

Analyzing Sino-Brazilian Trade Relations (1974 – 2018)

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Introduction

Do political factors explain Sino-Brazilian trade relations? This paper aims to analyze how Brazil's political relations with China impacts the trade relations between these two countries, between the years of 1974 to 2018, this period corresponds to the diplomatic rapprochement between the two cited countries.

Political ties between Brazil and China began under Ernesto Geisel's mandate, the result of Brazil's more multilateral foreign policy approach (Vizentini, 1998) and a Chinese foreign policy directed towards the third-world countries. Although this approach started during the Brazilian Military Regime, it is during the period of redemocratization that it consolidates (Sousa, 2016; Oliveira, 2012). It is in the early years of the New Republic, where the partnership between the two nations is elevated to the status of “strategic partner,” with the former Chinese President Jiang Zemin visit in 1993 to Brazil (Neves, 2018).

With the commodity boom in the early 21st century, the relationship between China and Brazil entered a new stage, with the Asian country becoming Brazil's main trading partner, as well as one of Brazil's most important investors. In addition to the economic area, the countries also deepened relations in the political arena, which highlights the creation of the BRICS and the major role of both countries in multilateral organizations, acting as the main actors of these political arenas. Reaching even a different status during the PT governments, which in addition to trade cooperation, sought to consolidate political and ideological links between countries. Thus, the present paper intends to analyze whether political factors influenced the trade relations of both nations,

and thus to test the hypothesis that trade relations between two countries are affected by political factors (Polacheck, 1980; Pollins, 1989).

Methodology

To test whether the political rapprochement between Brazil and China affects trade relations between these countries, we propose a quantitative approach through regression testing. In order to grasp the effect of political relations on Brazil-China trade, the following variables will be analyzed between countries: (i) political convergence at the UN, through the similarity of votes in the General Assembly; (ii) bilateral treaties signed by both countries; (iii) diplomatic posts; (iv) amount of investments and (v) trade balance. Being this last variable the factor to be explained, while the firsts are explanatory.

Expected results

By analyzing the regression models that will be presented in the paper, we expect to find results that helps to corroborate our hypothesis. That is, trade relations depend on political factors to be better consolidated. Also, we will perform robustness tests of the models and add control variables, based on the literature, to make our findings more transparent.

Final considerations

Our paper aims to contribute to the debate on relations between Brazil and China in two ways: (1) through the creation of a database that analyzes cooperation between countries since 1974 and (2) through identifying whether relations between the two nations studied follow political or pragmatic paths.

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