

Opinion – All Eyes on the Upcoming Meetings between Lula and Xi

Written by Rafael R. Ioris

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RAFAEL R. IORIS, OCT 24 2024

In August 2024, Brazil and China celebrated the 50th anniversary of the diplomatic relations. Arguably, these are the two most important economies of the West and Eastern sides of the Global South, respectively. And even though the relations have not always been incredibly significant, in the last two decades both countries have found ways to deepen their interactions, both among private and public actors. In effect, since his return to power, early in 2023, President Lula of Brazil has sought to further strengthen ties with China. He paid a visit to the Asian giant, along with a large delegation of politicians and business executives. Bilateral ties have also undergone cultivation in additional gatherings, including the important BRICS Conference in South Africa last year. Now that Brazil will host the nineteenth meeting of Group of Twenty (G20) in Rio next month, Presidents Lula and Xi will have an opportunity to discuss the next steps on what many see one of the most promising bilateral relations in today's complex global scenario.

After a dramatic political crisis that engulfed his country in the middle of the last decade, former metalworker turned president, Lula managed to obtain a third presidential term. Brazil continues to be deeply divided politically and ideologically, but Lula has been trying to revive a diplomatic approach that served him well during his first two terms in office: a universalist outlook that seeks to sustain good relations with traditional partners, such as the USA, while looking for ways to strengthen connections and projects with new markets, nations, and organizations. In this context, and based on Lula's vision and diplomatic ambitions, deepening ties with China becomes central as it offers the possibility for consolidating economic relations that have helped sustain the Brazilian economy in the last two decades while also strengthening multilateral projects aimed at reshaping the multilateral liberal order, such as the New Development Bank (NDB)

The upcoming meeting of the G20 will indeed offer an opportunity for expanding Sino-Brazilian relations. In addition to meeting in Rio, Lula and Xi will hold bilateral talks in Brasilia, and they seem eager to announce new projects in common. Though details on these are not available, it should be remembered that when he assumed the leadership role of the group about a year ago, Lula declared his intention to bring to the fore of the organization the goals of (a) reducing global hunger, (b) accelerating the energetic transition to a more sustainable model of development, and (c) of reforming the current shape of multilateral institutions, like the IMF and UNSC, so that developing nations could be better represented. In all three areas Chinese leaders could provide important political support and qualified skills. Equally, Chinese authorities have signaled Lula's priorities for his stewardship of the G20 are aligned with President Xi's vision for the construction of a Community for a Shared Future.

In addition to potential collaboration within the multilateral frame of the G20, Brazil and China have much else where they could strengthen ties and where new projects are potentially going to emerge. In 2023, bilateral trade reached a record of \$157 billion, exceeding the combined sum of Brazil's sales (104 billion) to the United States and the European Union. Brazil is the fourth major destination of Chinese investments abroad, representing 4.8 percent of the global total, according to the China-Brazil Business Council (CBBC). These investments have increasingly become central to goal of infrastructure modernization that Lula has sought to revive based on his Growth Acceleration Program (*Programa de Aceleração do Crescimento* — PAC) and the recently announced New Industry Brazil program (*Nova Indústria Brasil*).

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There is indeed great interest in Brazil about how Chinese investments could help reindustrialize Latin America's still largest but decreasingly smaller industrial economy. Though trade between the two countries has grown 35 times in the last 23 years, there is an unbalance between the types of items exported from each side – mostly primary from Brazil to China and mostly industrialized from China to Brazil. Lula has stated that he would like to change that, and Chinese authorities have signaled to be open to discuss the issue. High-ranking Brazilian officials are headed to China to try and hammer-out details on plans to be announced during the bilateral meeting, though it is yet unclear whether these projects would necessarily assume the framing of the Belt and Road Initiative (BRI).

Though Brazil has not yet accepted to join in the initiative, Lula has recently stated that the country should take a closer look on the proposal, leading to speculation about a major announcement on the topic during President Xi's visit. There is, however, no clear indication that Lula has made up his mind yet. Some in Brazil, particularly in the Foreign Ministry, are reluctant about the benefits joining the BRI would bring – as China is already investing significantly on infrastructure projects in Brazil, vis-à-vis the cost of thus being seen by the US as 'having chosen the Chinese side', especially if Trump returns to the White House next year. In defense of the idea of joining, other voices, particularly among Lula's inner circle, including the influential former Foreign Minister Celso Amorim, point out that the BRI goes beyond pure investments as it includes access to an entire platform of international cooperation among countries across the globe. The latter position seems to be gaining ground in Brazil, but Lula seems to be hedging his bets, waiting for China to offer something else along with the invitation, such as finding ways to cooperate on expanding its market to more value-added Brazilian products as well as supporting Brazil's new industrial plans at home and regional infrastructure projects connecting South America nations. Chinese authorities seem open to taking into close consideration Brazil's demands, as securing Brazil's endorsement would provide a much-needed boost to the BRI, which has faced resistance from Europe and the United States due to geopolitical concerns.

Beyond trade, bilateral cooperation extends to technological collaboration in the field of satellites (Earth-Resources Satellite project), as well as Artificial Intelligence, semiconductors, telecommunications (5G) and renewable energy. President Xi recently stated that he sees the future of China-Brazil relations as rapidly moving into new, more technologically advanced realms, and, matching Brazil's hopes, that he sees the BRI as an important instrument in Brazil's on-going reindustrialization efforts. Similarly, he corroborated Lula's hope for expanding on the 'people-to-people' dimension of bilateral interactions. This signals that greater exchange between Brazilian and Chinese peoples is being encouraged by both governments.

In addition to the realm of the G20 and bilaterally, Sino-Brazilian collaboration has also taken place in the context of the BRICS, particularly regarding coordinating new efforts to reform the existing global financial and monetary structures. In effect, even though at the time of the BRICS Conference in South Africa last year, there was a widespread media buzz about China and Brazil's divisions pertaining the proposal to enlarge the number of countries in the group, in the key issues that the organization has faced (such as the defense of reforming multilateral political and financial organizations toward a higher presence of members of the Global South) there has been more agreement than disputes between the two nations.

Sino-Brazilian relations seem ready to expand into other fields. The demand for diversification is especially important for Brazil, which wants to negotiate higher value-added products. Nonetheless, this also is slowly becoming a central element of China's diplomacy towards Brazil. One should never forget though that this is not, nor is it likely to become, a balanced interaction. China has achieved a global power status, while Brazil is still a promising emerging economy and, at best, a regional power.

There is rising interest in consolidation cooperation on both sides, but Brazil needs to make sure new bilateral projects involve the transfer of technology and do not lead to new environmental and social negative impacts. Brazil's re-industrialization goal, particularly if unfolding in projects of sustainable energy, might prove to be one of the most fruitful, feasible, and mutually beneficial paths. Cooperation in the field of global health also seems like a promising venue for bilateral exchanges. China played an important role in addressing the Covid crisis in Brazil, and both countries have signaled that collaboration in this area also should be pursued.

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Fifty years of Sino-Brazilian relations demonstrate not only an economic success story, but also a geopolitical convergence that has withstood challenges along the way, and that now is gaining ground. A more dynamic and multidimensional partnership between the countries does seem likely and desirable, but it is imperative that both domestic and fair global inclusion guide such efforts. Should Chinese and Brazilian leaders find ways to work together for a shared future, much could come out of the upcoming meetings between their presidents. All eyes will be on Rio and Brasilia next month, as decisions impacting the future of these two major countries are likely to emerge.

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