



Policy Brief

# Bolsonaro Administration and Brazil-China Relations

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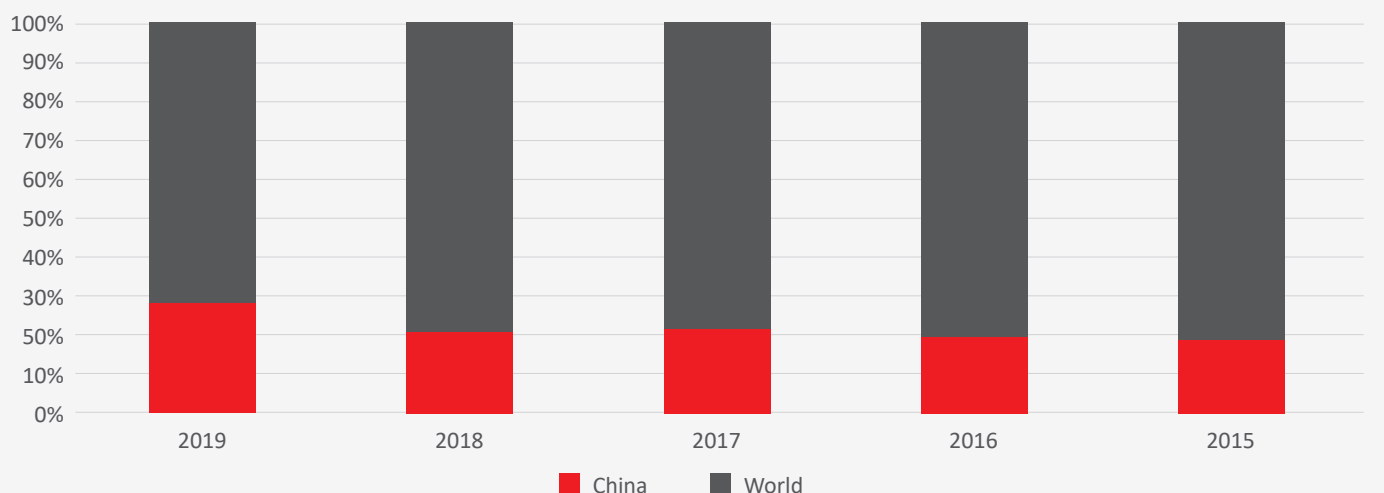
Bolsonaro's approach to China is based on two tenets that may have important consequences to the Brazilian economy, to president Bolsonaro's constituency and even to his potential incumbency. They both refer to Brazil's geopolitical position, on the one hand, and to the consistency of the coalition that elected Jair Bolsonaro, on the other.

## Economic Vulnerability x Political Alignment

### **A. Trade and Investments: Brazilian trade and investment agencies are vulnerable to China's behavior**

Brazilian total amount of exports is, indeed, largely concentrated in the Chinese market (¼ of those exports are made to China). Moreover, those exports are highly concentrated around three products (soy beans, iron ore and oil byproducts were responsible for 75% of Brazilian exports to China in 2019)<sup>1</sup>.

**Figure 1: Brazil Exports (2015-2019)**



An overview of the investment agenda between 2003 and 2019 shows that China was the source of investments amounting to 80.5 million US dollars. Considering the total investment volume of the five countries observed by CAMEX (Italy, Japan, US, France and China), China would be responsible for 31% of Brazil's foreign investment. Chinese accumulated investments are largely concentrated in sectors such as electricity (45%), oil (25%), mining (7%) and agriculture (3%)<sup>2</sup>, in a wave that started in 2016.

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1. Source: [Comex Stat](#).

2. Source: Ministry of Finance - [Foreign Investments Bulletin](#).

## B. Brazilian Foreign Policy: Automatic alignment with the United States

Since late 1990's, Brazil had been adopting an international insertion strategy based on diversifying relationships (hedge) and on investing in multilateral institutions as a way of containing the great superpowers and facing problems of collective action. **The Jair Bolsonaro administration imparted a radical shift to this orientation as it adopted a strategy of automatic alignment with the United States of America.** This is a common strategy, particularly for medium countries like Brazil, which seek to align with the superpowers in order to reduce costs or receive incentives. The problem with the Brazilian case is that it is related to inexistent evidence of national gains by engaging in this alignment.

### Paradox

**Brazilian foreign policy orientation contrasts with the country's international market position**

Enhanced competition between the USA and China, which seems to have already started around the 5G infrastructure, and the pandemic have accelerated the process of Chinese foreign policy transformation, which was already on its way under Xi Jinping. Chinese foreign policy is phasing out the harmonious emergency strategy in exchange for a more assertive international position. Concerning the COVID-19 pandemic, Beijing has attempted to control both the narrative and references to the country and to present themselves as a source of solutions and as a partner who's open to cooperation. By means of this new position (which some analysts refer to as "wolf diplomacy"), China is now coming forth as a less patient and tolerant player than the country used to be, an attitude clearly demonstrated by ambassador [Yang Wanming](#) during the episodes involving congressman [Eduardo Bolsonaro](#) and [minister Weintraub](#). The new face of China's diplomacy leaves Brazil with very limited room to maneuver. Debates on the 5G infrastructure or, most likely, on intellectual property related to medications against the coronavirus are fertile ground for dispute among the superpowers. An escalating trade war in the very early days of the pandemic is going to restrain Brazilian foreign policy positions and point at the limits of an automatic alignment policy.

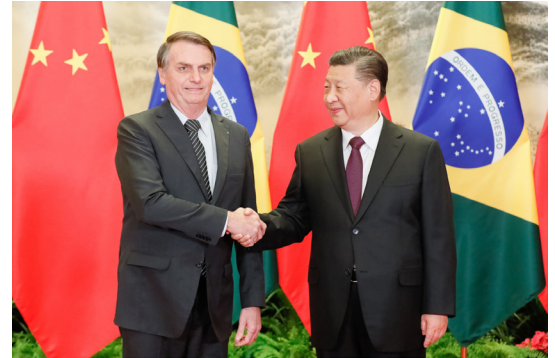
## Paradox 2: China and a reconfiguration of Brazil's government-sided coalition

### A. The government-sided coalition

The Bolsonaro administration was elected by a negative coalition (opposing the Workers' Party - PT) accommodating a number of groups of interest that would occupy various positions in the Executive. Parliamentary representation influences but does not determine the composition of an executive branch. **Three groups of interest are particularly important in this context: agribusiness, the military and, finally, liberal groups** connected to the president's family. In January 2019, agribusiness chaired the ministry of agriculture and [contributed in the nomination of another four ministers, including the presidential chief of staff and the minister of health](#). In addition to the ministry of defense, the military control another [eight ministries](#) (or departments with the administrative status of a ministry) [in addition to approximately 2,900 positions in the federal administration](#). Finally, liberal groups connected to the president's family were given two ministries (foreign affairs and education) and, according to what ongoing investigations have suggested, control over the presidential propaganda apparatus.

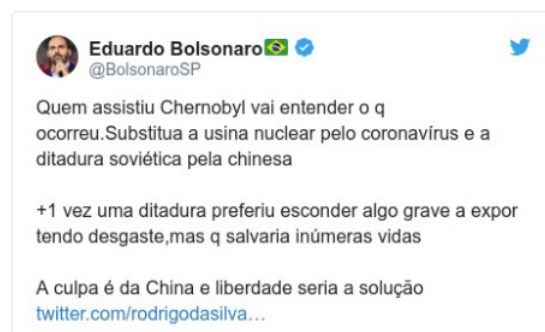
## B. China and the government-sided coalition

Since the presidential campaign, the Bolsonaro family has mobilize a rhetoric presenting China as a potential threat in order to entice their constituency. As early as March 2018, the Chinese representation in Brazil sent letters to the Brazilian parliament warning of the need to maintain the “One China policy” during the then candidate international tour that included Taiwan. In the course of the first year of Bolsonaro’s administration, and with the participation of vice-president General Hamilton Mourão (co-chair of the China-Brazil High Level Coordination and Cooperation Committee) as well as minister of agriculture Tereza Cristina, relations with China came back to “normal” in a process that culminated with the president’s trip to that country. In this context, the president adjusts his discourse to consider China a “capitalist” country, which his constituency would consider to justify normalizing relations between the two countries.



The arrival of coronavirus to Brazil is taken by liberal groups as an opportunity to advance their agenda of de-institutionalization, social polarization and constituency mobilization. In this context, China is once again turned into a target for these groups’ attacks. Considering the adjustments to China’s foreign policy, particularly to the control over COVID-19 related narratives, **the Bolsonaro family initiative to liaise the pandemic with the Chinese government could not be more explosive;** both from the perspective of Brazil-China relations and towards the sustainability of their government-sided coalition.

### Paradox: Trollers x Traders: China and a reconfiguration of the government-sided coalition in Brazil



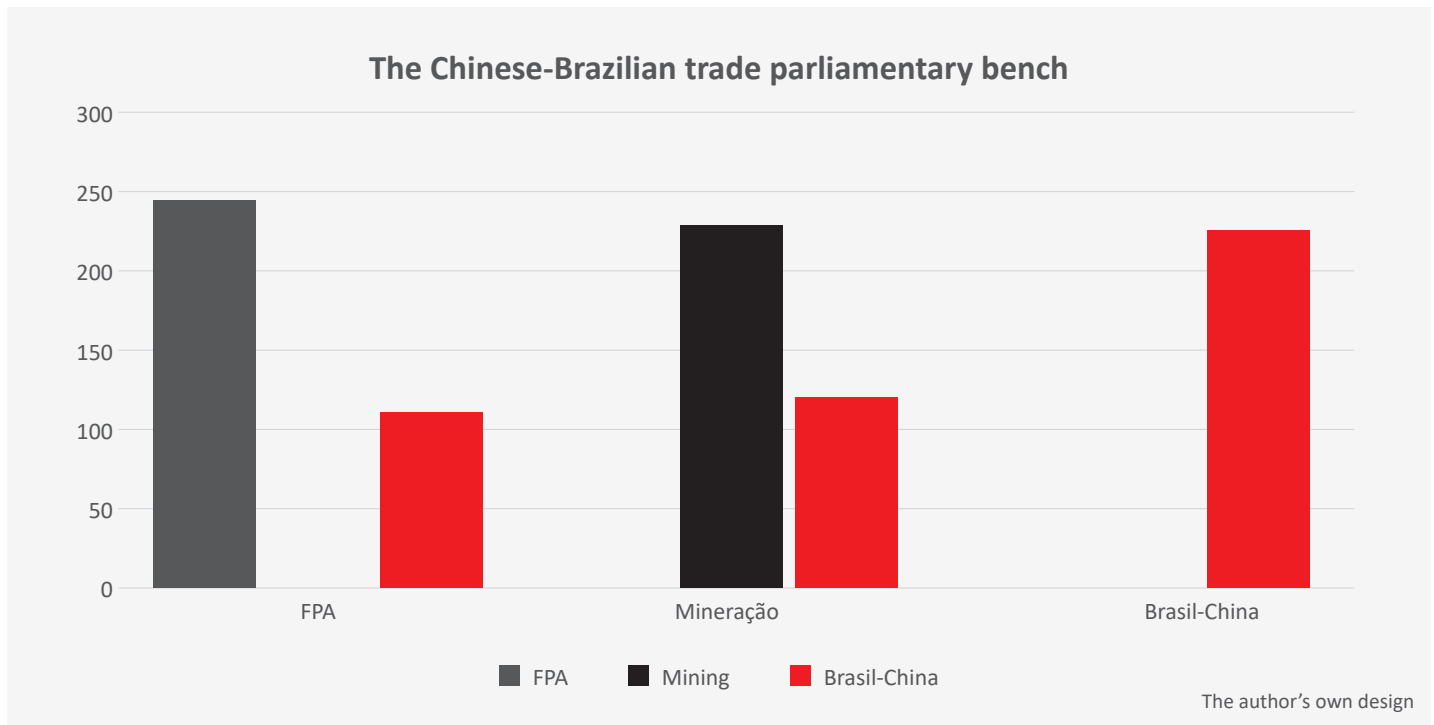
During March 2020, Brazil’s approach to China was the object of intense dispute within the government-sided coalition. While liberal groups held the Chinese government accountable for the advancing pandemic, agribusiness related groups publicly supported the Chinese position (a chronology of events is presented in the annex to this document).

Disagreements concerning Brazil’s approach to China cannot be said to explain the debacle of the Ministry of Health. The chronology of events and the relationship between the then minister and the Agribusiness Parliamentary Front as well as the large rural estate owner groups allow for an attempt to build a hypothesis that Brazil’s position in relation to China is at least one variable influencing the behavior of the minister and of a portion of his party at that moment. Moreover, and more certainly, Brazil’s approach to China can be said to partake in a broader process of eroding the government’s support base in Congress and transforming the government-sided coalition.

Concerning the government constituency in Congress, it is important to scrutinize the composition of three parliamentary fronts that are directly related with the interests of Chinese-Brazilian trade groups: the Agricultural Parliamentary Front (FPA), the Mixed Parliamentary Mining Front and the Brazil-China Parliamentary Front. Taking the lower house of Congress as an object, we can see that the



FPA holds 47% of the seats while the Mining Front holds 45%. However, the relevance of trade flows between Brazil and China becomes ever so apparent when we consider that 45% of the congressmen composing the FPA and 52% of the Mixed Parliamentary Mining Front are also members of the Brazil-China Parliamentary Front. Sixty-six (66) representatives (or 13% of the Lower House Seats) are active members of the three Fronts.



A whole series of defeats imposed to the government in the Lower House of Congress has motivated a re-composition of the government's parliamentary constituency. However, the debates trollers x traders has led to more ministries being occupied by military cadres as well as by representatives of the Congress's physiological center. The military encroaching the highest tiers of the executive heralds a tendency to normalizing relations with China. If, on the one hand, this result is not suggestive of extinguishing liberal group activities in the Brazil government, on the other hand it places Brazil-China relations outside their realm.

### Conclusion:

A refurbishment of the government's constituency in Congress shall contribute to reviewing foreign policies adopted by the Bolsonaro administration this far. This review will be further enhanced in the advent of a Democratic Party victory in the US elections. Even in face of president Trump's re-election, Brazil is likely to maintain its misguided positions concerning multilateral institutions, particularly in the field of human rights. However, concerning the key issues in the US-China competition to have Brazil adhere to the US position, the White House would have to significantly change the payoff structure they have maintained this far. **In this sense, normalizing relations with China ought to be accompanied by a more equidistant approach to the agenda being disputed by the superpowers.** That position will ensure the maintenance and even and enhancement of trade and investment flows in agriculture and infrastructure. From the Brazilian government's point of view, those investments are crucial for a post-pandemic economic recovery.

## Annex: Brazil-China relations and the wear-and-tear of the government-sided coalition in Brazil

	Movements in the government-sided coalition	Brazil-China relations
03/18/20	Allegedly representing Davi Alcolumbre (DEM), Senator Anastasia and congressman <a href="#">Rodrigo Maia (DEM)</a> apologize to the Ambassador in behalf of the Chinese Lower and Upper Houses.	<a href="#">Eduardo Bolsonaro says the coronavirus pandemic is to be blamed on China.</a>
03/19/20	<a href="#">Parliamentary Agriculture Front (FPA)</a> issues a note in support to China and refutes Eduardo Bolsonaro's comment.	Chinese ambassador in Brasilia, Yang Wanming, <a href="#">resorted to the network to voice grievances about Eduardo.</a>  Vice-president Hamilton Mourão said that congressman did not represent the government.
03/20/20	Bolsonaro criticizes governors and Mandetta warns that the system would collapse if contagion were not reduced.	
03/22/20	Mandetta warns against use of Chloroquine.	
03/25/20	Ronaldo Caiado (DEM) breaks apart from Bolsonaro.	
03/28/20	A tug-of-war is waged between Mandetta and Bolsonaro.	
03/30/20	<a href="#">The process of Brazilian freezer certification for export to China is discontinued.</a>	
04/06/20		Minister <a href="#">Weintraub publishes innuendos against China.</a>  Chinese ambassador in Brasilia, Yang Wanming accuses Weintraub of racism.
04/12/20	Mandetta demands unified discourse from the government—interview to TV Globo.	
04/16/20	Mandetta is discharged from office.	