

## Introduction

### China and Brazil at BRICS: “Same Bed, Different Dreams?”

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#### The Placement of the Discussions

In the first quarter of the 21st century, China and Brazil have emerged on the international scene as proactive players in international relations. Both countries have an interest in participating more actively in shaping the international order via a coalition of the BRICS (Brazil, Russia, India, China, and South Africa). The BRICS as a group has come to play an important role on the global political scene, as they have coordinated foreign policy positions on key issues in different international institutions that provide direction to different aspects of global and regional governance. In this sense, the BRICS may be interpreted as a sort of “balancing coalition.” Often, the BRICS constituent is seen as one the main challenging forces to Western powers in international negotiations. At the same time, the BRICS as a group – as well as individual BRICS countries – have taken initiatives to establish new institutions led by themselves, such as the New Development Bank (the BRICS Bank) and the China-led Asian Infrastructure Bank (AIIB), etc. Since 2009, they have also been engaged in yearly summits that, apart from focusing on coordinating their voice within international institutions, also focuses on intra-BRICS cooperation.

The rapid global attention on the BRICS was closely followed by the world financial crisis in 2008 with the decline of the hegemonic dominance of the US-led world order. The rise of emerging powers has successfully penetrated into some power areas in terms of economic competition, capital accumulation, political and economic influence, as well as technical and material capacities. China, in particular, is performing outstandingly in terms of its global share of high-tech manufacturing products, financial competitiveness, as well as international aid and

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overseas investment. China's economic success is putting China in a more positive structural position both in terms of the production and distribution of global wealth.

However, after almost a decade since the birth of the "BRICS" acronym, what is the situation today? The economic condition of Brazil is particularly discouraging. The Brazilian economy is heavily reliant on commodity exports, and it went into recession (South Africa has a similar situation). The Russian economy has also depended on oil exports for many years, and in recent years it has suffered due to collapsing oil prices. The Ukraine crisis turned Russia-West relations back to the Cold War. Due to a devaluation in currency and Western sanctions restricting its trade, Russia is experiencing its worst recession in six years. India's economic growth is far from robust or sustainable, the country still has a high level of unemployment, and it suffers from comprehensive poverty and backward infrastructure.

The BRICS has great importance for China. The growth of the BRICS' international relevance can multiply the strength of Chinese diplomacy and intensify its path of extensive international insertion. On the other hand, the BRICS has a particular significance for Brazil: it comprises four of the country's main partners, all of which have strong regional leadership and growing participation in the global economy. Thus, the BRICS has the possibility of expanding its international presence, seeking higher support and involvement in the construction of a less exclusive global governance.

China's relationship with Brazil is distinctly different from that of the other BRICS members, especially Russia and India, which have suffered from historical and political difficulties. Brazil is the largest developing nation in the Western hemisphere, and there is no fundamental problem that is rooted in historical conflict, security threats or territorial disputes in the relationship between the two countries. Brazil was the first Latin American nation to foster a comprehensive strategic partnership with China. In relation to the BRICS, both countries, driven by their own motivations and within their own conditions, act in the same space and seek greater international insertion, but in different ways and with different expectations. Among the existing mechanisms, the institutionalisation of the BRICS is presented as a coordinated and integrated possibility for the two countries to participate in shaping the international order without the constraints imposed by the Bretton Woods system. Both countries have boosted their strategic collaboration on important international issues and in dealing with global challenges, such as climate change and the international financial crisis, as well as to advocate for the interests of developing nations.

China's capital and production outward expansion represents the capitalist world system's new round of capital and production relocation, which will dialectically enlarge or

reduce the “room for manoeuvring” and increase or decrease “upward mobility” for developing countries, including Brazil. “Room for manoeuvre” refers to the conducive external conditions for internal “upward mobility,” i.e. a favourable external environment or opportunity that leads to an internal driving force for modernisation and technological upgrading. The rise of China does present a dual effort for semi-periphery and periphery countries – the coexistence of opportunities and constraints. Currently, we are witnessing a dual phenomenon in China-Brazil relations.

On the one hand, China and Brazil have cooperated in several international multilateral platforms such as the United Nations, BASIC (Brazil, South Africa, India and China), the BRICS, and the G20. This was essentially because closer ties with Beijing would enable Brazil to fulfil its ambition of establishing a multipolar world order, instituting a developing country coalition in chief multilateral institutions, promoting South-South cooperation, and enhancing the country’s autonomy in international politics. There is a clear economic complementarity between the two economies. Brazil’s vast natural resources are very important to China’s economy and China has long been the key importer of Brazilian primary and agricultural food products. China-Brazil trade relations are becoming more and more important to Brazil, bringing many benefits to the country, particularly in the areas of commodities such as iron ore and soybeans, a similar situation to many other developing countries that have benefited from China’s rapid growth of demand for primary products and rising world prices.

On the other hand, the “unequal exchange of trade” between the two countries, with China exporting manufactured products and Brazil exporting commodities and raw material, is seen by many critics as causing a “primarisation” of Brazilian exports and a “deindustrialization” of its economy, generating negative impacts to Brazil’s long-term economic development. The argument is that China’s competition breaks down the relative monopoly of the existing semi-peripheral states in certain global commodity chains and causes a certain degree of deindustrialization or peripheralisation of many existing semi-periphery countries due to the change of their position from being an exporter of manufactured goods to being a commodity supplier. In the case of Brazil, the country has been hard-hit by the economic slowdown and economic restructuring in China, as well as by the global drop in commodity prices over the past few years.

### **The Continuous Debate and the Contributions by this Special Issue**

On the issue of the BRICS, much of the current debate is centred around the question of whether this alliance is really a “historical bloc” that is based on not only benefits and opportunities, but

also on shared beliefs, values, and visions, or whether it is just a “marriage of convenience” that is based on cost-benefit calculations and issue-based political support. Taking the political realm for example, while China and Russia are permanent members of the United Nations Security Council, they have maintained an unsupportive attitude towards the G4 nations (Brazil, India, Germany, and Japan) in their struggle for permanent membership in the Security Council, and two of them are BRICS countries. This is seen as a clear mismatch with the typical “South-South” cooperation and “win-win” relationship that China propagates.

While recognizing the fact that China’s ties with other member nations in the BRICS group has been the subject of much deliberation, the country’s strategic partnership with Brazil is still an under-discussed issue. The objective of this special issue aims to contribute to the ongoing debate on some of the central issues in economic, political, and international realms of China-Brazil relations. Among these issues, the nature of China-Brazil economic relations is of frequent deliberation. Unlike the official rhetoric, the economic relationship between the two countries seemingly follows a “North-South” pattern shaped by the “unequal exchange” mechanism as termed by dependency theory.

Given these asymmetries in the China-Brazil relationship, we foresee formidable challenges to their policy makers and analysts alike in the years to come. The Chinese idiomatic proverb “sleeping in the same bed while having different dreams” suggests a situation in which China and Brazil have shared the same space but have different expectations than each side wishes as a result of institutional integration. “Riding a tiger” is another Chinese idiomatic expression with dialectical implications – “being empowered by riding on the back of a tiger while finding it too dangerous to try to get off.” The nexus between the two proverbs points to the conundrum that different dreams will lead to a dangerous deadlock. This special issue attempts to disseminate critical contributions on the roles of Brazil and China in the BRICS as leverage for their actions, and as an agency within the international system. The definition of both countries being “emerging powers” does not provide a holistic framework for capturing all the nuances of the relationship. The different contributions included in this special issue intend to promote mutual understanding by covering different analyses of the China-Brazil relationship, and on the way China and Brazil have been affected by and have reacted to globalisation, the capitalist world system, and the interactions of international political economy, as well as the challenges, contradictions, and opportunities in their relationship faced by the two countries.

In the analysis made by Ramos et al. (in this issue), the BRICS, as an institutional arrangement, was marked by the results derived from the G-20. Supported by a qualitative

analysis of the documents produced by the Summits, the authors seek to analyse the institutional densification processes in the areas of international political economy and international security, and their respective path dependence mechanisms. The authors note that the 10-year celebration does not set the best context. Brazil still faces a severe political and economic crisis, while China goes through the uncertainties stemming from a deceleration process. Regarding the theme of institutional densification, Ramos et al. established that: “(i) issues of international security are increasingly occupying a prominent place at the summit”; and (ii) Brazil, since the coup d’état in 2016, has lost ground as a proposer in the BRICS’ economic agenda, while China maintains its attention in the created financial institutions.

Fernanda Martins (in this issue), takes into account “the initiatives that have emerged within the BRICS grouping regarding global financial governance and considers the possible impact of these institutions.” Martins notes that “Brazil and China are very different countries even though both are part of the BRICS and share common interests regarding the promotion of development and greater influence for developing countries over decision-making processes.” In her article, she differentiates between China’s and Brazil’s positions concerning “the new financial institutions in order to assess how each one might influence them and benefit from them.” Martins argues that “China will most likely benefit the most from these new institutions and have increasing influence over them, while Brazil will most likely have a more marginal role due to recent domestic developments that have shifted the country’s perception of priorities.” Also, she argues that, “while China has a clear plan of engagement in international financial governance ranging from new sources of credit for development to the internationalization of its national currency in detriment of the dollar, Brazil seems to not have such a clear agenda of its interests for international financial governance besides increasing developing countries influence over decision-making processes”.

It can be observed that the articles by Ramos et al. and Martins carry out comparative analyses of the positions of China and Brazil regarding the institutional basis derived from the BRICS. Issues such as security and the maturation of financial institutions and financial mechanisms of governance are among the most relevant to the institutional agenda. And since the institutionalization of the group in Yekaterinburg, 2009, we can see that China has had a more active role than Brazil in both issues.

Diego Magalhães (in this issue), goes deeper into the issue of the relationship between China and Brazil. Magalhães points out that, in this relationship, China is globalizing Brazil. His article aims to analyse how China is globalizing the Brazilian economy, comparing this case with how the UK and the US did it in the past. Considering contemporary literature and a

comparative data analysis, Magalhães' conclusions are: (i) "China is about to become the central vector of economic globalization in Brazil"; (ii) "Brazil-China bilateral trade and investment patterns resembled Brazil-UK relations in the 19th century"; (iii) "transnational corporations from developed economies in China strongly affect the Brazil-China trade matrix"; and (iv) "political negotiations between Beijing and Brasilia influence the prospect of Chinese investments in infrastructure and manufacturing in Brazil".

Some of the conclusions from Diego Magalhães' article raise an alert for the Brazilian economy. The precocious deindustrialisation process that has been occurring in Brazil, due to the sum of domestic variables and international events – such as the more significant Chinese presence in productive and financial activities in Brazil – has increased in recent years. Associated with the absence of an industrial policy (with a close relationship to the exchange rate, taxation, and real interest rate), the increase in Chinese participation in Latin American markets and its growing activity in Brazilian economic activity creates a complex puzzle for Brazilian policy makers and decision makers.

Concerning the question of security and defence, Medeiros et al. (in this issue), argue that Brazil and China are partners in the debate about defence spending and infrastructure investments as an asset for development. The authors consider Brazil and China as developing countries that deal with "basic challenges such as social inequality, technological impediments, high international trade dependence." They see both of them wishing to "become self-sufficient societies, with high-level employment and strong national industries; and both are also dependent on natural resources whose security is unstable and compromising." Medeiros et al. (in this issue) assert that "Brazilian's oil industry, its hydric potential, and biodiversity are elements which require the attention of the state," and they argue that "the same situation is true with China, a country highly dependent on imports from natural resources which demand energy supply infrastructure". To observe and analyse the relationship between Brazil and China, they try to "outline how the Chinese and the Brazilian governments understand their national development henceforth their defence investments and status." This analysis is done through a reading of the field's documents and a dialogue with the literature related to the theme. From this point, the authors seek to make a comparison of the policies put into practice by Brazil and China. The result is, in the view of the authors, that despite the existence of the BRICS as an institutional umbrella, relations regarding investment in infrastructure and specific sectors tend to move towards bilateral relations between Brazil and China.

It is not easy to define the position of Brazil and China either in their bilateral relations or the construction of a governance agenda within the scope of the BRICS. Although it is

possible to verify similar objectives, recent political actions and the politico-economic scenarios of Brazil and China encourage a better deal in their positions on the international scene. Their role in building a common governance agenda and agency is influenced by the specific circumstances of each country. It seems right to question how much the BRICS matter to Brazil and China, just as it is appropriate to seek an understanding of how the BRICS affects the posture of each of these countries in the scenario of greater interdependence, especially in the direction Brazilian-Chinese.

In a way, this is the issue contemplated in the articles by Hurel & Santoro (in this issue) and the article by Xavier et al. (in this issue). Hurel & Santoro draw a comparative analysis between China and Brazil in the negotiations on global Internet governance. Their goal is “to determine if Brazil and China can cooperate on a common agenda in the BRICS concerning Internet governance, in spite of big differences on this issue – in areas such as freedom of expression and protection of privacy.” Hurel & Santoro take into account the active position of Brazil and China in resistance and opposition to US dominance. Brazil and China disagree with the US view that the UN system is an ideal space for Internet governance debates. And, at this point, Hurel & Santoro's conclusion points to the existence of qualified cooperation between Brazil and China.

Still considering the possibility and existence of cooperation between Brazil and China in specific agenda items, Xavier et al. (in this issue), work with two questions: (i) is it possible to infer that the BRICS has boosted energy cooperation between Brazil and China? and, (ii) if so, how did it happen? Xavier et al. analyse the statements from the eight summits promoted under the BRICS (2009-2016) and the thirty-four-energy related bilateral international acts promoted among BRICS countries between 1994 and 2015. Therefore, the BRICS is considered as a multilateral forum with the potential to leverage energy cooperation among its members. Then, could the BRICS have served as a platform for negotiation and political-diplomatic articulation in the sense that it influenced the expansion of the number of initiatives and agreements between those countries concerning energy issues? Xavier et al. found that, “while bilateral energy relations between Brazil and Russia, and India and South Africa, respectively, have undergone subtle changes during this period, Brazil-China energy relations underwent an enlargement concerning scope and complexity.” The authors suggest that the “BRICS provided an especially cooperative environment for these two countries in the energy sector, although [they] cannot infer causality.”