

Latin America Watch

# Lula's visit to China: What does it mean for Brazil and for the rest of the world?

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### Lula's visit to China: an overview

Lula's visit to China was 4 intensive days (12/04/2023 to 15/04/2023) of diplomatic travel to Shanghai and Beijing. He went with a group of [73 people](#), assembling governors, ministries, deputies and trade union leaders in two official planes. However, Lula's visit actually began before Lula's arrival. Indeed, Lula was supposed to be in China in the last week of March, but the Brazilian president had to cancel some days before the primary date because of [health issues](#). Therefore, some agreements between public Brazilian organizations had to wait for Lula's landing, meanwhile other agreements, between private Brazilian enterprises and Chinese state-owned companies, were signed in March. Important businessmen such as [Jorge Viana, President of Apex](#) – Brazilian export agency – who visited the headquarters of Alibaba, came to China in March. At the same time, other businessmen came to Beijing with their controversial past: the brothers [Wesley and Joesley Batista](#) – owners of the multimillionaire meat producer JBS and accused and one [imprisoned for corruption in the Car Wash operation in 2018](#) – also went to China in the last month. Moreover, many [brazilian businessmen had the opportunity to know better Chinese private companies with important visits to their headquarters](#), including Alibaba, Freshippo (supermarket division of Alibaba), Tusparks (responsible for construction of science parks), ByteDance (owner of Tiktok and its Chinese version, Douyin), Kwai (a similar app to Tik Tok), and to Zhongguancun Science City, the “Chinese Silicon Valley”.

Lula's rescheduled visit actually permitted a distinct separation between business negotiation and political discussion. Lula had the whole Brazilian protagonism for himself, and the opportunity to focus more on geopolitical strategies for Brazil and China. In fact, we can say notably that the apex of the meeting was [Xi Jinping and Lula's walk in front of the Great Hall of the People in Beijing](#), with a celebrating scenario full of military, joyful children and flowers. The event was very appreciated by the Chinese press : the CCTV – now called CTGN – channel broadcasted the welcoming ceremony and later [interviewed Lula himself](#). Plus, according to the [China Daily](#), this meeting was “a victory for [the Brazil and China] partnership”. Also, it is relevant to mention that the Chinese President [Xi Jinping said](#) himself that:

“On this new journey China is striving to enhance high-quality development, accelerate the establishment of a new pattern of development and promote a high level of opening-up to the outside world, which will bring more opportunities to all countries, including Brazil.”

Moreover, it appeared to be the real comeback for Brazil in its international affairs, after the “[diplomatic isolation](#)” during the Bolsonaro administration. However, not every other country saw this meeting as positive as it may have seemed.



Indeed, Lula visited the headquarters of Huawei, a very controversial enterprise for the US government due to their accusation of espionage on American soil, causing its ban in their territory. In fact, Lula's approachment to China wasn't only for economic reasons — understandable because China is Brazil's first trade partner since 2009 (responsible for 27,2% of Brazilian exports in 2022 and 32% in 2021 according to the [2023 Commercial Balance of the Ministry of Economy](#)) — but also for geopolitical ones. When addressing Zhao Leji, President of the National Assembly of China, [Lula said](#) :

"Our interest relative to China is not only commercial. We have a scientific and technological interest, cultural interests, political interests and we have the interest to build a new geopolitical order so that we can change the global governance, giving more representativity in the United Nations."

Overall, Lula's intention is not only in words, but also in actions ; the outcomes of this visit are many. [More than 20 agreements between Brazilian and Chinese public organisms and private enterprises were signed](#). The quantity of agreements speak for themselves : China will heavily invest in Brazil, especially in infrastructure, credit and energy optimisation. Here is the complete list of agreements, published by Marcelo Freire, with information from Reuters ([CNN Brasil](#)).

Many sectors were present in the signature of these agreements, including:

- Credit and financial advantages ;
- Transportation, optimization and trade ;
- Energy ;
- Sustainability ;
- Infrastructure ; and
- Innovation and exchange of knowledge.

### Agreements between Brazilian companies and Chinese public entities

Brazilian company	Chinese entity	Agreement
Prumo Logística	SPIC	MoU - to conduct studies to assess the financial and technical feasibility of renewable energy projects (offshore wind, solar, blue and green hydrogen) at the Port of Açu, in Rio de Janeiro.
Seara	JAC Motors	Acquisition of 280 electric trucks. The purchase will be made by No Carbon, a JBS New Business company, for local distribution in Brazil. Each electric vehicle avoids the annual release of about 30 tons of CO2.
Friboi	WHG	The use of the company's structure for distribution of Friboi products in China. The group has capillarity in the country, favoring the presence of fresh Brazilian products in the local market.
JBS	Bank of	Partnership to grant export credit to JBS, with a term of up to 4 years.



	China	
Banco do Brasil	ICB (Cooperatio n Industrial and Commercial Bank of China	MoU for cooperation in the fight against climate change, with goals of sustainable development and social equity, investment, financing, technical support, among others.
Furnas	State grid	Development of the DC Transmission Revitalization project of Itaipu Hydroelectric Power Plant, the largest Brazilian hydroelectric power plant.
Brazil's Post Office (Correios)	Cainiao Group	Agreement to improve the end-to-end delivery time and efficiency of the Post Office's delivery activities; design and develop new national and international logistics service products; establish and expand the network of automatic collection instruments in Brazil; among other objectives.
Suzano	COSCO	For the construction of 5 transportation vessels for pulp and bio-based products, including a long-term transportation contract.
Suzano	China Forestry Group	MoU for collaboration on bio-based materials and carbon and R&D investments.
Suzano	Zhangjiang Science City	The announcement of the launch of the Innovability Hub, at Zhangjiang Science City, in Shanghai.
Vale	Tsinghua University	To exchange technical knowledge.
Vale	Central South University (CSU)	For scientific research in low-carbon steelmaking.
Vale	XCMG	To develop the world's first zero-emission motor grader. If successful, the project will allow the migration of Vale's entire motor grader fleet in the coming years.
Vale	Baoshan Iron & Steel (owned by Baowu)	For the production of biochar and its applications, aiming decarbonization solutions in the steel industry
Vale	Industrial and	For financial cooperation involving comprehensive credit lines for mining in Brazil and for large projects around the world, as well as other financial



	Commercial Bank of China (the ICBC)	partnerships, especially green financial cooperation, strengthening green energy projects.
Vale	Bank of China	IDEM to the Vale-ICBC cooperation.
Vale Indonesia	Tisco (Baowu group) and Xinhai	For the construction of a RKEF nickel processing plant and other support facilities. The project, with low-carbon potential, will use gas-fired power.
Odebrecht Engineering and Construction and Sete Partners	Power China	Bring joint solutions to infrastructure projects in Brazil.
The Brazilian branch of the Industrial and Commercial Bank of China (Brazil)	RMB	The Brazilian branch of the Industrial and Commercial Bank of China (Brazil) has started to act as the RMB clearing bank in Brazil. The reductions in restrictions on the use of the RMB aim to further promote bilateral trade and facilitate investments with the RMB.
TVHD	Zhongxing Telecom Equipment (ZTE)	To strengthen 5G network coverage in southern Brazil.
VYP Medicine	Chinese Association (Shenzhen) Internet	To register and commercialize Azvudine in Brazil. Azvudine is the first drug for the oral treatment of small-molecule neo-coronavirus, developed in China.
ETERC Engineering	CITIC Construction Co.	For joint work in infrastructure projects and the social interest housing program in Brazil.
Propav Construções e Montagens	China Hualong	A memorandum for the joint development of commercial opportunities in Brazil and internationally for the export of goods and services in the infrastructure sector.
Motrice Soluções em Energia	China Gansu International Corporation	Not specified.



	for Economic and Technical Cooperation Co., Ltd.	
BMV Global	HRH (Chongqing)	To promote sustainable trade and service, and launch the platform for trade of biodiversity credit between China and Brazil
BMV Global	HRH Pharmaceutical	To acquire the biodiversity credit as a mechanism to offset its environmental impact, and obtaining the ESG seal of good practice - BMV seal of sustainability.
Sete Partners	Sinomec	Partnership in renewable energy, agriculture and other sectors.
Sete Partners	Tianjing Food Group	To create a binational company to expand investments in the Brazilian agricultural chain in several areas, including logistics.
Comexport	Furui	To sell the company's products and solutions in the Brazilian market.

### Agreements between Brazilian public entities and Chinese companies and institutions

Brazilian entity	Chinese company	Agreement
The Ministry of Infrastructure, ANTAQ and the Santos Port Authority	Terminal Export COFCO	To develop the STS11 Project in the Port of Santos, one of the most important export hubs in Brazil. The concession is for 25 years and the planned capacity of the project is more than 14 million tons.
The Ministry of Mines and Energy	SPIC	To conduct feasibility studies for the construction and operation of small solar power plants, complemented by mini wind turbines, batteries and water purifiers, in remote areas of the Amazon forest, focusing on isolated communities.
The Government of Ceará	Mingyang Smart Energy Group	For the investment and implementation of the technology center and repair of wind turbines in the State of Ceará.



The Government of Ceará	International Powerchina Group	for the investment and implementation of the renewable energy and green hydrogen center in the State.
The Government of Ceará	SPIC	To carry out feasibility studies for projects in the production of onshore and offshore wind power, solar, blue and green hydrogen, and fuels within the Pecém Industrial and Port Complex.
The Government of Ceará	Gansu Science & Technology Investment Group	To encourage the common development of both parties, through friendly consultations and agreements on basic principles of resource sharing, complementarity advantages, "win-win" cooperation and coordinated development.
The Government of Ceará	Envision Energy International Trading Limited	For investment in the production of technologies aimed at energy transition in the State of Ceará
The Government of Ceará	Boc International Holdings Limited	To jointly study potential commercial and financial collaborations with Ceará and Chinese companies, including financial institutions in the areas of renewable energy, natural resources, utilities, infrastructure, agriculture, arts and cultural tourism.
The Government of Ceará	Huawei do Brasil	To enable technological cooperation and feasibility studies for investments in the State.
ApexBrasil	Venture Cup China	To support Brazilian startups to develop business in China, as well as jointly organize the innovation week, which will focus on solutions related to the green and low carbon economy, sustainability applied to agribusiness and digitalization.
ApexBrasil	Beijing Hycore Innovation	Have signed a cooperation instrument with the objective of supporting Brazilian startups to establish business with China, in the context of the entrepreneurship competition and global event HICOOL 2023.

These partnerships not only represent the reinforcement of Brazil-China relationships in trade and geopolitics, but also a great opportunity for the private sector, including Brazilian start-ups.

Moreover, in the financial sector, a very innovative strategy chosen by the Brazilian government was the [adhesion to the CIPS](#) (China Interbank Payment System) through the BOCOM BBM Bank, the oldest financial institution in Brazil. The CIPS corresponds to the Chinese alternative to the SWIFT bank system. This means that Brazil and China want to reduce the costs of commercial transactions throughout the CIPS, which enables the direct exchange between the real (BRL) and the yen (RMB). This bank will be the first direct participant of this system in South America, and certainly a pioneer





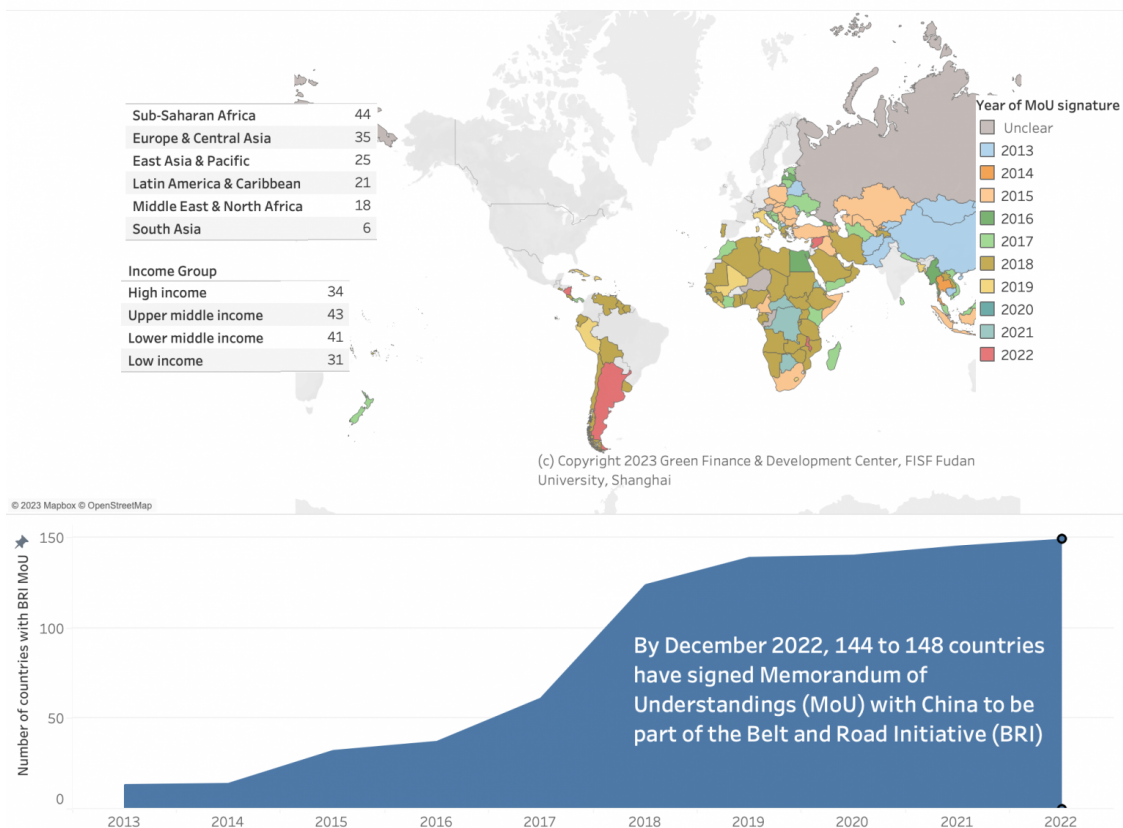
transaction operation for the two countries. This accord settles thus the exclusion of the dollar in transaction operations, distancing Brazil to the United States while strengthening its relations to China.

## China and Brazil : a strong investment in Brazil and in the BRICS

Therefore, the economic interests of China and Brazil are related : China wants to enter the Brazilian market and Brazil needs infrastructure and optimisation systems in order to achieve efficient productivity. However, it's important to mention that Lula's visit to China was not concluded with adding Brazil into China's Belt and Road Initiative (BRI), a project that since 2013 finances the infrastructure industry in foreign countries. In South America, the BRI project comprehends [21 countries](#), a clear major presence in the continent (see the map and graph below from the [Green Finance and Development Center, FISF Fudan University, Shanghai, 2023](#)).

There is much criticism towards this initiative, because it usually generates a ["debt trap"](#) situation when the state can't pay the credits back and, as a consequence, the Chinese take control of the management of such industries. The most well-known case is [Sri Lanka's port in 2018](#). In Latin America, we can mention the heavy debt of Ecuador towards Chinese banks. In [September 2022](#), Ecuador reached an agreement to provide debt relief worth some \$1,4 billion until 2025. Therefore, too much loan is not necessarily good news, especially when it generates a sovereign debt on a long-term basis.

Countries of the Belt and Road Initiative





However, on a regional scale, according to [Bruna Santos](#), director of the Brazil Institute (Washington D.C), a Free Trade Agreement between Mercosur and China, similar to the [Free Trade Agreement between the Mercosur and the European Union](#), could potentially come to light. Looking at the agreements above, we can also observe a strong will for sustainability, throughout notability decarbonization and renewable energy ; a tendency that can also be present in a future agreement between the Mercosur and China.

But this rapprochement of Brazil and China is not only about the two countries, nor only about [China's growing influence in Latin America](#). On a global scale, this visit also coincides with a strong come-back of the BRICS. Being an alternative way of power, the alliance between Brazil, Russia, India, China and South Africa was somewhat forgotten in the last few years. According to [Malte Brosig \(2021\)](#), Professor in the International Relations Department of the University of the Witwatersrand (Johannesburg, South Africa): "more than a decade later the jubilee moments are over. Not only has interest slipped, but also the recent narrative has turned around and research has run into a number of theoretical and practical problems [...] Now, publications are more critical of the rising powers narrative [[Prys-Hansen and Nolte \(2016\)](#)]".

Nevertheless, Dilma Rousseff, Brazilian President from 2011 to 2016, being [nominated as the new President of the New Development Bank](#) – also nicknamed as the BRICS Bank – puts Brazil and Lula at the center of the reunion of the BRICS. The New Development Bank is located in Shanghai and China openly wants the return of the "emergent powers", even being today the second world economy. [Lula visited the NDB](#) and had the opportunity to see his old friend, Dilma Rousseff. By this initiative, China takes a multidimensional approach to reinforce its influence on an international scale and to get more allies against the hegemony of the United States. On that matter, in Lula's meeting with Xi Jiping, they both agreed that the monopoly of the dollar as the global currency is a [freight to the development of other countries](#), and even the emergence of new powers. The will of abandoning the dollar as trade currency, and adopting the CIPS system, is a clear menace to the United States, and thus to Brazil-US relationships.

Despite this week's illustration of Brazilian approachement to the Chinese, according to [Bruna Santos](#), "Brazil can't afford to take sides". Lula went to Washington D.C. to meet the US President Joe Biden in February, and showed the importance of the US to Brazilian interests. Indeed, in his previous terms (2003-2010), Lula's approach has been towards multilateralism. After his win in the 2022 Presidential elections he again reaffirmed this position by the following sentence : "Brazil is back, seeking dialogue with everyone and committed to the search for a world without hunger and with peace" ([São Paulo, 20/12/2022](#)). Again, he is now investing in more flexible alternatives. Towards the West, according to [Bruna Santos](#), he surely wants to respect his commitment to the Free Trade Agreement with the European Union and aims to join the OECD.

However, we do not live in the same world as in the beginning of the 2000s : global politics are more polarized than before. In very binary subjects, such as the war in Ukraine, it seems that not expressively choosing a side, by keeping friendly relations with both parties – [talking to Zelensky in](#)



[March](#) and then [promoting development strategies and geopolitical order around the BRICS](#) during Dilma's inauguration ceremony as the new President of the NDB in China – isn't the best approach. A clear mistake Lula and its administration committed during and right after his visit to China relative to its rapprochement to Ukraine and its allies.

## Geopolitical concerns towards Brazilian position on the war in Ukraine

Indeed, this April 17th the Brazilian Ministry of Foreign Affairs, [Mauro Vieira, received the Russian chancellor Serguei Lavrov in the Itamaraty Palace](#), in Brasilia. There, the Russian chancellor formally invited Lula to come to the Saint Petersburg International Economic Forum (SPIEF) in June, and the Ministry of Foreign Affairs confirmed the President's presence in the event. The reaction of Ukrainian Speaker of the Ministry of Foreign Affairs, Oleg Nikolenko, was very expressive of his disappointment towards Brazil's attempt to end the war. He openly invited Lula to come to Ukraine in order to ["better understand the causes of the war"](#) and ["the essence of the Russian aggression"](#). What he implies in this statement is that Lula can't promise peace for Ukraine while keeping friendly relationships with its aggressor. As of today, the Brazilian President hasn't openly replied to this invitation.

On the other hand, in the [UN vote for Peace Resolution in Ukraine](#), Brazil was the only BRICS country to vote in favor, therefore defending the retrial of Russian troops in the Ukrainian territory. The Brazilian position towards the conflict is ambiguous, defending peace but also keeping relations with Russia. In addition to that, in Lula's visit to China, he affirmed that [the United States and the European Union are contributing to the continuity of the war](#) by taking only the side of Ukraine. [John Kirby, the Spokesperson of National Security of the White House, stated this week his deception](#) towards the affirmations of Lula that the US and the EU "share the responsibility of the war". [Peter Stano, the representative for Foreign Affairs in the European Commission also shared his disappointment](#). Lula seems to be alone in his own way to search peace in Ukraine and, according to [Paulo Roberto da Silva Gomes Filho](#), Professor at the National University Of Defense of China (Beijing), if China had found a way to mediate the peace between Russia and Ukraine it would already have done it, just like it has done recently when [mediating the Saudi-Iranian negotiation](#). Plus, for Paulo Roberto da Silva Gomes Filho, China wouldn't share the protagonist with Brazil if it had the opportunity to mediate peace in Ukraine.

Recently (22/04/2023), in his visit to Portugal, [Lula said](#) he "understands Europe"'s position of support to Ukraine, but affirms it is now time to stop the war. Again, he suggests a non-aligned group of countries to mediate the war. However, with his reapprochement to the BRICS – that includes Russia – and Lavrov's visit, it seems that this position is only getting him further from the West and Ukraine.

## Conclusions

The Brazil of Lula wants to be a country that wants its geopolitical independence and aims to settle its own alliances, with the Global North and the Global South. This is surely a breakthrough from the Bolsonaro administration, which had a clear preference for a close relationship with the United



States and Israël. To create its own path and international relationships puts Brazil back in the game, and Lula's visit to China was a proof of it. Surely with its non-alignment position and its ecological discourse Lula wants to achieve his big dream for Brazil in global politics : a seat in the UN Security Council.

For sure, Brazil becoming a diplomatic power can bring political prestige, financial advantages and opportunities in general. The many accords signed between Chinese and Brazilian public organizations and private companies are a push-up on (a) China-Brazil relations, (b) in transport and infrastructural market, (c) in energetic sustainable models and (d) in credit and financial advantages. The most remarkable financial strategy set in this meeting was surely the use of the CIPS as a mechanism to shorten transaction costs in Brazil-China trade, by negotiating in their own currencies and not the dollar.

However, Lula's visit to China also resulted in geopolitical tensions. First, towards the United States by criticizing the dollar as international currency. Then, by not being coherent with its compromises, creating fragilities within their alliances – such as promoting peace in Ukraine and still negotiating with Russia throughout the BRICS – and damaging diplomatic projects for Brazil. Lula has to be careful with the existing geopolitical tensions, which weren't as strong as in his first terms (2003-2010), in order to not lose himself in his non-alignment position. Otherwise, the result aimed can be the opposite of what he may have predicted.

\*Article photo from [Veja](#).



