Proceedings of International Symposium Series One

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China and Brazil

Edited By
Yanan Song and David Ritchie

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Contents

Panel I Evolving Roles of Brazil and China in Global Governance

China, Brazil and Global Governance

Pang Zhongying*

Abstract: Based on the understanding of China and Brazil as both "revisionist powers", this paper discusses why and how China and Brazil cooperate in the transformation of global governance. Through various methods, both countries seek to maintain the existing global order, while simultaneously working towards the reform of existing international institutions for improving global governance. Specifically, China wants to play a larger role in existing international financial institutions while Brazil wants to be a new permanent member of the United Nations Security Council. The G20 and BRICS, particularly the BRICS driven by China and Brazil are producing more non-Western approaches towards the new global governance.

Keywords: Chinese foreign policy; China-Brazil cooperation; the transformation of global governance

Introduction

Geographically, China and Brazil could not be farther apart. However,

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since the early 1990s has made China and Brazil more interlinked and interdependent. The two nations have become sources of new international issues, as well as leaders in the search for solutions to global governance issues. Therefore, in global affairs, China and Brazil can be understood as both "status quo powers" and "revisionist powers". Both China and Brazil are parts of the existing international order and international institutions; and while neither wants to overthrow the exiting order, both are at the forefront of changes to international governance. This is exemplified by Brazil's bid for a permanent member of the UN Security Council (UNSC), and China's desire to increase its "voting power" in the International Financial Institutions (IFIs), particularly in the International Monetary Fund (IMF). Further, the two countries cooperate closely to promote the alternative solutions to global issues. Specifically, the creation and operation of the G20 and BRICS provide great opportunities for a new era of China-Brazil cooperation in global affairs.

The purpose of this paper is to provide a theoretical background through which we can better understand the interaction between China and Brazil and the effect this interaction has on global governance. In other words, the paper attempts to answer why China and Brazil cooperate for the positive change of global governance. In addition, the paper examines how China and Brazil cooperate to achieve a change in global governance. Finally, the paper provides some policy suggestions for strengthening China-Brazil cooperation to facilitate a change in global governance. In this paper, the author uses Thomas G. Weiss' understanding and definition on global governance: "Global governance—which can be good, bad, or indifferent —refers to concrete cooperative problem-solving arrangements, many of which increasingly involve not only the United Nations of states but also 'other UNs, ' namely international secretariats and other non-state actors."[①]

① Quote from http://en. wikipedia. org/wiki/Global_governance.

Global Governance as a Common Challenge China and Brazil Facing

Both China and Brazil have an interest in influencing global governance. China is revising its existing foreign policy which was set originally after the end of the Cold War in 1992 to not only undertake more international responsibilities for global governance but to adopt a new foreign policy that constructively addresses global concerns and legitimately contributes the "Chinese solutions"[①] to global crises and conflicts. As another "peaceful rising power", Brazil is more progressive in pursuing its global status as a rising great power from Latin America. The evidence strongly suggests that China and Brazil's influence in global governance is growing. Since 1989, Chinese foreign policy has been in a period of great transformation, with another significant period of change beginning in 2000.[②] If we examine major speeches and statements by new Chinese leaders, particularly President Xi Jinping, we can see that global governance, particularly global economic governance, is now one of China's new foreign policy priorities.

Why China and Brazil Cooperate in the Change of Global Governance?

There is still no true"global governance" given the fact that the resolution of global issues has not been inclusive of the global South. The global South including China and Brazil, has suffered a lot from global issues, and yet has a disproportionate say in existing international institutions. But, the West, particularly the USA and Europe, still maintains a hegemony in existing international institutions. It is a well known fact that the USA has dominated

① See Xi Jinping speech at the Colbert Foundation, Germany, 29th March, 2014.

② Pang Zhongying, "Does China need a new foreign policy?", a key note presentation at the SIPRI, 18-19 April, 2013. Accessed at http://books. sipri. org/files/misc/SIPRI-Hu%20Pang%20 Zhongying. pdf the World Bank, like the Europeans have dominated the IMF, since 1945. The G7, a Western but increasingly irrelevant group dominated the management of the world economy leading up to the financial crisis in 2008. After 2008, the summit of the G20 was created, however the G7 still wanted to direct the policies and initiatives of the G20.

China and Brazil have not yet gained the strategic position needed to play their roles in solving global issues through existing international institutions. One way to play a larger role in global governance is re-organizing the relations of both China and Brazil with the US, the global hegemon. China is the number one trading partner of the US in Asia, and Brazil is the number one trading partner of the US in Latin America. In constrast, to China, many Latin American countries including Brazil have been practicing the "de-Americanization" approach to global governance since 1990s. China belatedly wants to have relations with the US based on mutual respect that would be a win-win for both powers, creating a so called "new type of great power based relations". [①] Therefore, China further urges a "de-Americanized" new world order in 2013. [②]

Before China's decision of forging a "new type of great power relations" with the US, China readily assented to the US system of organized globalization and was successfully integrated by the US into the existing world order: [③] "China has transformed itself from the world's greatest opponent of globalization, and greatest disrupter of the global institutions we created, into a committed member of those institutions and advocate of globalization. It is now a far more open economy than Japan and it is

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① The "new type of great power based relations" is the offer by the Chinese new leadership to the US to have a new kind of relations between them. But, the Obama administration revises this offer as the "new model of great power relations".

② Liu Chang, "U.S. fiscal failure warrants a de-Americanized world", Beijing: Xinhua News Agency, 13 October, 2013. Accessed at http://news. xinhuanet. com/english/indepth/2013-10/13/c_132794246. htm.

③ William Overholt, "China and Globalization", http://www. rand. org/content/dam/rand/pubs/testimonies/2005/RAND_CT244. pdf globalizing its institutions to a degree not seen in a big country since Meiji Japan. Adoption of the rule of law, of commitment to competition, of widespread use of English, of foreign education, and of many foreign laws and institutions are not just updating Chinese institutions but transforming Chinese civilization. All of China's economic successes are associated with liberalization and globalization, and each aspect of globalization has brought China further successes. Never in world history have so many workers improved their standards of living so rapidly. Thus popular support for globalization is greater than in Japan, where postwar recovery occurred in a highly managed economy, or with the former Soviet Union, where shock therapy traumatized society. In consequence, China has effectively become an ally of U.S. and Southeast Asian promotion of freer trade and investment than is acceptable to Japan, India and Brazil."

But, China has also paid a huge cost by joining the US dominated plan for globalization. One of the results of China's passive stance in the past has been the disastrous environmental and ecological crisis in its country. Specifically, the majority of Chinese people lack clean water, quality air and secure food; this is the new reality of human poverty China has to face. In addition, after Latin America and other regions, China, the most populous nation and the arguably the second largest economy, has become the largest nation dependent on the US. China's debt relationship is not a sign that China is replacing the US to be the new global superpower, but rather it is an indication of China's dependency on the US. Economically and financially, China is now hijacked by the US in the form of the so-called "Chimerica". [①]

China's reflection on its ties with the US is just in the early stage. Similar to the experience of Latin American nations since the late 1970s, Chinese capital and other resources are now also rapidly flowing to the US. Deng Xiaoping, the late Chinese top leader, expected and encouraged Chinese

① Li Daokui of Tsinghua University used the word "hijacked" to describe China-USA debt relationship. Niall Ferguson of Harvard University coined the term "Chimerica".

industry magnates to take advantage of financial opportunities in 1980s. Since then, the majority of wealthy Chinese now identify more closely with Western ideals and culture. The effect of globalizationseen in China today reflect the historical effects present in Brazil and Latin America as a whole.

Cooperation between China and Brazil in global governance should aim for reorganizing a "de-Americanized" world in the 21st century. Can we in China and Brazil consider a collective leadership in the era of re-building global governance? In other words, the question is: Is China-Brazil bilaterally or BRICS mini-multilaterally taking a joint lead to transform the existing global governance? China and Brazil can produce a joint leadership in many ways to protect and develop the common interests of the global South, emerging nations, and the broader developing world.

How China and Brazil Cooperate in the Transformation of Global Governance?

Practically, China and Brazil can cooperate in the reform of existing international institutions including the UN Security Council (UNSC) and the International Financial Institutions (IFIs). First, in terms of UNSC reform, China and Brazil seem to have different goals. While China may be largely seen and perceived as a status quo power, Brazil is considered a revisionist power. Because of China's permanent membership at the UNSC, many Chinese analysts think China should institute only reasonable reforms in order to maintain the exiting UNSC power dynamic going forward. As one speaker put it:

> The Council must adapt to the changed international situation to fulfil its mandate and enhance its authority and efficiency through reasonable reforms. In that regard, priority should be given to increasing the

representation of developing countries, in particular African countries. Further, reforms should be conducive to providing more opportunity to small and medium-sized countries to participate in its decision-making. Such reform could only be achieved through democratic discussion and patient consultations among Members to build upon common understanding.

The purpose of such reforms should be to safeguard the Council's authority, increase efficiency, expand representation and strengthen its role, in order to better meet the expectations and trust of Member States. Currently serious differences still existed and should be settled through continuous, extensive and democratic consultations. Progress could not be achieved at the expense of the solidarity among Member States. Only consensus decisions could win the unanimous trust and support of States and stand the test of time and history. He also cautioned against setting arbitrary timelines or pressing forward specific projects when the conditions were not mature. The intergovernmental negotiations must be guided by the principle of ownership of Member States and based on the positions and ideas of them. Noting the creation of the advisory group, he said that body could advice informally the Assembly President on the issue in his personal capacity, but would not have negotiating mandate or drafting role. The reform must be strictly advanced in the intergovernmental negotiations framework. ①

Brazil has aligned with India, Japan and Germany and the "L69 Group" to produce a new UNSC: "The United Nations risked becoming 'inconsequential' if it did not strengthen, and it was time to address its deficit in representativeness and legitimacy." "The year 2015 had been identified by many as a suitable date by which a suitable outcome should be achieved."

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① General Assembly, GA/11450, "Calling for Security Council Reform", 7 November 2013. Accessed at http://www. un. org/News/Press/docs/2013/ga11450. doc. htm.

Brazil supports the options for reform that enjoyed support of the majority, "an overwhelming majority of Member States supported enlargement in both the permanent and non-permanent categories." ①

Second, in order to reform the IFIs, China and Brazil have basically shared attitudes. China's attitude towards the reform of UNSC is more conservative than China's attitudes towards the reform of IFIs. In reforming the IFIs, China has emerged as a revisionist power. Notwithstanding a more aggressive stance towards the IFIs, China's position is still managed by pragmatism, which means China has to consider the new permanent members of the UNSC from the developing world. Since the development of the 2008 financial crisis, China has advocating for a key reform of the International Monetary Fund (IMF), namely, increasing the voting powers the emerging nations including China and Brazil. China has worked together with Brazil at various key forums including the G20 and BRICS to call for the reform of the IFIs. China and Brazil have strengthened their common stances and interests in this field.

Third, both countries have concentrated on the reform of The World Trade Organization (WTO), as Roberto Azevêdo from Brazil was appointed as the WTO Director-General in 2013. Then the new Director-General appointed China's Yi Xiaozhun, China's permanent representative to the WTO, as one of his four deputies. This personnel arrangement illustrates the great potential for China-Brazil collaboration in the future reform of the WTO.

Fourth, on the seeking the alternative solutions to global issues, China and Brazil can contribute their individual and collective solutions to the transformation of global governance. Both China and Brazil are members of the G20 and BRICS. One of G20's contributions to global governance is the call for the reform of the IFIs. Since staring in 2009, BRICS has frequently addressed the changes in global governance. In 2013, for example,

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① General Assembly, GA/11450, "Calling for Security Council Reform", 7 November 2013. Accessed at http://www. un. org/News/Press/docs/2013/ga11450. doc. htm.

> the Fifth BRICS Summit concluded the first cycle of BRICS Summits and we reaffirmed our commitment to the promotion of international law, multilateralism and the central role of the United Nations (UN). Our discussions reflected our growing intra-BRICS solidarity as well as our shared goal to contribute positively to global peace, stability, development and cooperation. We also considered our role in the international system as based on an inclusive approach of shared solidarity and cooperation towards all nations and peoples. ①

Internally, the BRICS began to take actions to strengthen their common objectives. The establishment of the BRICS New Development Bank is a great development in this regard. The Bank may affect the direction of the World Bank. That is, the reform of the World Bank may be sped up by the establishment of the BRICS Bank.

Finally, both China and Brazil independent of each other have had rich experiences in their collaboration with the International Financial Institutions (IFIs) in recent years. The IMF and the World Bank have been instrumental in global governance issues in Brazil and China for many years. In other words, both China and Brazil have been globally governed by the IFIs. A key concern for global governance is this: what are the implications of relationships between countries like China and Brazil and the IFIs for the future of global governance? In order to answer this question, the world should look to China and Brazil themselves, rather than the West. Actually, as former beneficiaries of the IFIs, both China and Brazil have begun to transform their roles from recipients of development assistance from the IFIs to the sender of development assistance to other nations. In addition, China should learn from Latin American schools of thought, particularly Brazil. Latin America has produced its own social sciences such as the dependency theory. But so far, China has still had no real breakthrough

① Joint Statement of the Fifth BRICS Summit in Durban, South Africa, March 2013.

in social sciences including the Chinese indigenous theory of global governance.

Concluding Remarks

Global governance has become an important focus in the newly forged China-Brazil strategic partnership. In the field of global governance, China is no doubt a proactive and constructive revisionist power, with the exception of areas like the reform of UNSC. Generally, Brazil can be seen as a revisionist power. The paradigm of the revisionist power in the power transition theory explains why China and Brazil jointly address the importance of their cooperation and coordination in the change of global governance. According to Jennifer Mitzen, global governance is the formation and maintenance of collective intentions, or joint commitments among states to address problems together.[①] G20 can be seen as an ad hoc combination of Western (G7) and non-Western major world powers. BRICS can be seen as a concert of non-Western powers. After the end of the G8 in 2014, BRICS is getting more important for Russian interests. Both China and Brazil will welcome Russia's new gesture in BRICS to help consolidate a new grouping. In 2014, diplomatically and symbolically, Brazil is organizing the second five year term(2014-2019) of the BRICS. Top political leaders from China, India, Russia and South Africa will be in Brazil to renew the BRICS. Then, a strengthened BRICS after 2014 will be in a better position to bargain with the Western powers in UNSC, IFIs, and G20 as well as other similar global organizations for changing the structure and substance of global governance.

① Jennifer Mitzen, *Power in Concert: the Nineteenth-century Origins of Global Governance*, University of Chicago Press, 2013, p.1.