Brazil, East Asia, and the Shaping of World Politics

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Abstract

In this article, we analyse the relationship between Brazil and East Asian countries—Japan, China, South Korea and North Korea. Even though most of these bilateral contacts are not new, they have been taken to a whole new level in the last two decades. While trade and investments have been the main element in these relations, they have assumed, especially under Brazilian President Lula da Silva, an important political dimension. Our hypothesis is that stronger ties between Brazil and East Asia, however difficult they will be to achieve, will become paramount in shaping a new global order, inasmuch as they may lead to a growing relevance of these countries in international politics. From a Brazilian perspective, East Asia may help the country attain its main foreign policy goals in the 21st century.

Key Words

Brazil, East Asia, Japan, South Korea, People’s Republic of China, foreign policy, trade relations.

Introduction

It is no news that Brazil has already started to move onto the global stage. The last 20 years have been of paramount importance to Brazilian diplomacy, thanks to the new domestic context of democracy, free markets, economic development, and social inclusion. After a decade of economic stability and trade liberalisation under President Fernando Henrique Cardoso (1995-2002), the country has finally made its path towards sustainable growth, thus making it possible for the “tropical giant” to affirm its status as an emerging power and a regional leader. In the Lula da Silva years (2003-2010), with the growing interest of decision makers in Brasilia in turning the country’s greater political and economic weight into concrete diplomatic results, the country successfully diversified its

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partnerships, reached new markets in faraway regions, and demanded a bigger say in international institutions.

Asia was made one of the priorities of Brazilian diplomacy, owing to promising cooperation opportunities in the fields of science and technology, as well as to improved trade prospects.

The foreign policy strategy in the Lula years was neatly labelled “autonomy through diversification”. While it lived up to the century-long tenets and traditions of Brazil’s foreign policy—pacificism, legalism and realism—it also maintained the quest for autonomy that defines Brazil’s contemporary international relations. There was, however, an important break in how the country addressed the challenges imposed by the changing global context. Lula’s foreign policy guidelines went well beyond the desire to make Brazil a “global trader” and instead aimed at driving the country towards a more prominent international role so that it could become a “global player” in world affairs. Hence, the new strategy involved adhering to “international norms and principles by means of South-South alliances, including regional alliances, and through agreements with non-traditional partners (China, the Asia-Pacific region, Africa, Eastern Europe, Middle East, etc.), trying to reduce asymmetries in external relations with powerful countries”.

The “autonomy through diversification” strategy did not preclude the foreign policy principle that had prevailed the decade before, “autonomy through participation”, which was driven by values and towards the participation in international (liberal) regimes and multilateral structures. Nevertheless, this predominantly “Grotian” approach to world politics was replaced by a more “realist” one in which Western and liberal values played a lesser part and that gave way to a more nationalist and developmentalist rhetoric at home and abroad.

Relations with East Asia are, of course, an integral component of Brazil’s global strategy. With the end of East-West confrontation and the domestic changes in Brazilian society, such as the political opening and trade liberalisation of the late 1980s, the Brazilian Foreign Ministry (Itamaraty) has had to rethink the country’s foreign policy goals. East Asia has therefore become one of the regions that Brazil has started to look at. As early as 1993, Asia was made one of the priorities of Brazilian diplomacy, owing to promising cooperation opportunities
in the fields of science and technology, as well as to improved trade prospects.

Brazil’s interest in Asia was twofold: first, at the economic level, expectations were high about getting closer to a region that was seen as a model of economic and scientific development. Secondly, at a more political level, Asian nations fulfilled the need for diverse strategic partnerships in the context of multilateralism. Therefore, regardless of party ideologies, Asia in general- and its Eastern sub-region in particular- has been a foreign policy priority since the 1990s. Yet while President Cardoso paid official visits to several countries, such as Japan, China, South Korea, Malaysia, Indonesia, and East Timor, President Lula struggled to take relations with the Asian giants to another level. ⁸

The bottom line of relations with Asia is that foreign policy should be used as a tool to promote economic and social development. At a more immediate level, trade and investments should not just help boost the productivity of the Brazilian economy, but also supply some of our long-standing demands for technological and industrial autonomy. In the long run, however, the idea is that these ties should become the cornerstone of a new global order. This political ambition, from a Brazilian standpoint, should lead to a three-pronged strategy, according to the foreign minister under Lula, Celso Amorim. First of all, it is necessary to “strengthen the elements of multipolarity of the international system”, towards which the forging of an alliance with emerging countries, as well as with African nations, was paramount. Secondly, it is indispensable to make South America- the administration’s declared priority- “politically stable, socially just and economically prosperous”. Finally, it is crucial to “[r] estore confidence in the United Nations”, a goal for which Brazilian foreign policy would “defend the enlargement of the Security Council with the inclusion of developing countries among its permanent members, so as to reinforce its legitimacy and representativeness”. ⁹

Brazil’s growing demand for industrial goods, as well as its notable industrial capacity, may provide a handful of opportunities for Japanese and South Korean companies.

The main argument of this article is that all these goals are connected to the relationship with East Asia. Making the world less centred on American (and Western) power involves building bridges between Brazil and China, Japan and the Koreas. Due to its lack of material
capabilities, the *Itamaraty* has decided to invest in weak institutional strategies such as the BRIC (Brazil, Russia, India, and China) group- now BRICS, with the inclusion of South Africa in late 2010- with the goal of reducing the manoeuvring room of American foreign policy in global affairs. On the financial front, Brazilian and Chinese interests have converged into the G20 group, which also counts Japan- a member of the G8- and South Korea as members, and whose goal is to reshape the global economy in a less centralised (and more regulated) fashion. These are two examples of what some have called a *soft balancing* strategy,\(^{10}\) which is aimed, as Amorim puts it, at increasing, “if only by a margin, the degree of multipolarity in the world”.\(^{11}\)

Policies toward South America are to some extent shaped by this interaction between Brazil and East Asia. Over the last decade, the People’s Republic of China (PRC) has become the one of leading trading partners of such countries as Chile, Argentina and Peru.\(^{12}\) Some Chinese industrial production competes directly against Brazilian exports to its neighbours. That is why the economic presence of China in the region has to be taken into account if Brazil wants to confirm itself as a leader- or, as some argue, a hegemonic power- in South America. Conversely, Brazil’s growing demand for industrial goods, as well as its notable industrial capacity, may provide a handful of opportunities for Japanese and South Korean companies, insofar as Brazil could work as a hub for the surrounding markets.

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Finally, partnering up with East Asia may take Brazil closer to its long-standing aspiration for a permanent seat on the Security Council. The country has been working side by side with the Japanese government (along with Germany and India) to this end in the so-called G4. Even though it is quite likely that teamwork in this case may bring a number of practical problems- which range from coordination to political barriers, for some countries more than for others- it still seems reasonable to push this issue collectively. Deeper ties with China can also offer political leverage for the Brazilian bid, as long as they find common grounds in international security issues. Furthermore, the prospects of having the *Itamaraty* work as
a mediator on the Korean issue, however
distant thus far, may give Brazil new and
stronger credentials for its candidacy.
In the next sections, we will look at the
opportunities and misfortunes behind
the relations with Japan, China, and the
Koreas, respectively.

Brazil and Japan: Old
Partners, New Interests

Relations between Brazil and Japan
have gone through ebbs and flows in
the past decade as a result of not only
structural changes but also significant
domestic transformations. What
once was one of the most promising
partnerships of the late 20th century,
owing to the impressive rise of the
two countries’ economic and political
weight, it has cooled down over the last
20 years. Today, bilateral contacts, while
not negligible, rest basically on technical
cooperation projects and on the 300,000
Japanese-Brazilians currently living
in Japan (and, conversely, on the 1.5
million Brazilians of Japanese descent).13

One must not overlook, however,
the historical clout of this relationship.
It dates back to the late 19th century-
more precisely to the years that followed
the abolition of slavery in Brazil when
demand for immigrant labour rose
considerably- and was celebrated
through the Treaty of Friendship, Trade
and Navigation of 1895.14 In spite of
this diplomatic watershed, relations
would only deepen a decade later, in
1908, when the first 781 Japanese
migrants arrived in Port of Santos on
the Kasato Maru.15 The relationship
then flourished to become essentially
complementary. While the Japanese
supplied Brazil’s demand for a workforce
and manufactured goods, the tropical
abundance of primary products helped
Japan overcome its scarcity of resources.
Such complementarity marked the first
period of the two countries’ bilateral ties,
which lasted until the 1940s.

Indeed, close ties were retained until
the outbreak of the Second World
War, when relations were suspended as
Brazil joined the allied forces due to US
diplomatic pressure. After some years of
interruption, relations were restored in
the 1950s and brought two additional
elements to the partnership: the increasing
flow of Japanese direct investments in
Brazil and a rise in bilateral trade. At the
height of its economic reconstruction,
post-war Japan was looking for sources
of raw materials and commodities
overseas. Its South American partner,
on the other hand, was enjoying a
prosperous economic moment led by
Juscelino Kubitschek’s developmentalist
policies and was looking for new foreign
investments and capital. The cornerstone
of this period was the construction of the Steel Company of Minas Gerais (Usina Siderúrgica de Minas Gerais, USIMINAS) between 1956 and 1961. In this period, the number of Japanese companies in Brazil rose from six to no less than 35, mostly in the fields of textiles, naval technology and auto parts.16

The next two decades saw a major increase in the two countries’ economic relations, surpassing by far the consular agenda of the early century. Japanese foreign direct investments (FDI) in Brazil boomed in the 1970s- from US $ 26 million in 1971 to US $ 137 million in 1979- mostly due to the rapid growth of both economies and, of course, to the new role each one began playing on the world stage. Brasilia had become a leader of the Third World on its own, thanks to its successful import-substitution policy, and Tokyo had affirmed itself as one of the three centres of the global capitalist economy (together with the United States and West Germany). As a matter of fact, Brazil was among the greatest recipients of Japanese investments throughout the second period of their bilateral relations from the 1950s to the 1980s.17

The high expectations of those decades were nonetheless short-lived. In the 1980s, the Brazilian economy was struck by a debt crisis, which put growth in jeopardy and drove the country into a deep recession. An inflationary spiral followed for a few years, and ended up scaring many Japanese investors away. It is no surprise, therefore, that the relative importance of one country to the other decreased over the course of this decade. Trade also went downhill as the prices of commodities and raw materials went to their lowest levels in decades.18 Japan, a superpower candidate by then,19 would naturally turn its eyes to the developed world in search of markets and investment opportunities. Brazil, overwhelmed by economic and political difficulties, had decided by the mid-1980s to partner up with Argentina and invest in regional integration as a new source of development.20

With inflation under control and abundant economic opportunities from 1995 onwards, the Brazilian government was able to attract the attention of Japanese investments. The recovery of the Japanese economy has also favoured the improvement of bilateral ties. As a consequence, exports and imports have tended to increase since 2002 (see Figure 1), mostly thanks to the positive economic results up until the 2008 financial crisis, which interrupted the positive cycle of global economy for almost all nations. The year 2009 was therefore one of negative figures, even though both countries seem to be recovering at a moderate pace.21
When it comes to FDI, figures have also been positive, although flows have not been steady, as shown in Figure 2. After a peak in Japanese FDI in the early 1990s, investment levels were only restored after the economic stabilisation of the Brazilian economy, reaching more consistent levels in the beginning of the Lula administration. With confidence re-established, new private interests have developed, which in turn have brought more trade opportunities and even more investment.
This positive scenario once again sheds light on the long-standing notion of economic complementarity. In the automotive sector, for instance, the Japanese presence in the Brazilian economy had been restricted for decades to the operations of Toyota, which date back to 1958.22 Investments and fiscal incentives in the last 10 years have helped increase the production of Japanese car manufacturers in Brazil. The figures are impressive, according to the Automotive Industry Yearbook. From 2000 to 2009, production has risen by:

- 542% for Honda Motor Co., from 22,058 to 132,122 total units,
- 418.7% for Mitsubishi Motors, from 6,252 to 32,429 total units;
- 405% for Nissan Motor Co., from 3,744 (2002) to 18,908 total units;
- 233.4% for Toyota, from 18,809 to 62,713 total units.

These numbers are related not just to the expansion of Brazil’s domestic market, but also to the fact that the country has been serving as a platform for the exports of Japanese multinational companies to the Latin-American markets. Some other recent operations are also worth mentioning due to the amount of resources involved:
- The acquisition of 40% in the Nacional Minérios S.A (Namisa) mining company by a consortium of Japanese giants, Nippon Steel, JFE Steel, Sumitomo Metal Industries, Kobe Steel, and Nisshin Steel, as well as by Itochu trading and South Korean iron and steel company Posco, for US $ 3.08 billion in 2008;

- Insurance negotiations involving Tokyo Marine, which formed a joint-venture with Banco Real in 2005 after investing the sum of US $897 million.23

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An increase in biofuel exports will surely boost FDI flows from Japanese companies into Brazil.

The fields of digital TV broadcasting and biofuels have also received large investments from Japanese companies. This is noteworthy because the Japanese business sector has traditionally been conservative when it comes to FDI in Brazilian markets. The development of a joint system for digital TV has been in the spotlight due to the bilateral technological cooperation involved, which has intensified in recent years. Besides the fact that the Japanese technology is considered by many as superior to the American or European systems, one additional gain of such cooperation is that many Latin American countries, such as Argentina, Chile, Peru, Ecuador, Venezuela, Paraguay and Costa Rica, have also chosen the Asian system.24 This will allow the Brazilian government and private sector to expand their businesses within the neighbourhood in the long term. As for Japan, the partnership with Brazil might eventually reduce production costs and help the country overcome some transaction barriers imposed by distance.

Projects in the biofuels sector have also gained momentum and involve joint efforts by Brazilian and Japanese companies. In 2007, Petrobras and Mitsui announced the construction of 40 ethanol producing plants in Brazil. Two years later, a deal was brokered between Cosan and Mitsubishi to promote ethanol exports to Japan. There is hope that the Japanese government will push up the demand for biofuels as it becomes more concerned about reducing the emission of greenhouse gases. An increase in biofuel exports will surely boost FDI flows from Japanese companies into Brazil.

Bilateral ties, however, are not just limited to international trade. The so-called “triangular relationship” – which takes place at the bilateral level but for the benefit of third parties- has also
visibly increased, inasmuch as technical cooperation is concerned. According to the Japanese International Cooperation Agency (JICA), the Brazilian government has been receiving Japanese international aid and technology since the mid-1950s, with Japan being the top donor to Brazil for the most part of the second half of the 20th century.

Japan has also used international cooperation projects to advance its own interests as a foreign policy tool. Official development aid, according to Yasutomu, “is a visible measure to increase Japanese participation in international circles […] so as to] keep friendship bonds with all nations, raise the national prestige (by contributing to the solution of North-South problems), and show that Japan is a loyal ally, offering aid to nations which are key to securing Western interests”.²⁶

It is therefore possible to see that both countries have made use of international cooperation to advance their respective foreign policy goals. That is precisely why the possibilities of interaction may go beyond bilateral contacts. Currently, there are several Japanese-Brazilian initiatives in the fields of technical cooperation and financial aid aimed at developing third parties. Triangular cooperation occurs under the framework of the Japan-Brazil Partnership Programme and is sponsored by JICA and the Brazilian Cooperation Agency (ABC). Although there are projects worldwide, most have been directed to the Portuguese-speaking countries in Africa and Asia, considering that the cultural similarities are an asset in making cooperation work.²⁷

The strengthening of bilateral contacts and the joint use of resources
in international cooperation projects invites the analysis of yet another side of this relationship, namely the multilateral agenda of Japanese-Brazilian relations. As the interest for global issues grow stronger, as in the case of global warming, infectious diseases and food and energy security, cooperation between the two countries within the framework of international regimes becomes paramount.28

The need to advance fresh ideas on the Security Council’s contemporary challenges and responses may bring Brasilia and Tokyo together in devising creative solutions for new problems.

This new reality has opened up opportunities for bilateral and multilateral conversations between Brasilia and Tokyo. Besides the technical aspect of the many cooperation projects that have been implemented in the context of this relationship, there is also the need for an improved political agenda. The coalition of the four candidates for a permanent seat at the United Nations Security Council (G4)-Germany, Brazil, Japan and India- is perhaps the most significant demonstration of common interests in recent years. Although for different reasons, Brazilian and Japanese diplomats alike seem eager to play a more active role at the multilateral level. While Brazil has been attempting to translate its recent economic growth into political clout in a range of international issues so as to become a “global player”, Japan wishes to restore the status it has enjoyed (politically and economically) for the last three decades and which has been hampered by the rise of China.

With their eyes on the Security Council, both countries have also recently engaged in military operations. The Brazilian government has been conducting the UN Stabilisation Mission in Haiti (MINUSTAH) since June 2004. Not only does this account for the largest Brazilian military contingent sent abroad since the Second World War, it also represents a break in its long-standing tradition of mediation rather than the use of force in Brazilian diplomatic relations. Brazil has also assumed the command of the maritime task force of the United Nations Interim Force in Lebanon (UNIFIL) in 2011, having sent three frigates to the Lebanese coast thus far. Tokyo has also presented itself as a more active player in security affairs in the 21st century, especially under the Koizumi administration, which passed an authorisation to send the Japanese Self- Defence Forces to the Persian Gulf in support of the American troops in the Middle East.
Upon the outbreak of the 2008 financial crisis, the ever-growing Chinese economy surpassed the United States as Brazil’s leading trading partner.

Nowadays, there seems to be a window of opportunity in Japanese-Brazilian diplomatic ties. A set of shared interests in matters of international security can help the countries rebuild their relationship on a new basis. The need to advance fresh ideas on the Security Council’s contemporary challenges and responses may bring Brasilia and Tokyo together in devising creative solutions for new problems. The Brazilian concept of “Responsibility While Protecting” (RWP), launched in the context of the Arab Spring in late 2011, is but an example that some states are increasingly willing to play a larger role in global issues—issues that have been historically monopolised by a small group of nuclear powers.

Brazil and China: Political Alignment at an Economic Crossroads

Brazilian-Chinese relations have seen many common goals and interests over the course of the last few decades. Upon the outbreak of the 2008 financial crisis, the ever-growing Chinese economy surpassed the United States as Brazil’s leading trading partner. Political ties have been developing accordingly. Besides the two official visits paid by the respective presidents to their counterpart, Lula da Silva and Hu Jintao met no less than nine times between 2008 and 2009. So far as the Brazilian narrative goes, after several years of fruitful relations, Brasilia and Beijing have become strategic partners as their relationship is helping to shape the world’s new multi-polar era.

Their bilateral agenda, however, is perhaps less harmonious than one would expect by simply reading the official statements or following the major diplomatic initiatives of recent years, such as the BRICS or the financial G20. While it is undeniable that the two countries have converged lately, especially regarding trade relations, it also seems evident that such convergence is never perfect. The People’s Republic of China (PRC), a great power on its own, has just entered the fourth decade of astonishing economic growth and rising political influence, thus affirming itself as Asia’s centre of gravity. Although it has become commonplace to say that China’s rise would make the world more dangerous, be it due to its long-standing authoritarian regime or to a future trade and military rivalry with America,
what we see today is a nation that has come to terms with multilateralism and international governance and repeatedly denies the label of “superpower”. Brazil, on the other hand, whereas it has indeed been considered a rising star by many, the lack of material resources (particularly in military terms) has prevented the country from advancing its interests abroad more emphatically. The southern giant’s power rests chiefly on its recent economic projection and on an almost universal empathy- or “soft power” using a more sophisticated term. And even though the two countries have been called “emerging powers”, they clearly belong to different realities in global affairs.

In hindsight, the bilateral relationship between Brazil and China has not been steady for most of its existence. Despite the century-old Trade and Navigation Agreement of 1881, contacts only deepened after the Second World War, with the visit of Chinese president Chiang Kai-Shek to Rio de Janeiro in 1946. As he and his Kuomintang party members fled to Taiwan after the establishment of the People’s Republic, however, bilateral relations were again interrupted.

Only in August 1961, at the height of the Cold War, would Brazil turn its eyes to communist China. It was a time when relations between Brasilia and Washington had soured, and the former would reach out to faraway regions so as to affirm its “independent” foreign policy. This idea, however, would not survive domestic pressures. When João Goulart, then vice-president of Brazil, visited Beijing and proposed establishing a permanent trade office in each of the two countries, many (at home and abroad) understood this rapprochement as a dangerous move to the far left. This would ultimately lead the Brazilian military- with the political sympathy of the United States- to stage a coup d’état against Goulart in early 1964. The military regime which followed would decisively change Brazil’s perceptions about Beijing, and prevented relations from developing for the next decade.

Diplomatic relations between Brazil and the People’s Republic would only be re-established in August 1974, in the context of the Chinese-American rapprochement. With the economy crippled by the oil crisis that shook the capitalist economies the year before, Brasilia sought to diversify strategic partners in the fields of oil supply (such as with Nigeria, Libya and Iraq) and nuclear technology (West Germany), and pragmatically fostered trade with countries from the Third World and the Socialist bloc. China, having recently been accepted into the United Nations,
was also willing to broaden their partnerships outside the Soviet sphere. Pinheiro asserts that, throughout the 1970s, Brazil and China had at least three common political positions: they (1) advocated for more autonomy vis-à-vis the two superpowers, the United States and the Soviet Union; (2) favoured the creation of a nuclear weapons free zone, even if neither had signed the Nuclear Non-Proliferation Treaty (NPT); and (3) defended the extension of the exclusive economic zones to 200 nautical miles within the negotiations on the UN Convention on the Law of the Sea. 32

China was already being considered the most prominent emerging market in the world, having intensified its economic presence in regions such as Africa and South America.

The two countries also shared the same positions at the United Nations Conference on the Human Environment, held in 1972. They argued that environmental problems were not just caused by population growth, but also by economic underdevelopment. The idea that development should lead to a better environment would eventually become one of the principles of the Stockholm Declaration.

Having all these common aspects in mind, Brazilian Foreign Minister Azeredo da Silveira declared, upon the signing of the Joint Communiqué on the Establishment of Diplomatic Relations between Brazil and China in 1974, that our governments bear distinct perspectives when conducting their respective national destinies. We both consider, however, that it is an inalienable right of each people to choose its own destiny [...]. Brazil and the People’s Republic of China converge in this ideal. Our relationship rests on the principles of mutual respect to sovereignty and to the non-intervention in other countries’ domestic affairs. These are the foundations of our friendship. 33

It seems quite evident that, during the later decades of the Cold War, Brazilian and Chinese interests converged in many aspects. Up until that moment, Japan was the main reference of Brazilian trade with Asia, especially because the relationship with the Chinese had very few concrete results at that time. Still, by the beginning of the 1990s, Brazil was already looking towards the PRC with growing interest. The mercurial administration of President Itamar Franco (1992-1994) had as one of its foreign policy guidelines the alignment with “potential peers of the international community (China, India, Russia, and South Africa)” 34. The People's Republic, in return, launched its first “strategic partnership” with Brazil upon the visit
Stronger business ties and a more favourable international political environment led Lula to reinforce, in his inaugural speech, the need to develop closer ties with emerging nations in general, and with China in particular. Foreign Minister Celso Amorim did exactly the same in his inauguration address, and the People’s Republic also came first on the list. The last three presidents of Brazil—Cardoso, Lula and Dilma Rousseff—all paid official visits to China before travelling to Japan. However symbolic these words and deeds might seem at first, they point to a trend towards privileging relations with the Chinese government—at the expense, one might add, of other partnerships in the region. Moreover, the deepening of political alignment between the two countries, such as in the BRICS initiative or within the economic institutions, has helped make this trend apparently irreversible.

Although politics and investments do play a role in this change of priorities, trade seems to be the underlying reason behind the deeper ties with the PRC. A quick look at the trade balance numbers in Figure 3 shows the ever-growing centrality of the Chinese market to the Brazilian economy. The People’s Republic surpassed the United States as Brazil’s leading trading partner in 2009 after years of consistent expansion in
commercial relations. While part of the explanation rests on the pervasive effects of the global financial crisis, which has slowed down the chief economies of the West, perhaps the most important factor that has helped to improve Brazilian-Chinese trade was the boom in domestic consumption in both countries. Demand for commodities and raw material has skyrocketed in China in recent years, and this demand has been partly supplied by Brazilian iron ore, soybeans and oil. The enlargement of the lower middle class in Brazil, for its part, has also created new demand for electronic components, textiles, and machinery from China.\textsuperscript{38}

Figure 3: Brazilian Exports, Imports and Balance of Trade with China (in US $ millions)


Government agencies and private groups in Brazil were all too enthusiastic about trade surpluses with China in the beginning of the 2000s. The perception within the business community has been changing about partnerships with Chinese companies as the growth in exports has created new demands for some Brazilian industrial sectors. In May 2004, President Lula conducted a “heavyweight” official mission to the PRC- which he described as “the trip of the year”- and included six ministers and 500 businesspeople.\textsuperscript{39} In his meetings
with Chinese President Hu Jintao, Lula da Silva underlined his commitment to acknowledge the People’s Republic as a market economy. This represented an important step not only for bilateral relations, but also for the global acceptance of China’s economic model and production structure. When the Itamaraty finally recognised the status of the Chinese economy later that year, it was saluted by China’s Ministry of Foreign Affairs as having “enriched the content of the strategic partnership between the two countries and will undoubtedly strengthen and expand the trade and investment opportunities to a great extent”.40

What followed this diplomatic decision, however, was a reversal in the trend of trade surpluses with China. While Brazilian exports kept growing at a moderate rate, imports rose sharply until 2008 and ultimately led to two years of successive trade deficits in Brazil. The higher added value of Chinese exports, when compared to stagnating commodity prices, also contributed to this. The poor trade results have spurred criticism among businesspeople who are afraid that products made in China could threaten some sectors of the Brazilian economy, and they have been enraged by a political agreement that would “make industry vulnerable” when faced with unfair competitive standards.41 Escalating political pressure domestically would eventually lead Brazil to raise barriers against some Chinese products, which restored bilateral trade surpluses in 2009.

Unpredictable trade flows with the PRC reveal the complexities behind the political and economic dynamics of Brazilian-Chinese relations. They must not fall into a simplistic dichotomy, as was warned by Barbosa and Mendes, in which one understands the role of China in Brazil’s foreign policy strategy as either wholly positive (therefore naïve) or as a threat to Brazilian interests (therefore noxious).42

At the end of the day, there seems to be room for mutual gains. Conselho Empresarial Brasil-China (the Brazil-China Business Council) reports that Chinese investments exceeded US $ 12.7 billion in 2011.43 This FDI has been beneficial to the Brazilian economy as it helps consolidate the country as one of the leading natural resource suppliers to the Chinese market. As the key to this intricate equation, Brazil must establish clear resource allocation policies so as to guarantee the continuity of such investment and, at the same time, safeguard the national interests. If these interests seem to be more self-evident at the political level, when it comes to trade, cooperation involves finding a balance within a complex network of interests, both at home and abroad.
Brazil and the Koreas: Bridges are Still Far

Of the three major economies of East Asia, the relationship between Brazil and South Korea is not as intense as with the two regional giants. It enjoys neither the economic dynamism and the migratory bonds of the partnership with Japan, nor the trade volume and political interests of its ties with China. Nonetheless, contacts have become more intense over the past decade. At the political level, three South Korean presidents have paid official visits to Brasília- Kim Young-sam, Roh Moo-hyun and Lee Myung-bak in 1996, 2004 and 2008, respectively. Presidents Cardoso and Lula da Silva, for their part, went to Seoul in 2001 and 2010, and while there signed, or created conditions for, agreements on several areas. Economically speaking, trade has witnessed a sharp rise in the last 10 years. Over the course of the Lula administration, Brazilian exports have jumped more than four times, and imports have grown by eight times in the same period, which has led Brazil to have successive trade deficits with South Korea (see Figure 4).

Figure 4: Brazilian Exports, Imports and Balance of Trade with South Korea (in US $ millions)

Relations between Brazil and South Korea were established in 1949, a couple of years after the end of the provisional government run by the United States armed forces. Part of the incentive both countries had in getting closer to one another had to do with the recently established American hegemony over the entire Western capitalist system. The Brazilian government was the eighth nation worldwide and the second in South America (after Chile) to officially recognise South Korean sovereignty. Since 1950, Brazil has subscribed to the United Nations policies regarding the Korean War, opening up credit lines and sending medical and food supplies to the South. As a result of a long-standing tradition of peaceful foreign relations, however, Brazil refused to send troops to the peninsula, thus contradicting the US government’s expectations of renewed continental solidarity. Still, all Brazilian administrations would cast favourable votes towards South Korea at the United Nations, from the end of the war up until today. As a consequence, the formal launch of diplomatic relations between the two countries took place in 1959.45

The strategic value of trade of with Brazil led the South Korean government to open up its first Latin American embassy in Rio de Janeiro in 1962. The growing number of Korean immigrants to settle in São Paulo- Brazil’s biggest city and largest municipal economy- demanded the establishment of a Consulate General some years later. By that time, the Brazilian economy was more developed, and politics were more stable, than in its Asian counterpart. This helped attract thousands of Koreans to the tropics, especially between the early 1960s and early 1970s. Today, there is a dynamic community of some 50,000 Korean-Brazilians in and around São Paulo.46

The presence of Korean immigrants in Brazil is directly connected to the rise in bilateral trade over the last decades. However, the trade flows have not been exactly steady, and they peaked in the first years of the 1970s- when a large number of Koreans migrated to Brazil- and in the 1980s as the Korean economy reached its industrial maturity and began demanding greater inflows of natural resources. Between 1991 and 1996, trade relations between the two countries surpassed Brazilian-Chinese trade as exports grew by 25% and imports by no less than 800%. The ever-growing Korean automotive industry accounted...
for a large share of such imports, as sector leaders such as Hyundai Motors Co., Kia Motors Corp. and Ssangyong Motors Co. Ltd. started to sell their cars in the Brazilian market in 1992, followed by Daewoo Motors Co. Ltd. and Asia Motors Co. Ltd. some years later. More recently, South Korean electronics giants LG and Samsung have established businesses in Brazil, benefitting from a growth in domestic consumption.

Although Brazil has recently demonstrated some interest in building political bridges between the two Koreas, initiatives have thus far been elusive.

The impressive increase in trade between Brazil and South Korea may be the outcome of the reduction of tariffs and non-tariff barriers, the rise in demand caused by the valuation of local currencies against the dollar and the liberalisation of trade regimes and investments in Latin America. On the Korean side, besides the appreciation of the won, a handful of industrial sectors – such as textiles, electronics, automotives and steel- have benefited by the increase in production and hence by competitive advantages.

Many of the exports have been followed by FDI by Korean companies in Latin American markets. Between 1980 and 1996, FDI by Korean companies grew by 15 times, from US $ 4.6 million to US $ 337 million, a fifth of which came directly to the Brazilian economy. In 2012, South Korean investments reached the US $ 1 billion mark in Brazil alone.

In political terms, relations between Brasilia and Seoul do not have much of a common ground. Although Brazil has recently demonstrated some interest in building political bridges between the two Koreas, initiatives have thus far been elusive. Moreover, unlike the Chinese and Japanese foreign policies, which have historically looked towards the West in search of commercial and political opportunities, the South Korean government has been confined to its own geographical surroundings. That is probably why bilateral contacts, besides trade and investments, remain within academic and cultural boundaries. In the words of Brazilian Ambassador Jerônimo Moscardo, “[South] Korea represents an admirable paradigm as a cultural power, which now turns up as one of the main world powers […]. The Brazilian government has an extraordinary curiosity in finding out what is the secret behind Korea’s [success].”

Relations with North Korea are much more recent, and therefore less developed, than the ones with other East Asian nations. Diplomatic ties were only established in 2001, in the context of the
growing importance of Asia to Brazil’s foreign policy strategy. However, it took some time for embassies to be established in one another’s capitals. The first ambassador of the Democratic People’s Republic of Korea (DPRK) received his credentials in Brasilia in 2005, which was the country’s second embassy in the Americas (after Cuba); four years later, the Brazilian government sent its first embassy to Pyongyang—making Brazil one of the 25 countries with a high-level diplomatic representation in that country.

This relationship has nonetheless remained limited up until today. Unlike the other ties Brazil has in East Asia, the one with North Korea is based mainly on technical cooperation. In the last couple of years, the Brazilian government has sent missions to the DPRK to help the country improve soy production, and some North Korean researchers have visited the states of São Paulo and Paraná sponsored by the Brazilian Agricultural Research Corporation (EMBRAPA). An Agreement on Technical and Economic Cooperation was signed in 2010, thus opening new possibilities for bilateral ties in the field of agriculture.\(^5\) Trade, for its part, has experienced ups and downs in the last decade, as seen in Figure 5. Although the figures are not irrelevant, they seem too unsteady and do not show specific trends when analysed in perspective.

**Figure 5: Brazilian Exports, Imports and Balance of Trade with North Korea (in US $ millions)**

![Figure 5](http://www.mdic.gov.br)
The more engaged the *Itamaraty* is in global politics, the more the country will turn eastward as part of its “diversification” agenda.

The permanent unease between North Korea and its neighbours has jeopardised more consistent diplomatic contacts with Brazil. The nuclear tests conducted by Pyongyang delayed the inauguration of the Brazilian embassy in the country for more than a month as Brasilia called back its representative after the nuclear crisis. The year 2010 - the last year of the Lula administration - was marked by an attempt by the Brazilian government to reach out to the North Koreans on issues ranging from football to trade and to nuclear policies. According to Ambassador Arnaldo Carrilho, the idea was to play the role of a mediator in the Korean question, living up to the best diplomatic traditions of the *Itamaraty*, with an eye on a greater say in matters of international security. In return, the North Korean regime gave formal support to the candidacy of Brazilian agronomist José Graziano da Silva, a former minister of the Lula administration, as director-general of the Food and Agriculture Organisation (FAO) of the United Nations. Despite some symbolical actions, however, there seems to be a long road ahead if Brazil wants to build bridges between two countries that have been apart for 60 years, especially because it has fallen short of building political ties with either of them.

**Conclusion**

The relationship between Brazil and East Asia is not a novelty and the mutual interest dates back to the early days of the 20th century. Ties have nonetheless intensified as these countries have become politically relevant and economically vibrant. While relations with Japan have deepened since the mid-1950s, as part of a strategy of industrial development, China and South Korea only became important trade partners some decades later as their economies, and Brazil’s, grew more open and mature. From the 1990s onward, Asia has been a permanent concern of Brazil’s foreign policy. It is seen not just as a platform for trade, investment and markets, but is also a source of political opportunities. The more engaged the *Itamaraty* is in global politics, the more the country will turn eastward as part of its “diversification” agenda.

East Asia’s three giant economies have, therefore, become more connected with the southern tropics in the last couple of decades. A quick look at the figures
reveals that trade and investment flows—both ways—would suffice to explain the relevance of Japan, China and South Korea to Brazil’s “global trader” strategy. But there is more to these relations than commercial interests alone. At the political level, the Japanese bid for a reformed Security Council, as well for a greater say in international security issues, matches perfectly with the Brazilian goals on global governance. The rise of the Chinese dragon, for its part, has opened up a plethora of diplomatic possibilities for Brazil, insofar as both countries are decidedly willing to change international norms and institutions for their own benefit. Finally, while relations with the two Koreas are not politically dense, fruitful and cordial contacts may turn the Brazilian government into a potential broker for peace—which is, of course, in the best interests of the three nations.

In a world where the mini-lateral arrangements of the few are replacing the multilateralism of the many, coalitions such as the G4, the BRICS or the financial G20 are but a sign that the international system is undergoing significant changes. In all of them, Brazil and East Asia are joining forces to shape the future of global politics. If it is true that these emerging powers are to become some of the leading forces in a post-American world, then everything indicates that they have got the message right.
Endnotes


5 In a reference to Dutch jurist Hugo Grotius, often assumed as the forefather of international law in the West mostly due to his seminal work *On the Law of War and Peace*, published in 1625.


7 Here we have defined East Asia as the sub-region of the Asian continent that comprises Japan, the People’s Republic of China, North Korea and South Korea. Mongolia, although formally part of this geographical context, has very shallow relations with Brazil, demonstrated by the fact that Brazil does not have an embassy in Mongolia’s capital, Ulan Bator, while there is no Mongolian embassy in Brasilia either (only a honorary consulate in São Paulo). Relations with Taiwan, albeit existent, are not formal and therefore have not been covered in this article.


35 Oliveira, *Brasil e China: Cooperação sul-sul e Parceria Estratégica*. 


46 Ibid.

47 Ibid.


