actor in the production of crude oil; a key resource in the export basket to China, and a regional leader in the production of electricity through clean sources, especially from hydroelectric sources (Energy Institute, 2023). In other words, the same sector in which the Chinese government has bet heavily



on electricity generation. After coal, Chinese electricity is produced through the implementation of hydroelectric power plants that feed consumption throughout the country.

According to data from the China Global Investment Tracker (American Enterprise Institute, 2024) and the Brazil-China Business Council (CEBC), during Lula's first presidency, Chinese investment<sup>3</sup> was almost nil. Except for a few specific projects in Chile, Colombia, Ecuador and Peru, China's sights were focused on other geographical areas, such as Australia, the United States, Russia and part of Africa. As stated by da Silva & Soares (2011), the qualitative leap took place after 2010, coinciding not only with China's expansion as a global investor, but also with the dynamism acquired in trade, particularly after the displacement of the United States as the main destination for Brazilian exports. In the authors' words, "(...) the Chinese investments in Brazil announced in 2010 followed two patterns. The first was the inclusion of Brazil in the international base of suppliers of raw materials for China. The second was the entry of the Chinese into the consumer market and the Brazilian industrial arena" (da Silva & Soares, 2011, p. 7).

According to information provided by the American Enterprise Institute (2024), in Lula's second term (2007-2010), Chinese investments, in their three basic modalities (total or partial mergers and acquisitions, formation of joint ventures or greenfield projects), reached a value of USD 14.99 billion, with USD 12 billion identified in the energy sector. Here we find the participation of players such as China Investment Corporation (CIC), China Petroleum and Chemical (SINOPEC), State Grid and SINOCEM (American Enterprise Institute, 2024).

The case of State Grid is noteworthy. This company is the world leader in the electricity transmission and distribution business. Its figures are superlative. In China, it supplies more than 1.1 billion customers, covers around 88% of the national territory and has deployed operations in different countries in the five continents. In 2010, Brazil was the first destination outside Asia where State Grid made its first major investment. Its growth has led it to control transmission lines that cross 13 States, equivalent to 10% of the total national high-voltage grid (State Grid Brazil Holding, n.d.).

In comparative terms, during the Rousseff administration, Chinese investment policy showed similarities, but also some nuances. According to the American Enterprise Institute (2024), investments totaled USD 35.62 billion, with energy accounting for around 73.9 per cent, or USD 26.34 billion (Graph I). This was possible thanks to the commitment of three large companies: Three Gorges, China National Petroleum Corp (CNPC) and China National Off-shore Oil (CNOOC), which, together with those mentioned above, eclipsed the Brazilian energy industry in renewable and non-renewable matters, as well as in its distant phases. It is not a minor fact that three of the four companies

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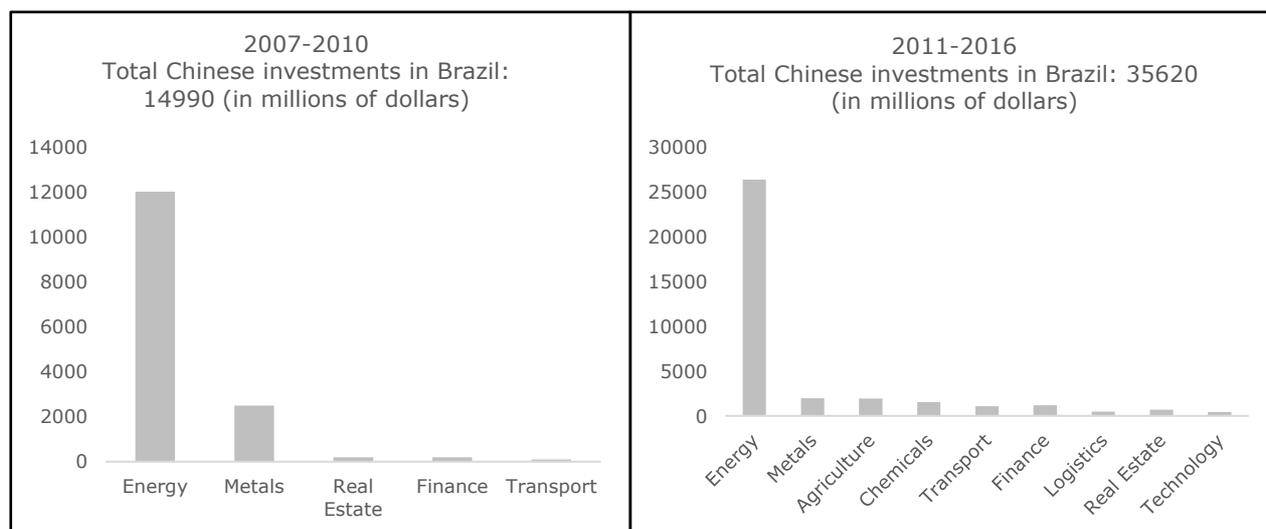
<sup>3</sup> We agree with Paulino (2020) on the difficulties in addressing the issue of Chinese investments in Latin America and the world due to the existence of different methodologies to quantify them. For methodological and operational purposes, we opted for the information from China Global Investment Tracker (American Enterprise Institute, 2024) to homogenize the data for the different periods and because its interactive online access allows for permanent contact and comparisons with other countries.



(State Grid, Three Gorges and SINOPEC) have Brazil as the main destination for activities outside China.

In contrast to the period 2007-2010, the remaining percentage of investments was diversified in terms of portfolio. Sectors such as agriculture, logistics, technology and chemicals, among others, were added. A colorful fact is presented in the behavior of investments during Dilma's administrations. In her first term investments of USD 16.09 billion were recorded, while in the following two years, coinciding with the greatest period of national political instability because of *Lava Jato* Operation and the impeachment, this amount rose to USD 19.53 billion. This shows that the ups and downs of investments are subject to a myriad of factors and sometimes there is no unidirectional relationship in terms of variables. Paulino (2020) notes that in 2012-2014 there was a slowdown in Chinese investments in Brazil because in that period the effects of the 2008 international financial crisis were felt most strongly in Europe and developing countries. Commodity prices fell and both the global economy and growth in Brazil and China slowed down, respectively, which led to a decline in investment volumes.

**Graph I: Chinese investments in Brazil by periods**



Source: Our elaboration with data from China Global Investment Tracker (<https://www.aei.org/china-global-investment-tracker/?ncid=txtlnkusaolp00000618>)

### From Temer to Bolsonaro: business is business

When Michel Temer assumed the presidency in 2016, after Dilma Rousseff's impeachment, foreign policy was not one of his priorities, which to some extent was expected given the complexity of the domestic context (Pereyra Doval, 2019). It did undergo budgetary adjustments and adjustments in terms of perspectives since it was led by a political leader who, unlike his predecessor, belonged to the center-right spectrum. Gone were the intentions of understanding the region as a platform for the country's international projection, of consolidating itself as a global player, or of



appealing to South-South dialogue and cooperation. These were times of revitalizing State-State relations fundamentally in economy.

And as *business is business*, Temer's first international mission was to China in September 2016. At the Brazil-China High-Level Business Seminar, the former president expressed his admiration for Chinese culture and people and described the bilateral relationship with words such as *trust*, *genuine friendship* and *allies*, among others (Temer, 2016). At the same time, he stated that the trade relationship with China not only remained the same, but that he had clear intentions to deepen it. Given the economic recession and the socio-political turmoil resulting from the impeachment, it was imperative for Temer to sustain the flow of Chinese investment, at least in the short and medium term, and to recover export volumes, which had fallen in 2014-2015.

In terms of trade, the 2017-2018 period was positive for the sale of Brazilian products. While in those two years the average amount of exports to China was approximately USD 55.708 million, during the Rousseff administration this amount was USD 40.408 million. In 2018, China accounted for 27.5% of total Brazilian exports, made up of crude oil, iron ore, soybeans and sugar, among others.

What happened to investments? The information provided by China Global Investment Tracker (American Enterprise Institute, 2024) shows that there was no halt in terms of amounts, although they did have a stealthier behavior. This process was influenced by a set of variables such as the temporary nature of Temer's term, the uncertainty of the upcoming electoral process and the reduction of Chinese investments in the world. Between 2017 and 2018, China invested USD 11.48 billion, with the energy sector absorbing USD 6.84 billion. The power generation, transmission and distribution sector led the way in receiving funds, especially through State Grid and Three Gorges (Cariello, 2019).

Jair Bolsonaro's triumph in the 2018 presidential elections generated astonishment in some quarters, although it was a foreseeable fact. From a global perspective, it reflected what was happening in the region and in other parts of the world, to wit the advance of right-wing governments (Pereyra Doval & Souroujon, 2021). From a domestic perspective, without being the sole cause, as Nunes (2024) argues, the *Lava Jato* institutional corruption scandal provided a unique opportunity for ultra-liberals and anti-communists to push a new narrative of polarization that Brazilian right-wing forces were able to capitalize on.

Supported by sectors of the armed forces, the agribusiness lobby and evangelical groups, Bolsonaro arrived at the Planalto Palace with the mission to "(...) restore and rewrite [the] country, definitively freeing it from corruption, criminality, economic irresponsibility and ideological submissiveness" (Bolsonaro, 2019). In short, his mission as a "good citizen" was to combat everything that progressivism, identified with the PT, had built at the domestic and international levels and, in this sense, Bolsonaro has given us something to talk about (Pereyra Doval, 2019).

Regarding foreign policy, during his presidential campaign, where there was no lack of a violent and reactionary narrative, Bolsonaro pointed out certain elements that would act as a compass for his vision of the world. Thus, the idea of rebuilding Brazil's greatness



and promoting its development was anchored in the pursuit of a privileged relationship with the United States, a move away from regional schemes, and a critical stance towards China and governments associated with communism (Frenkel, 2018; Brun, 2019; Pereyra Doval, 2019).

Of the three points, the link with China was undoubtedly the one that set alarm bells ringing in academic, government and business circles. In February 2018, amid the election campaign, Bolsonaro visited Taiwan. Since the recognition of China as a Republic in the 1970s, he was the first presidential candidate to embark on such an adventure. And as if that were not enough, there was no shortage of hostile appraisals of China, described, among other things, as a “predatory economic power” that was not investing in Brazil, but rather buying it.

When he took over the executive, the battle between his verbose anti-China rhetoric and pragmatism was defined in favor of the latter by the existence of institutional counterweights. This included the balancing of vice-president Hamilton Mourão through official visits, Brazilian support for the Chinese candidate in the elections to the Food and Agriculture Organization of the United Nations (FAO), and the intervention of the agribusiness, a sector that did not hesitate to pressure Bolsonaro for fear of the consequences for exports (Brun, 2019; Pereyra Doval, 2019). In this sense, in addition to the political counterweight, Mourão took advantage of the meeting with his Chinese counterpart, Wang Qishan, at the fifth COSBAN meeting, held in May 2019, to propose turning over a new leaf and putting the relationship back on track. However, the calm was short-lived. There is no doubt that the COVID-19 pandemic had a devastating impact on the world in human, health, economic and commercial terms. Likewise, in politics it was used not only by the United States and China to settle yet another front in their dispute for global hegemony, but also by other actors to justify their vision of politics and international reality anchored in a dichotomous right-left reductionism. Bolsonaro's government was one of them. In addition to the exchanges between Eduardo Bolsonaro, deputy and son of the former president, and the Chinese ambassador to Brazil, Yang Wanming, the former blaming the Chinese government for the virus and the latter blaming him for a 'mental virus', there were insinuations of the then president about COVID-19 as a possible laboratory virus created by China to launch an international bacteriological or chemical war: “Are we not facing a new war? Which country recorded the highest GDP growth? I'm not going to tell you”, Bolsonaro asked in a public statement (France 24, 05/05/21). However, in practice, the political distance between Bolsonaro and Xi Jinping was overshadowed by the good performance of the economic-trade plane in terms of trade and investment. As shown in Table III, Brazilian exports performed positively during the Temer and Bolsonaro governments, with a brief decline between 2018 and 2019, despite being part of a political spectrum more inclined towards understanding with the United States than with China. A curious fact is that during 2020 and 2021, complex years for trade flows due to the pandemic, Brazilian exports, precisely because of their composition and destination, experienced a significant rise compared to previous years. Bolsonaro ended his mandate in 2022 with 26.7% of total exports to China, a value very similar to that of Temer. Meanwhile, the recovery of imports was a little slower due to the weakening of Brazilian economy.



**Table III: Brazil-China trade (2017-2022) (in millions of dollars)**

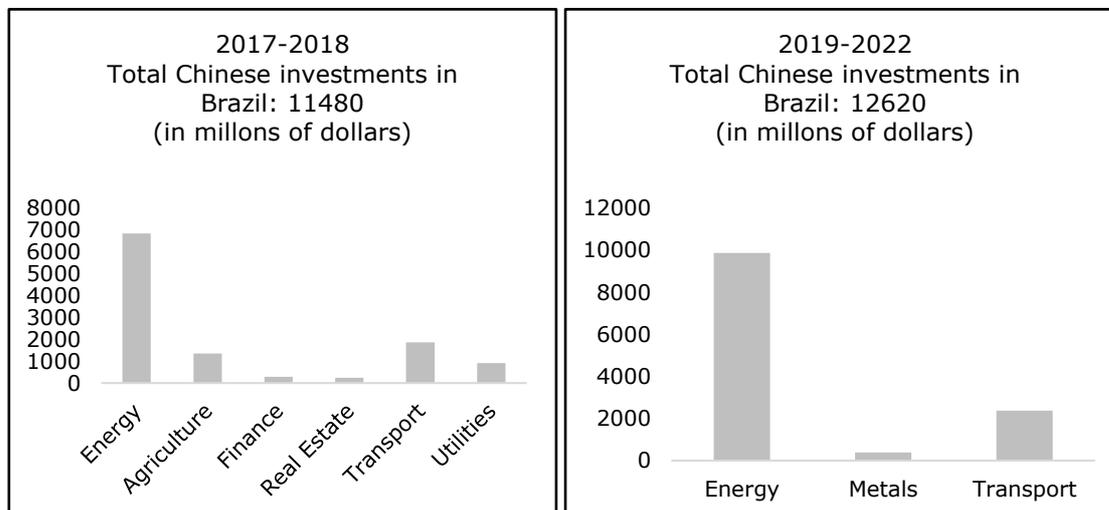
Year	Exports	Imports
<b>2017</b>	47488	27553
<b>2018</b>	63928	35157
<b>2019</b>	63357	36028
<b>2020</b>	67788	34778
<b>2021</b>	87907	47650
<b>2022</b>	89427	60743

Source: Authors' elaboration with data from Ministério do Desenvolvimento, Indústria, Comércio e Serviços (COMEX STAT) (<https://comexstat.mdic.gov.br/>)

In terms of investments, volumes were not exuberant compared to previous stages, but they were on the order of the day, with no interruptions<sup>4</sup> or diversions. The pandemic effect, the consolidation of ongoing projects and the challenges of the economies involved help to understand these dynamics. Having overcome the obstacles posed by the COVID-19 expansion, the CEBC defined 2021 as "a year of rebound" in terms of the flow of Chinese investment in Brazil, with the number of projects having grown by 250% compared to 2020. For China Global Investment Tracker (American Enterprise Institute, 2024), 2021 was a paradigmatic year for the Brazil-China link, as the South American country was the one that received the most investments from the Asian giant in the world; it is also the actor that concentrates around 48% of the flows invested by China in South America (Cariello, 2022). Continuing the trend, the energy sector accounted for USD 9.87 billion, 78.2% of the total invested in the period 2019-2022 (Graph II), with the entry of PowerChina, the developer of clean energy infrastructure, such as solar and hydroelectric, and China General Nuclear, dedicated to the implementation of renewable energy plants, standing out (Cariello, 2022).

The facts show that, *vis-à-vis* China, Bolsonaro spent his mandate in a constant tension between his ideology and the need to take certain actions to address the needs of the country's domestic and foreign agenda. This situation led him, with his lack of foreign policy knowledge, to many discursive missteps, many of which have escaped the basic forms of diplomacy. Trade dynamism and investment policy reflect the fact that Bolsonaro's slips have not overshadowed the pattern that has characterized the Sino-Brazilian relationship for decades.

<sup>4</sup> The case of the current Argentine executive can be taken as a reference to demonstrate the validity of our hypothesis. In this sense, in the Argentina-China bilateral relationship, ideological divisions are currently taking precedence over pragmatic considerations, which has had repercussions for Chinese investment in Buenos Aires. The clearest example of this was the stoppage of the construction of two dams in Santa Cruz and the consequent dismissal of workers, as well as a possible lawsuit for breach of contract. All of this was a consequence of President Milei's reservations about the bilateral link and the executive's delay in signing contracts (Pereyra Doval, 2024).

**Graph II: Chinese investments during the Temer and Bolsonaro governments**

Source: Our elaboration with data from China Global Investment Tracker (<https://www.aei.org/china-global-investment-tracker/?ncid=txtlnkusaolp00000618>)

Lula's return to the national executive has generated new expectations for the relationship between Brasilia and Beijing. The current president made his third State visit to China in April 2023 with the aim of writing a new chapter in the bilateral relationship, probably with the 'illusion' that it would be like the one written during his first term in office. The little time that has elapsed shows promising traits both economically - exports and investments - and politically. However, one can only hope, as history is still being written.

## Conclusion

The process of building and strengthening ties between Brazil and China over this century is unprecedented in the South American scenario. Undoubtedly, the weight of the actors involved, the trajectory of the bilateral relationship and how it is inscribed in global geopolitics are factors that differentiate it from other countries in the region.

The evolution from strategic partnership to global strategic partnership has been the result of the continuous presence of both States in their respective foreign policy guidelines, thanks to the identification of the same objective: the generation of a business agenda with a medium- and long-term impact. The data are more than eloquent. For more than a decade, China has displaced the United States as Brazil's main trading partner and has a compulsive investment policy. China's interest in a key portfolio such as energy provides it with a solid base for political and economic expansion towards the rest of Latin America. For its part, Brazil has found in the Asian giant a first-rate source of foreign currency due to the magnitude of the market and a major partner that contributes to redefining its position on the international stage.



Brazilian executive's ideological turns in the left-right spectrum did not overshadow the continuity of business or generate changes in the bilateral trade dynamic. In this sense, both the PT governments and the administrations of Temer and Bolsonaro shared a pragmatic and strategic vision of the bilateral relationship, anchored in the economic-commercial sphere because, ultimately, business is business.

In the case of the PT, the objectives complementarity in foreign policy between Brasilia and Beijing made it possible to strike a balance between the political and economic dimensions of the shared agenda. The systemic changes at the beginning of the century allowed Brazil and China to forge closer ties through convergence in common spaces and the creation of multilateral forums such as BRICS. Brazil's active role in successive and simultaneous global negotiations brought it closer to the Asian country, which was also expanded economically at the international level. The shifts that emerged from the 2008 financial crisis continued to generate spaces for China's expansion, which became the main competitor of the United States. Latin America thus became a scenario in dispute for hegemony.

At this juncture of intra-hegemonic struggle, Bolsonaro's government positioned itself on the side of the "West". To this end, the design of his foreign policy moved away from Itamaraty's traditional guidelines. In this way, the political-diplomatic and economic-commercial dimensions were decoupled. However, perhaps due to pressure from agribusiness —one of Bolsonaro's electoral backers— or the actions of Hamilton Mourão —who in his role as vice-president carried out a kind of counter-balance - the ideological struggle against China of the ex-president was mitigated. The short-circuits that existed during Bolsonaro's term in office did not divert the relationship from its usual path. Bilateral relations between Brazil and China, even in years of diplomatic tensions, were sustained and expanded in their economic aspect. Business as usual.

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