

Chinese investments in Brazil: investment data, public policies for investment facilitation and the case of the Manaus Industrial Pole

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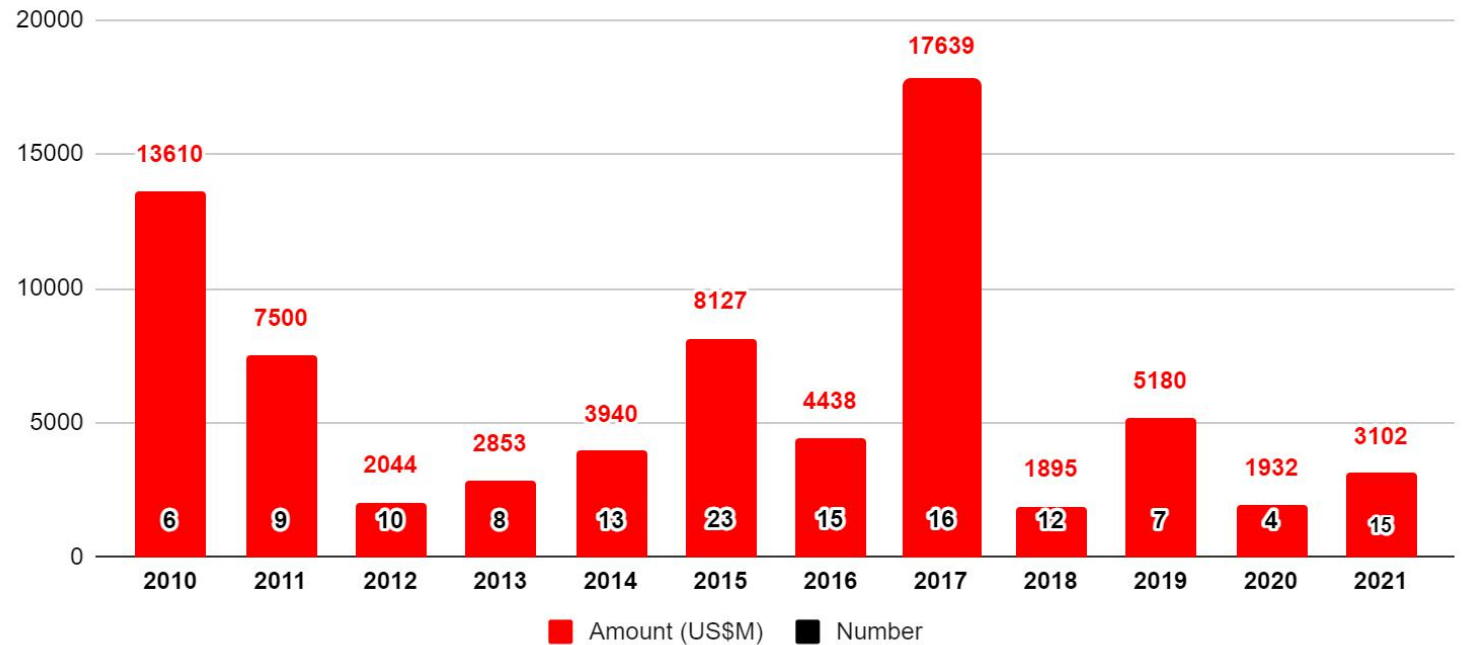


“The political economy of South-South relations: a comparative analysis of China's investments in Brazil and South Africa”

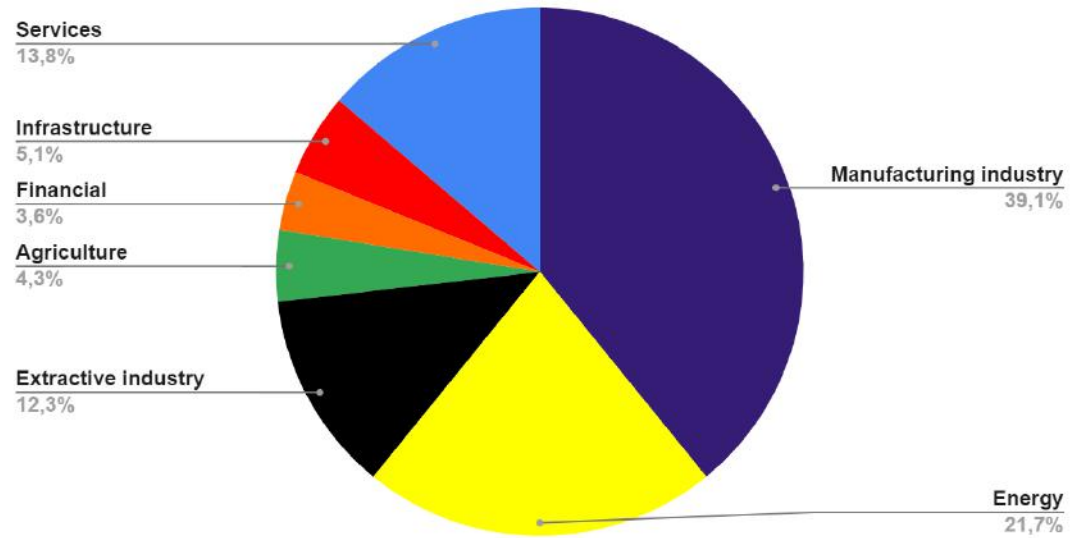
- Partners: BRICS Policy Center and University of the Western Cape
- Specific research aims:
 - What are the main characteristics of Chinese investments in Brazil and South Africa;
 - What are the specific government public policies and state institutions that sustain and facilitate FDI;
 - What socioenvironmental and labour dynamics were generated in territories where Chinese projects have been or are being implemented.
- Guiding questions: to what extent can South-South investments generate new potential for regional and national development based on fairer and more sustainable social and environmental grounds? Or, on the contrary, to what extent do South-South investments reproduce the traditional international division of labour and practices of natural resource and labour exploitation, while generating new asymmetries?

Chinese investments in Brazil from 2010 to 2021

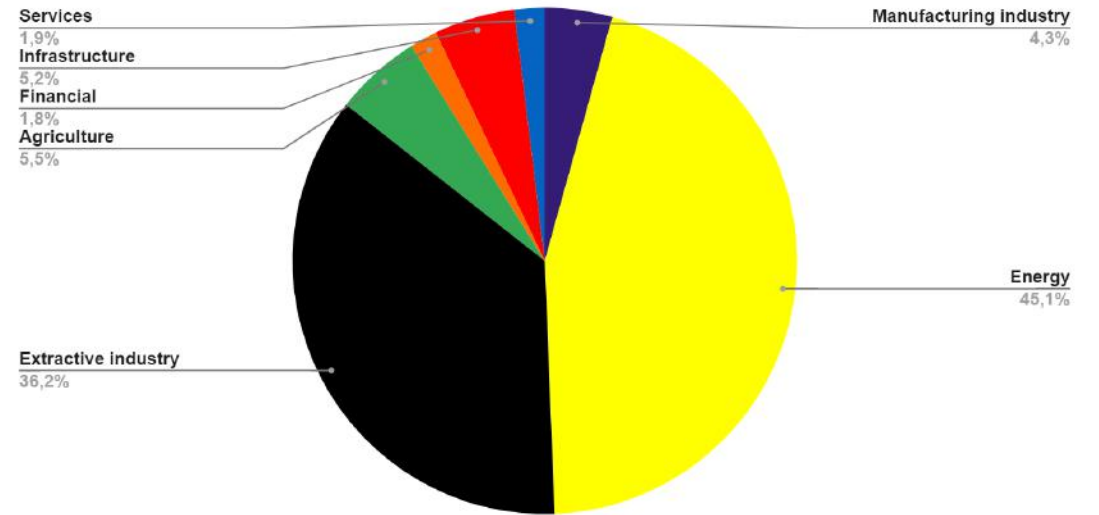
Chinese investments in Brazil - 2010-2021 - per year



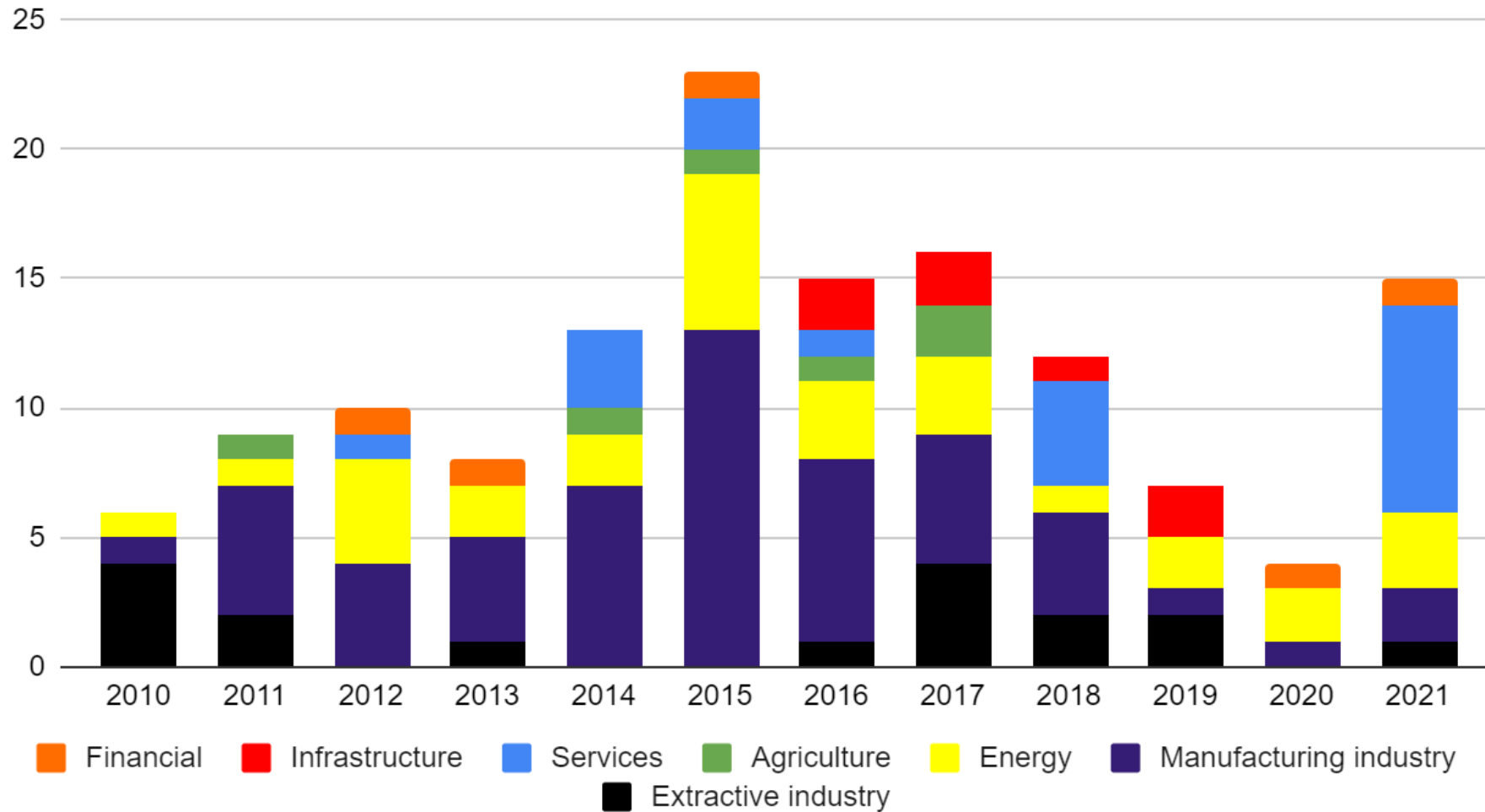
Chinese investments by sector (number)



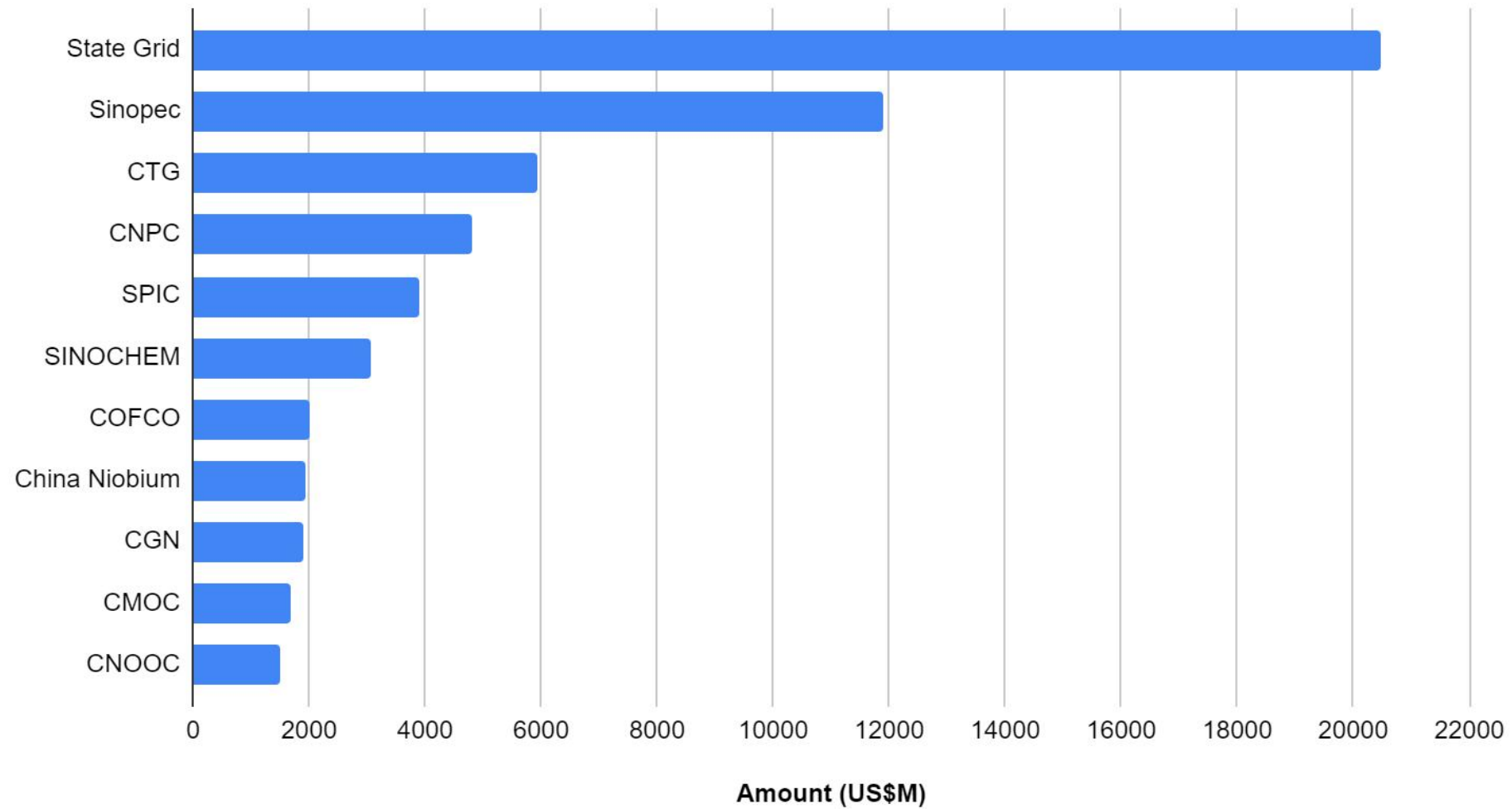
Chinese investments by sector (amount)



Evolution of investments by sector: number of projects



Value of accumulated investments 2010-2021

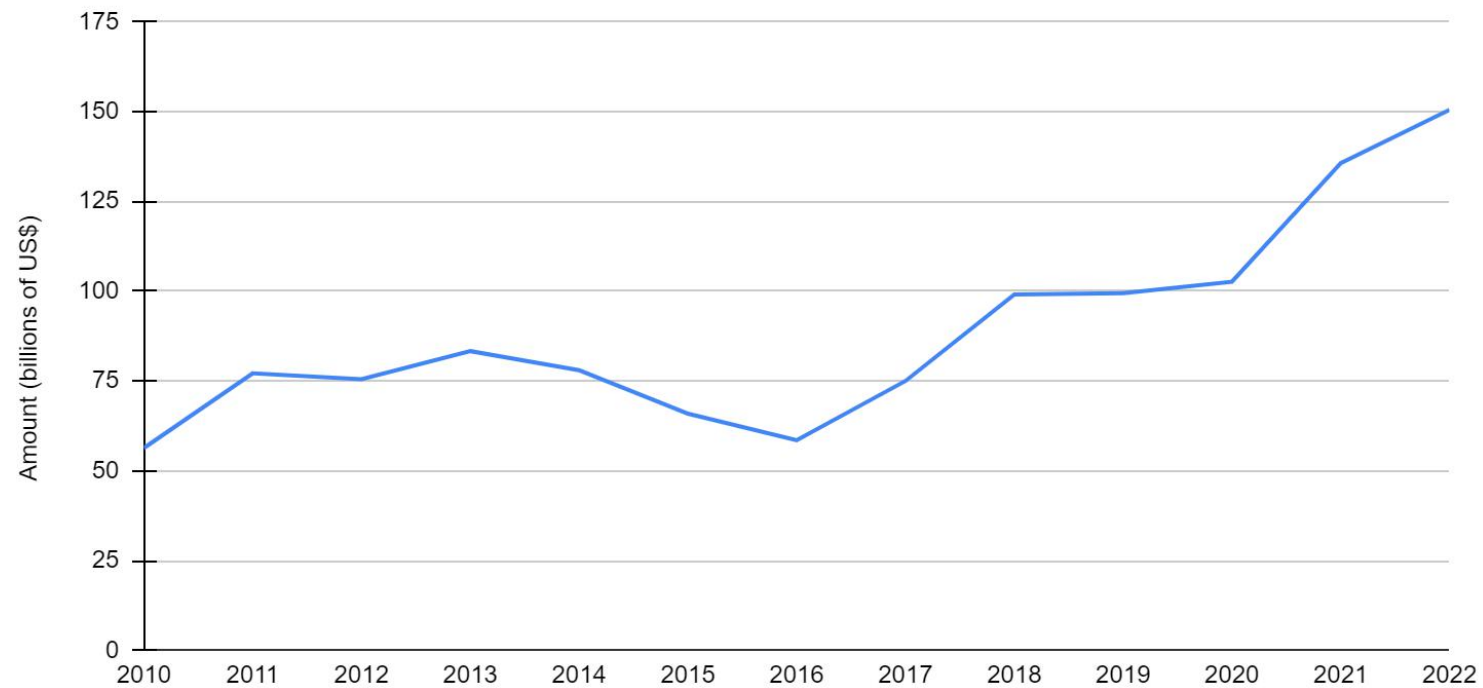


Flow of credit from China to Brazil – 2009-2022

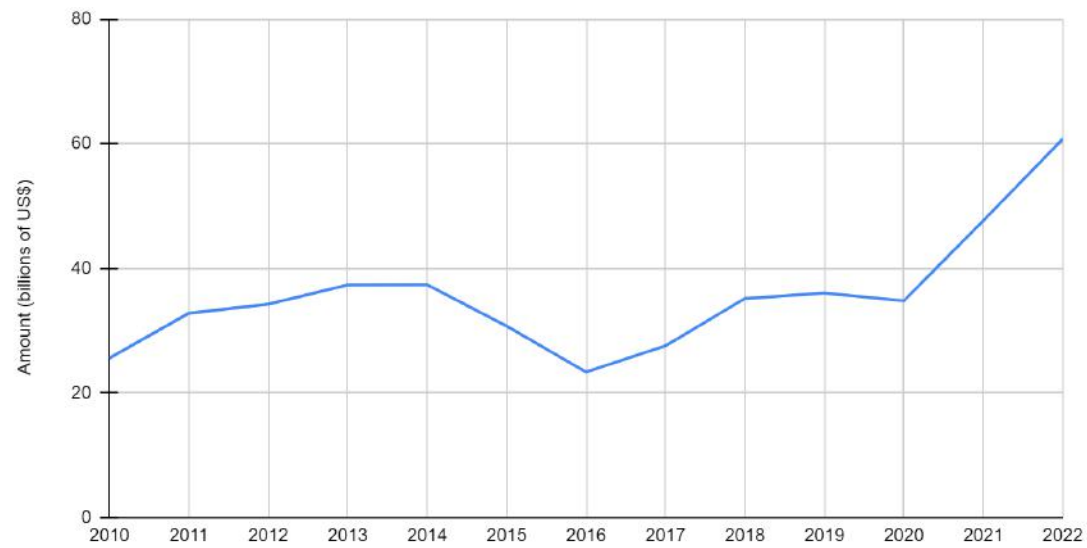
Year	Recipient	Chinese bank	Sector	Amount in millions of US\$	Oil-backed loan?	Purpose
2009	PETROBRAS	CDB	OIL AND GAS	7,000	YES	10-year plan to supply oil to SINOPEC (150,000 barrels per day in the first year and 200,000 barrels per day in the following 9 years).
2014	PETROBRAS	CDB	OIL AND GAS	3,000	NO	Bilateral Cooperation Agreement - First Tranche. The funds were used for the direct and indirect procurement of goods and services acquired in China.
2015	PETROBRAS	CDB	OIL AND GAS	3,500	NO	Petrobras Global Trading BV (PGT), an indirect subsidiary of Petrobras, signed an agreement for a 10-year US\$3.5 billion line of credit with CDB. Includes clauses stipulating that 60% of the amount must be spent on Chinese products and services.
2015	PETROBRAS	CDB	OIL AND GAS	1,500	NO	Oil exploration not specifically mentioned; debt financing; Bilateral Cooperation Agreement - Second Tranche; includes a clause stipulating that 60% of the amount must be spent on Chinese products and services.
2016	PETROBRAS	CDB	OIL AND GAS	5,000	YES	Loan secured by an agreement to supply China National United Oil Corp., China Zhenhua Oil Co LTD and CHEMCHINA Petrochemical CO LTD with 100,000 barrels of oil per day.
2017	PETROBRAS	CDB	OIL AND GAS	5,000	YES	Loan secured by agreement with UNIPEC Asia Company for preferential supply of 100,000 barrels of oil per day.
2018	PETROBRAS	CHEXIM	OIL AND GAS	1,000	NO	This operation is part of Petrobras's strategy to diversify its sources of financing and is related to the purchase of Chinese products and services.

Brazil-China bilateral trade

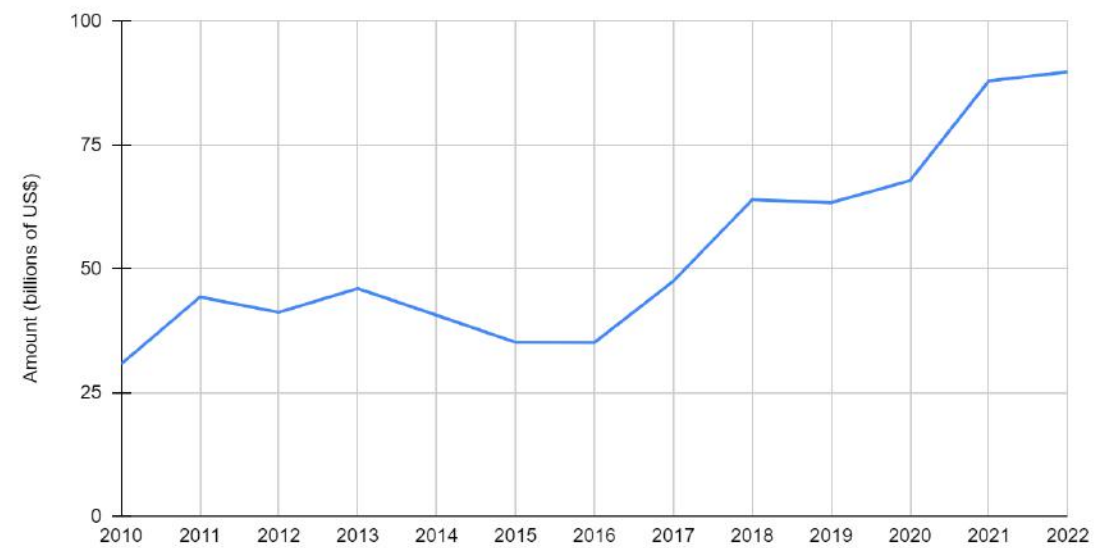
Total trade Brazil - China (2010-2022)



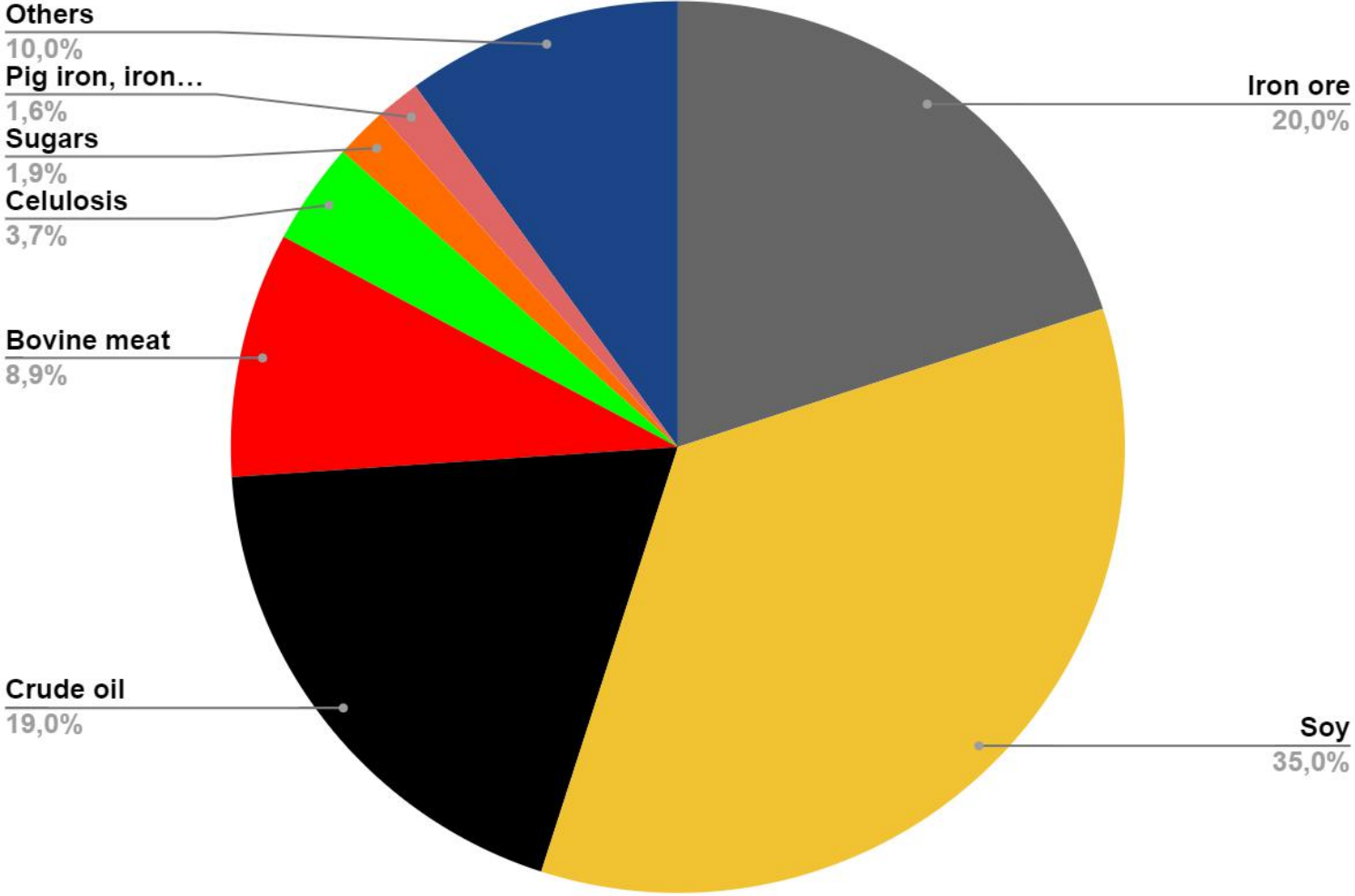
Brazilian imports from China (2010-2022)



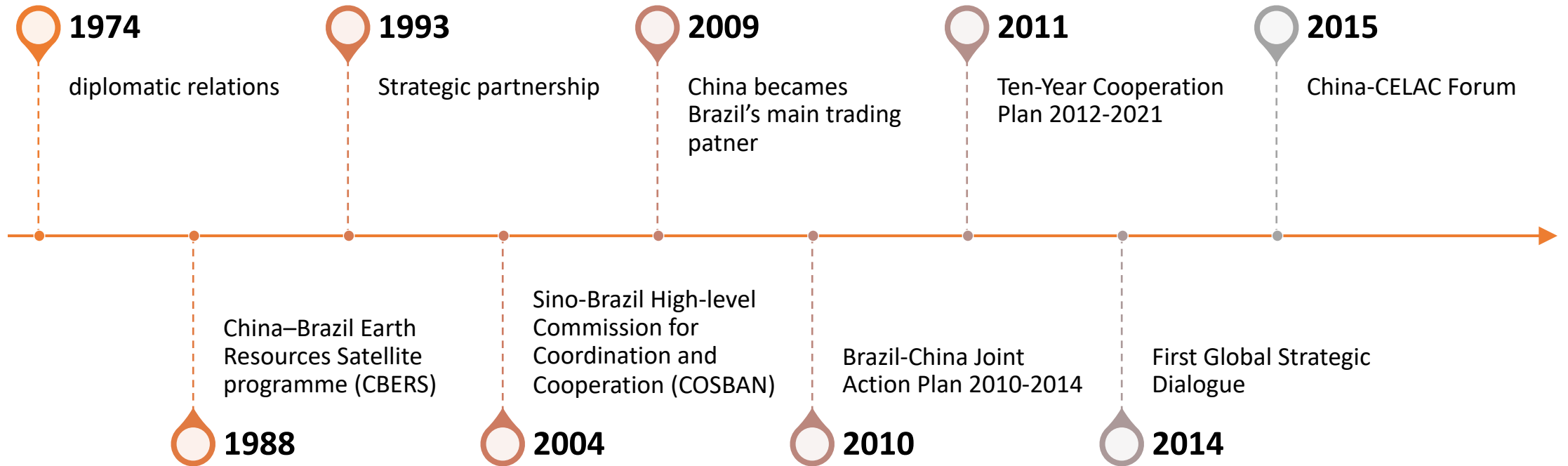
Brazilian exports to China (2010-2022)



Brasil: Exports to China in 2022



Diplomatic initiatives



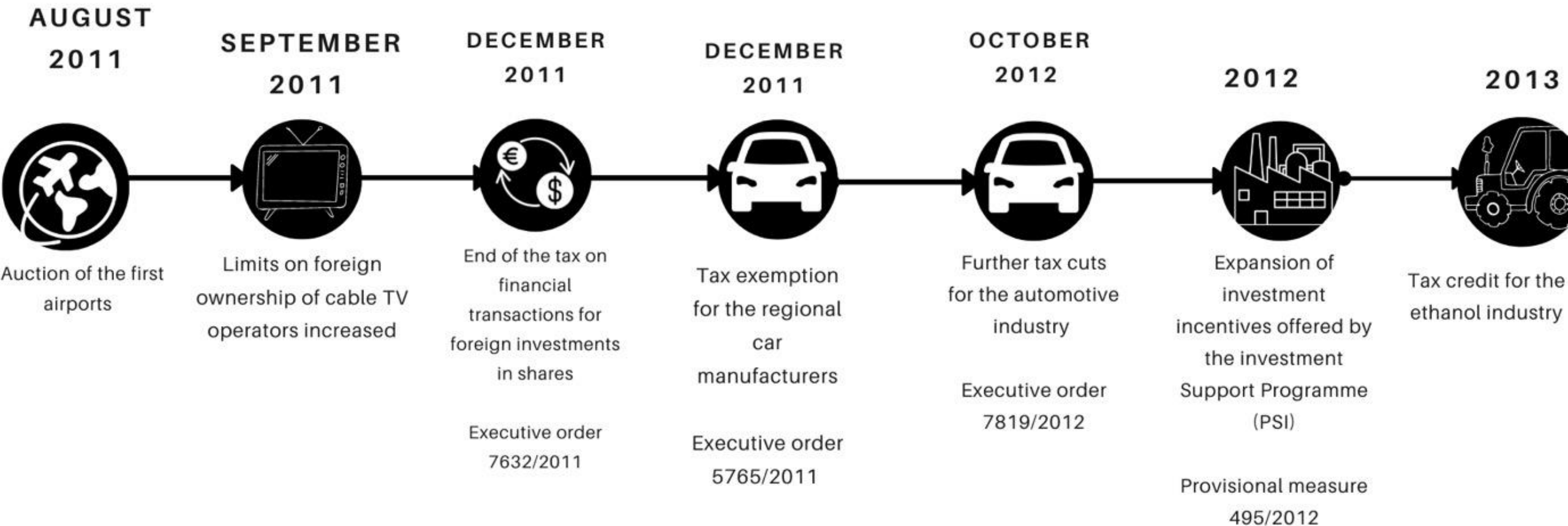
Key initiatives during the Lula and Rousseff administrations (2010-2015)

2010	2012	2014	2015
Signing of the Brazil-China Joint Action Plan 2010-2014	Signing of the 10-Year Cooperation Plan 2012-2021	Agreement on State Grid's participation in the Belo Monte transmission line	Signing of the Joint Action Plan 2015-2021
		Signing of the agreement on the creation of the New Development Bank	Financing agreements between Petrobras, CDB, China Eximbank and ICBC Leasing

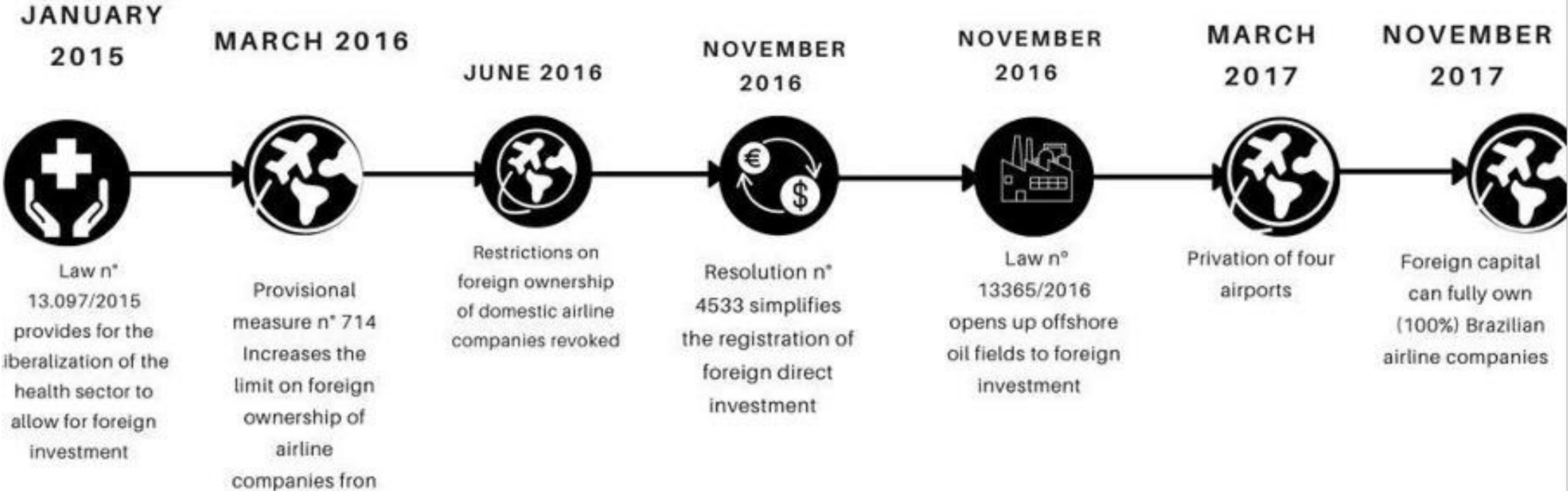
Key initiatives of the Temer and Bolsonaro administrations (2016-2022)

2017	2019	2022
Agreement with State Grid on the licensing of phase 2 of the Belo Monte hydropower plant transmission line	Operating license agreement, which authorizes State Grid to operate the Belo Monte-Rio de Janeiro transmission line	Strategic Plan 2022-2031
A US\$700 million financing contract signed with CCCC for investment in the construction of a terminal in the Port of São Luis		Executive Plan 2022-2026

PUBLIC POLICIES AND LAWS ON FOREIGN INVESTMENT DURING THE 1ST DILMA ROUSEFF ADMINISTRATION (2011-2014)



PUBLIC POLICIES TO FACILITATE, PROMOTE AND PROTECT FOREIGN INVESTMENT DURING THE DILMA ROUSSEFF AND MICHEL TEMER GOVERNMENT



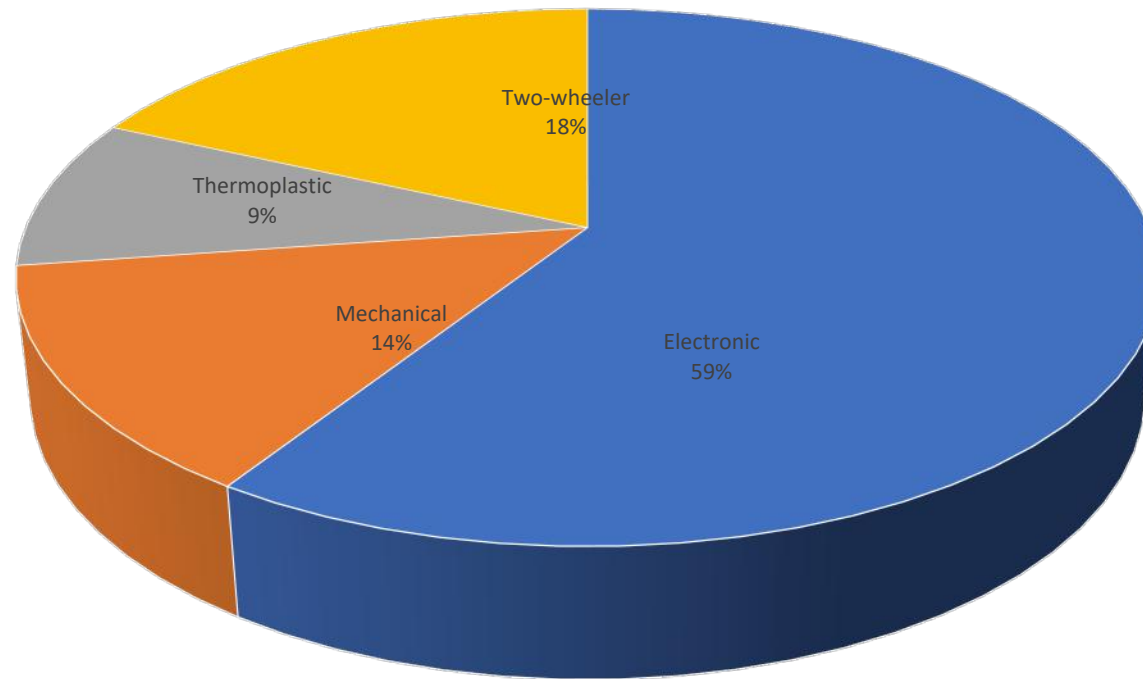
PUBLIC POLICIES TO FACILITATE, PROMOTE AND PROTECT INVESTMENT DURING THE BOLSONARO GOVERNMENT



“The Tropical Silk Road”

- **China in the Amazon: 2 ways**
- Investments in **infrastructure, food and raw materials**: logistics corridor for grain and mineral exports; mineral prospecting operations, located in indigenous territories or environmental protection areas, as well as hydroelectric power plants and dams.
- Investments in the **manufacturing sector**: state-owned and private enterprises to produce durable consumer goods
- **Manaus Free Trade Zone**: special taxation system and industrial park + specialized workforce at a lower cost.
- Fieldwork in the Manaus Industrial Park: ChinaBoard, TVChina, MotorChina and ArconChina

Factories by subsectors



■ Electronic ■ Mechanical ■ Thermoplastic ■ Two-wheeler

Monthly salary of operators employed by the parent company and its subsidiaries (US\$)

Position	Average monthly wages (US\$)		
	TVChina	ArconChina	MotorChina
Production operator in Manaus	350.00	420.00	470.00
Production operator in China	434.00	593.00	622.00

Wages and benefits by the companies' country of origin (2015) – (US\$)

COMPANY*	ORIGIN	PRODUCT	Monthly salary (US\$)*	Social benefits US\$
TVChina	China	TVs, monitors and tablets	1032.00	413.00
ChinaBoard	China	Boards	597.00	271.00
iFexx	China	Boards	734.00	348.00
Sunmoong	South Korea	TVs	902.00	862.00
NNG	South Korea	TVs	820.00	384.00
Zonic	Japan	TVs	1043.00	444.00
Hunamo	Japan	TVs	931.00	787.00
Climexx	US/China	Air conditioners	1122.00	339.00
ArconChina	China	Air conditioners	805.00	414.00
Eurogreen	Sweden	Air conditioners	854.00	408.00
FoxKong	China	Motorcycles	996.00	255.00
MotorChina	China	Motorcycles	657.00	411.00
Hamayda	Japan	Motorcycles	1655.00	641.00
SUBSECTOR	Average wage of each subsector (2015) US\$			
Electronics	782.00			
Two-wheelers	1215.00			
Mechanics	773.00			

- **Decline in work conditions:** lower wages and less benefits and incentives than other major global players (Japanese, South Korean and some European firms). Wages in subsidiary companies are close to the average paid by the parent company in China.
- **The law is the limit:** Chinese companies tend to adjust to Brazilian legislation, but they do not offer any more than what the law stipulates.
- Human resources practices are fully controlled by headquarters in China (“**Chinese enclaves**”). Decision-making power in the hands of directors in China: avoiding having to deal with local pressure directly.
- Preference to workers with experience in the Manaus Industrial Park: reducing the cost of training employees. In Manaus, both the state and the market **evade responsibility** for providing training.
- **Factory control and supervision:** workers have little autonomy to make decisions. Chinese companies are reported to show little appreciation for workers’ creative capacity. No space for dialogue in the factory. Very hierarchical web of relations.

Conclusion

- In the correlation of forces between capital and labour, **state public policies have benefitted capital** more than labour force.
- Workers in the capital of Amazonas are at the **mercy of the comings and goings of manufacturing firms**, on one hand, and must overcome the **lack of educational courses, housing and sanitation** policies and professional/technical training programs on their own, on the other.
- Contrary to the African context, **little space for diplomatic relations** or strategic interests linked to the centre of Chinese power.
- **Chinese investors merely go with the flow.** They play the game within the possibilities that are offered by cutting costs and **adopting strategies that allow them get ahead of their competitors**, such as paying lower wages and benefits to Chinese managers and supervisors working in Brazil than the ones back in China.

Publicações



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