



Former Brazilian President Named As Head of China-Based New Development Bank

Description

On March 24, the New Development Bank, headquartered in Shanghai and created to support multilateral economic development in the BRICS nations – Brazil, Russia, India, China, and South Africa – announced Dilma Rousseff as its new president.

Effective immediately, Rousseff will be working directly from Shanghai, where she was inaugurated. As NDB President, Rousseff will earn about \$57,000 per month, equivalent to approximately 113 times Brazil's average monthly wage of \$504.

She will preside over the NDB until July 2025, when Brazil's term as the chair of the NDB will come to a close.

As Brazil's president, Rousseff helped found the NDB in 2014, in a move that challenged Western financial hegemony and control over international developmental institutions.

The Contingent Reserve Arrangement, which allows BRICS members to access liquidity (primarily supplied by China), was also signed under her presidency.

Rousseff's appointment was criticized by the conservative opposition in Brazil. Members of former President Jair Bolsonaro's Liberal Party, including his former minister of the civil house, Senator Ciro Nogueira, called out Dilma directly.

In a tweet, Nogueira argued that the announcement, which came three days before President Luiz Inácio Lula da Silva's planned (and since canceled) visit to the United States for the Summit for Democracy, was an incitement of the U.S. to "declare war on the BRICS."

Rousseff previously served as President of Brazil from 2011 until 2016 under the Workers' Party (PT), though she was impeached and removed from office on corruption charges. She took over from Lula da Silva, better known as Lula, also from the PT.

Rousseff had served in Lula's cabinet as his chief of staff, as chair of the Board of Directors of state-owned oil company Petrobras, and as minister of mines and energy. Lula was also jailed on corruption charges and barred from running for office in the 2018 election, though the convictions have been annulled on a technicality by the Supreme Court.

Rousseff appeared alongside Lula at his inauguration in January and has served as one of his informal advisors on the economy and foreign policy. Their proximity will give the NDB – and, by extension, the Chinese leadership – a direct link to power in Brasilia.

The NDB has already provided \$14.6 billion in funds since its creation, while Brazil has received \$5 billion in funding. This includes funding for transportation projects in São Paulo and Curitiba.

Rousseff has yet to make any public statements on her role at the NDB, but a communique published by Brazil's public news agency Agência Brasil emphasizes her wish to boost projects protecting the environment, and circumvent the "geopolitical impact of Western retaliations against Russia."

Rousseff has also previously praised China's authoritarian model of political and economic governance. In late November 2021, while at a launch event for a book on China, she exclaimed that China "represents a light in this situation of absolute decay and darkness that is crossed by Western societies." At the talk, she also expressed that she "admires" China due to its anti-colonial story, and predicted that "we will see that China will become the greatest economy in the world."

On the campaign trail, Lula emphasized the need to cooperate with China on economic and diplomatic matters. After returning to politics in mid-2021, he congratulated China on its COVID-19 policy. Lula has since returned to office, promising a "non-aligned" stance regarding China, and made Rousseff one of his closest allies.

In his victory speech on October 30, Lula declared that Brazil "will not accept a new Cold War between the United States and China." Lula's non-alignment has also, in part, resulted in his administration's unwillingness to provide any material support to Ukraine.

Lula has walked a fine geopolitical line, hoping to strengthen relations with China while attempting not to alienate the U.S. directly. In his victory speech, Lula stated that Brazil "will have relations with everyone."

While hoping for a "very strong" relationship with China, he still condemned Beijing for "taking over" the Brazilian economy, despite championing policies designed to increase commerce and investment between the two countries.

Lula had also planned to visit China from March 26-30 along with over 240 business and government leaders, before canceling the trip due to health issues.

The visit was meant to add momentum to recent progress on the trade and investment front. Reportedly, the Brazilian delegation is pushing for the advancement of microelectronics plants in Brazil, and increased food and agriculture commerce.

Lula's delegation was meant to meet with Rousseff at NDB's headquarters in Shanghai a week after her inauguration. Rousseff was also to be part of Lula's official delegation to Beijing.

In the end, the trip to China still went ahead, despite Lula's absence. Tatiana Rosito, the Ministry of Finance's secretary of international affairs, announced plans for a new financial institution between Brazil and China, which would allow businesspeople from both countries to carry out commercial transactions and loans in Chinese yuan and Brazilian reals.

The new financial institution, still in its inception, will be part of the broader Chinese-led monetary transition away from the U.S. dollar. Similar deals have already been made by China with Chile and Argentina, two members of its Belt and Road Initiative. The trip also allowed a number of cabinet officials, including the ministers for agriculture and foreign affairs, to sign agreements with the Chinese government.

Still, despite the growing proximity between China and Brazil, the Lula administration insists on its non-aligned position regarding U.S.-China competition in the region. In Beijing, Brazil's Ambassador to China Marcos Galvão argued that Brazil "does not play politics with its foreign trade."

Yet, administration officials are arguing that China should be treated more favorably. Also in Beijing, Jorge Viana, the president of Brazil's Trade and Investment Promotion Agency, stated that "in the last four years, the Chinese government and people have not been treated as they should by our country."

The growing partnership between the two countries was also defended by Foreign Minister Mauro Vieira. Vieira wrote an op-ed in China Daily, a state-run media outlet, positing that the new Lula government could usher in the "highest level" of cooperation on issues including "extreme inequality and climate change."

The conservative opposition, on the other hand, has made clear its support for Taiwanese sovereignty, with Bolsonaro expressing harsh criticism of Chinese communism and authoritarian rule. Despite his criticism, the former far-right President attempted to sign a free trade agreement with China (a proposal Lula also supports). Brazilian exports to China also increased by more than 50 percent during Bolsonaro's government.

In response to the Lula administration's trip to the Chinese mainland, a number of local and state leaders in the opposition, along with some politicians on the PT's left flank, organized a trip to Taiwan.

The opposition delegation is currently in Taipei for the Smart City Summit and Expo, focusing on digital and environmental technology developments. The two delegations, headed by the Lula administration in Beijing and Shanghai, and by his opposition in Taipei, provide a stark contrast of what Brazil-China relations could look like in the future.

Lula is not planning any trips to Taiwan, and his silence on China-Taiwan relations is concerning for the current ideological battle between China and Taiwan for recognition and legitimacy.

The countries of Latin America, where Taiwan has historically counted an unusual number of diplomatic partners, have come under increasing pressure to recognize Beijing. Some, including Guatemala, Paraguay, and Haiti have reiterated their support for Taiwan recently, despite increasing Chinese economic and diplomatic pressures.

Lula has not publicly communicated his stance on Taiwan or a potential Chinese invasion of the island.

Brazil currently does not have any formal diplomatic relations with Taiwan, and Lula honors the One-China policy. While president, Bolsonaro visited Taiwan but did not recognize Taiwanese sovereignty directly.

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1. Economy-Business-Fin/Invest
2. Main

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