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Beijing's Institutionalised Economic Statecraft Towards Brazil: A Case Study

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Abstract

This study adopts an institutional approach in the case analysis of China's economic statecraft towards Brazil. In light of institutionalisation theory, it examines the institutional arrangements between Beijing and Brasilia for the purpose of facilitating bilateral economic cooperation and advancing strategic partnership. As a descriptive effort, it yields some preliminary findings: first, the institutionalisation of China's economic statecraft towards Brazil is incremental, driven largely by the desire for and belief in long-term planning; second, a set of norms, values, and principles is instituted alongside designated agencies, point persons, operational protocols, and exchange mechanisms, creating a form of institutional governance based on a multi-actor, multilevel, and network-based steering mode; third, governance remains so centralised that it falls short in empowering strategic participation; and, fourth and finally, Beijing's institution-building proves useful in the management of relations with Brazil, suggesting that economic statecraft may benefit from institutionalisation.

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Keywords

Institutionalisation, economic statecraft, sender–target relations, China–Brazil relations

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Introduction

As the first country around the world to forge a "strategic partnership" in 1993, the China–Brazil bond appears strong and resilient (Christensen, 2016; Wang, 2019). Yet, the bilateral tie recently encountered a serious challenge when then-presidential candidate Jair Bolsonaro visited Taiwan and voiced harsh criticism of Beijing for "buying Brazil" on the campaign trail early in 2018, promising, if elected, to break with previous governments' "habit of being friendly with communists" (Bierly, 2019; Kennon, 2020; Stuenkel, 2020). Once in office, however, a seemingly more pragmatic than ideology-driven President Bolsonaro quickly changed his stance towards the People's Republic of China (PRC): during his first official visit there on 24 October 2019 Bolsonaro claimed that, since China and Brazil "were born to walk together," the two governments were "completely aligned in a way that reaches beyond our commercial and business relationship" (Bustelo, 2019; Xinhua, 2019; Zheng, 2020).

Bolsonaro's transformation from a radical basher of the Chinese economic exploitation of Brazil to an advocate for furthering Sino–Brazilian economic cooperation hints, at least, at an interesting aspect of Beijing's economic statecraft. The steadfast and long-institutionalised economic partnership between Beijing and Brasilia seems to have facilitated and even warranted collaboration, both economic and political alike, indeed being an outcome that China's economic statecraft had aimed to achieve. The latter has been evolving ever since the end of the Cold War (Copper, 2016; Gong, 2017; Morgan, 2019; Zhang, 2014; Zhang and Keith, 2017), suggesting, in particular, a trend of adopting an institutional approach to the implementation of positive economic measures vis-a-vis a target state(s) in pursuit of political objectives (Gong, 2020; Purushothaman, 2018; Xu, 2017; Yang, 2019; Zhang, 2014).

How institutionalised, then, is Beijing's economic statecraft towards Brazil, and why? How do the institutional mechanisms function in China–Brazil economic cooperation? What, if any, implications can one draw from it as to the management of sender–target relations in economic statecraft? This study addresses these questions by, first, developing a frame of reference in light of relevant assumptions of institutionalisation theory; second, examining institution-building between Beijing and Brasilia in facilitating bilateral economic cooperation and subsequently advancing their strategic partnership; and, third, exploring the theoretical and policy implications of how institutionalisation plays out in the management of sender–target relations.

Institutionalisation as a Frame of Reference

Current debates on economic statecraft continue to tackle the issue of efficacy. Still, why positive economic measures or incentives such as aid more often than not fail to achieve the expected foreign policy objectives and how they can be improved to ensure effectiveness remain outstanding questions for research and policymaking. Advancing Keohane's (1990) assumption that some degree of institutionalisation to deepen shared expectations and understandings would render foreign relations intelligible, studies on economic statecraft are zooming slowly but increasingly in on institution-building.

Some believe that more innovative and updated global governance would bring about greater success in economic statecraft, positive or negative relations alike. Examining the role of global institutions in promoting international cooperation, Moravcsik (1999) points at the high utility of "supernational entrepreneurs," once further institutionalised. Testing the leader–institution model with the Indo-Pacific Pact meanwhile, He and Feng (2020) find that institution-building based on a strong alignment of ideational and executive leaderships would prove crucial in rendering multilateral cooperation effective not only on security but development. Aggarwal and Reddie (2021) explore how the World Trade Organization and other international economic regimes might more adequately address the global governance of economic statecraft by institutionalising cooperation on, for example, industrial policy, trade restrictions, and investment rules.

Others propose to rely less on the global governance of economic statecraft that dominated the second half of the twentieth century. Brummer (2014) finds that countries tend to apply more modest "minilateral" strategies to the management of economic cooperation, including but not limited to trade alliances, informal soft-law agreements, and financial engineering, much like traditional modes of economic statecraft. These institution-building efforts prove useful in facilitating one's adjustment of economic diplomacy to the world of diverse national interests. At least, he asserts, "by wisely structuring interactions of countries, peoples, and firms, one can enable cooperation by lowering the information cost, bargaining cost, and enforcement cost needed to achieve it" (Brummer, 2014: 7). A proven success is how the Brazil, Russia, India, and China group institutionalised financial cooperation in battling the global crisis of 2008 and expanded not only in membership (with South Africa added; now: Brazil, Russia, India, China, and South Africa [BRICS]) but to many other areas afterwards too (Stuenkel, 2013). Possibly as a new type of economic statecraft, many new institution-building tactics and techniques could be employed to ensure greater efficacy (Kaare, 2020; Liu, 2020).

If institution-building helps with economic cooperation at the multilateral level, it would presumably be useful to better manage the bilateral relationship between the sender (at the offering end) and the target (as the receiving one). Blanchard and Ripsman (2008) propose to apply a domestic conditionalist approach to the management of target-state leaders: the sender may help them create domestic and perhaps institutional conditions enabling them to resist possible opposition within the target state. Focusing more on how the threats of terminating or not materialising economic incentives might affect the target state's strategic interests, these two authors discover further (Blanchard and Ripsman, 2013) that effective management of the latter might hinge on the degree to which its leadership is insulated from domestic political pressures or opposition to what the sender is attempting to achieve, also implying that institution-building would be helpful here. There has yet to be sufficient attention given to how institution-building should and could help manage sender–target relations more effectively to achieve the intended political objectives.

As a highly debatable concept of organisational theory (Frandsen and Johansen, 2013; Grandien and Johansson, 2012), institutionalisation is, in general, defined as "a long-term process of infusing 'rule-like' values and procedures into organisations, industries, or societies so that they endure, regardless of particular situations or individual philosophies of main actors" (Zucker, 1987: 444). It may also refer to the transformation of an organisation's social and public behaviour from specialised and irregular to routinised, regularised, and generally recognised. It is, indeed, a process of standardisation and establishment (Johansson et al., 2019).

Being institutionalised means, some argue (Endaltseva, 2015; Johansson et al., 2019; Swerling and Zerfass, 2014) that a policy is recognised by and incorporated into the organisation's existing norms and values systems, as well as strategic domains of decision-making. Once institutionalised, any policy of an organisation or a government may gain at least four comparative advantages. First, institutionalisation helps to build legitimacy regarding a policy – thus minimising doubts or opposition both on the inside and outside. Second, those who are to implement a policy may be empowered to play an important role at the strategic decision-making level. Third, resource allocation for the implementation of a policy may be warranted to avoid otherwise bureaucratic competition or a "tug of war" over resources. Fourth, policy coherence, consistency, and continuity may be ensured to aid long-term development.

There exist some other advantages of institutionalisation as well. Its "buffering" function (Yi, 2005) is frequently used by organisations or government agencies to protect themselves from changes, particularly unwanted or unexpected ones. It also has a "bridging" role, facilitating organisations or government agencies in building relations with stakeholders – both within and without. Moreover, once recognised as an institution, any policy may be able to construct institutional facts or narratives to carry out its "discursive function" (Eiró-Gomes, 2008). Arguments for institutionalisation are also focused on the necessity to legitimise the implementation of a policy and to enable those responsible for it to participate in strategic decision-making.

Others (Tench and Zerfass, 2009; Wakefield, 2008), however, seem sceptical about institutionalisation. Nielsen (2006) asserts that even without its occurrence, those who are to implement a policy can still "benefit from coming together around a shared set of values that speak about what we believe our responsibilities are and what we hold as important about what we do" (p. 2). With institutionalisation, critics claim, organisational or government units that are to support or facilitate the implementation of a given policy may become too rigid, leading to resistance to change as well as structural constraints on creativity. When people are described as having become "institutionalised," it often means that they are required to "conform to the norms of a large institution" (Chen, 2009: 188) – which is not necessarily "a good thing."

Despite these differences, many pay attention to what to institutionalise, what not to, and how. The general theory assumes that to institutionalise is to "infuse with value beyond the technical requirements of the task at hand" (Selzbick, 1996: 271), thus making the institutionalised units and personnel mostly adaptive to values rather than technical processes. Scott (1987) agrees that getting norms, values, and culture institutionalised should be a higher priority than techniques and procedures. For example, Coombs and Holladay (2008), Sandhu (2009), and Sahut et al. (2019) all believe that the institutionalisation of norms, values, and culture help take on some specific organisational tasks such as corporate social responsibility.

Several scholars (Grandien and Johansson, 2012; Steyn and Niemann, 2008; Swerling and Zerfass, 2014) find the institutionalisation of norms, values, and culture also helpful in adopting and implementing an organisational strategy. One outstanding merit is that any adopted strategy can and should be institutionally evaluated. Only when the effectiveness of a policy via its contributions to the achievement of organisational goals becomes demonstratable can the norms and values of a policy or action plan be as recognised as a strategic asset both internally and externally. Therewith, it has a better chance to survive and thrive (Brønn, 2014; Grandien and Johansson, 2012).

In addition, some observers (Erzikova et al., 2018) assert that the institutional governance and strategies of an organisation or a government may function effectively if they embody a multi-actor, multilevel, and network-based steering model. This proposition finds support in the United Nations Global Compact's (UNGC) practices (Rasche and Gilbert, 2012). As a global public policy network advocating universal principles in the areas of human rights, labour standards, environmental protection, and anti-corruption, UNGC has become the world's largest institutional governance body on corporate responsibility. Exploring the extent to which UNGC represents an institutional solution to exercises of global governance, Rasche and Gilbert (2012) suggest that an institutional mode based on networks – particularly ones involving as many actors as possible at multiple different levels and having arisen in the context of globalisation – proves highly functional as its institutional design and evolution expects.

This warrants not only the institutionalisation of technical and managerial aspects but more importantly the strategic dimensions of any organisational decision-making. For example, experts believe the institutionalisation of an organisational function such as public relations is and should be an empowering process. If institutionalised, personal relation – often viewed as highly technical and managerial – can and should be built into an organisation's "dominant coalition" to be better poised to participate at the strategic decision-making level (Chen, 2009; Grunig, 2011).

These and other tenets of institutionalisation theory should be useful in analysing both economic statecraft, in general, and China's economic cooperation with Brazil specifically. China's economic statecraft, in its continuous evolution, has offered a rather unique experience of institution-building, going through a number of different stages and having a variety of characteristics to it. Upon taking control of the nation, the Chinese Communist Party had no experience with – and thus made little institutional arrangements for – economic cooperation with the Soviet bloc, as it largely sought and received aid from Russia and certain Eastern European countries (Zhang, 2014: 323). Only by exercising more and more aid diplomacy and becoming a sender did Beijing try some degree of institution-building in managing economic cooperation with a small number of socialist governments, most notably those in Hanoi, Pyongyang, and Tirana.

One of the most common practices was the establishment of a bilateral Commission on Economic and Technological Cooperation. Often headed by a vice-premier or minister for foreign economic affairs from both sides and with representative offices in the respective capitals, this commission served, first, as a liaison office for regular communication between Beijing and the target government; second, as a country headquarter to supervise all aid projects including but not limited to planning, responsibility and labour division, coordination, evaluation, and dispute settlement; and, third, as a secretariat to high-level or summit meetings (Zhang, 2014: 324–325). Over the years, the PRC leadership has found such institutional mechanisms effective in helping sustain economic cooperation with target states.

Into the twenty-first century, China has become the second-largest economy worldwide, being accorded an unprecedented opportunity for global outreach. Both potential and real influence derived from trade, finance, investment, technology transfer, export of labour, and even tourism constitute potent instruments of economic statecraft. The PRC clearly gives priority to positive economic measures, in which it is noted to exercise institution-building both internally (Purushothaman, 2018) and externally at the bi- and multilateral levels (Liang, 2019; Lim and Mukherjee, 2019a, 2019b). In furthering cooperation with developing countries, Vadell et al. (2020) find, China adopts "South–South Cooperation" (SSC) principles while simultaneously persisting with its own idiosyncratic characteristics too (such as flexibility, long-term arrangements, non-binding commitments, voluntarism, and consensus-building). The aim here is to reshape the international aid regime.

Differentiating itself from the Western mode of governance on economic aid that is based largely on coordination, harmonisation, monitoring, evaluation, and accountability, Beijing leans instead towards *chao gong* (朝贡) or tribute system – as deriving from China's centuries-long experience of engagement with its small and weak neighbours (Dunford, 2020; Li, 2017). Although trying out different patterns of institutionalisation, China never hesitates to resort to such norms, values, and principles as self-reliance, co-development, mutual benefit (win–win), non-interference, and commonalities (Dunford, 2020; Jakóbowski, 2018).

It is against this backdrop that Beijing strives for a long-term and comprehensive strategic partnership with Brazil via economic cooperation. With China offering Brazil greater incentives in trade, finance, and investment, their bilateral economic cooperation entails more or less a sender–target relationship. Some argue (Alves, 2012, 2014), for example, that China's financial inducements via loans for infrastructure are economic exploitation as they grant its state-owned enterprises (SOEs) access to Brazilian oil and other strategic resources. Others (Cardoso, 2013, 2017), however, believe that China's economic cooperation with Brazil is aimed primarily at facilitating foreign policy goals on both the global and regional scales, as well as for the long run.

To expand and sustain its economic cooperation with Brazil, China would invariably try institution-building. Within the BRICS grouping, Beijing works very closely with Brasilia on institutionalised collaboration between the five emerging economies – first in tackling the financial crisis of 2008 and later in areas of trade, investment, supply chains, information sharing, as well as science and technology (S&T) cooperation. This has not been without its challenges, due to ideological and institutional differences

(Cardoso, 2017; Pooja, 2017; Wang, 2017). Assessing the efficacy of China's infrastructure-for-oil loans with Brazil and Angola, Alves (2011) finds that the Chinese first encountered serious challenges due to the differences in institutional setup between China and Brazil. The latter was more liberal and regulated but less centralised; cooperation became more effective as a result of China adapting to Brazil's institutional particulars. In an innovative study of how the Latin American country's domestic players function within the institutional governance of China–Brazil cooperation, Cardoso (2016) identifies the importance of network-based interactions between the Ministry of Foreign Relations and state and non-state actors, becoming a prerequisite for the emergence of a multi-actor, multilevel, and network-based mode of governance.

In light of the existing assumptions of institutionalisation theory and within the context of China's attempts to institutionalise economic statecraft vis-a-vis its target(s), this study raises some operational queries for analysis. First, it explores the extent to which China's attempts to institutionalise economic cooperation with Brazil are aimed to pursue largely foreign policy objectives and, if so, the areas in which China builds related leverage over Brazil. Second, it describes what underlines institution-building in the first place and, more importantly, whether norms, values, principles, and even culture are among the first things to be defined in the process. Third, it examines exactly what type of institutional governance is constructed and whether it is based on a multi-actor, multilevel, and network-based steering mode. Fourth, it looks at whether institutionalisation entails not only technical and managerial aspects but also strategic ones, and thereafter how much of a role evaluation plays in the process. Fifth, it questions whether institutionalisation is ultimately an empowering process as one through which relevant actors and stakeholders are enabled to participate in strategic decision-making. Sixth and finally, it addresses whether the institutionalisation of economic statecraft has helped Beijing better manage its relations with Brazil.

With these queries in mind, this descriptive analysis employs mainly a twofold qualitative approach. The first dimension hereto consists largely of online and textual research. Official websites of government agencies – such as China's National Development and Reform Commission (NDRC), Ministries of Commerce, Foreign Affairs, Finance, Industry, and Information Technology, Science and Technology, Education, and Agriculture, Academy of Science, the Chinese Embassy to Brazil, the representative office in Brazil of the China Council for the Promotion of International Trade, and the permanent secretariat of the Forum for Economic and Trade Cooperation between China and Portuguese-speaking countries (PSCs; Macau), also known as the Macau Forum, contain a large quantity of material including agreements, memorandums of understanding, public announcements, internal reports, statistics, and, in some cases, minutes of meetings.

Face-to-face interviews with open-ended questions were also conducted on the basis of convenience and off the record with a number of officials, specialists, and business leaders from both China and Brazil. While visiting Macau in August–October 2019, three senior Chinese officials – one from the Ministry of Commerce, one from the Ministry of Science and Technology (MOST), the other from the Ministry of

Education – were interviewed for about one hour each. Responsible for international exchange and collaboration, all claimed to have worked on projects with Brazil over the past twenty years. The Macau Forum coordinated three to four training sessions for government officials and business leaders from eight Portuguese-speaking member countries every year. Out of the sessions in the late part of 2019, two Brazilian government officials (one from the Ministry of External Affairs and the another from the Ministry of Foreign Trade and Economy) and one chief executive officer of a Brazilian tourism company agreed to several informal chats. Although small in number, their conversations offered personal observations and insights supplementing what was derived from the online research.

Institutionalising Economic Statecraft towards Brazil

Zeroing in how the Chinese government managed to institutionalise its economic cooperation with Brazil and pertinent to the research queries, the study has come up with several interesting – though preliminary at this stage – observations.

> **Observation 1:** Given Brazil's strategic importance, Beijing expects the institutionalisation of Chinese–Brazilian economic cooperation to better serve its long-term foreign objectives not only regarding Latin America but on the global stage too.

One of Beijing's recent global outreaches is that with the PSCs. Spreading over four continents, the Chinese official from the Ministry of Education pointed out that these ten plus countries or autonomous regions are linked through "a network of Portuguese language and culture both internally and also with other geostrategic spaces" (Anonymous 2, 2019). The PSCs serve as continental gateways for China: to Europe via Portugal; to Latin America via Brazil; to Southeast Asia and West Pacific via East Timor; to Africa via Angola, Mozambique, Cabo Verde, and Guinea-Bissau. Economically, the official from the Ministry of Commerce believed that the PSCs help connects China with global markets: Portugal is a member of the European Union, allowing access to a market of twenty-seven European countries made up of 500 million consumers with high purchasing power; Brazil, with a population size of around 212 million (the fifth-largest in the world), is a member of the Southern Common Market (MERCOSUR), opening a doorway for China to the Americas; Angola and Mozambique, members of the Southern African Development Community, are important suppliers of industrial resources to China; Cabo Verde is located close to the European Union and West Africa; East Timor can provide China with oil and natural gas.

Of all the PSCs, Brazil stands out as China's most strategically important target state. It, for example, has always been among the first group of states that China identifies as strategically important. When a "strategic partnership" became Beijing's diplomatic initiative to offset Western sanctions after the Tiananmen Square incident in 1989, only about four years later would Brasilia be the first government to offer internationally isolated Beijing such a partnership, affirming "the high-level alignment of views of, value on, and policy objectives toward the world politics [between the two]" (Zhou, 2019: 1). When Beijing elevated the strategic partnership to the "global and comprehensive" level about twenty years later, Brazil was also the first country in Latin America to further expand such ties with China – with a strategic dialogue forum established as a routinely held mechanism, an early institutional arrangement.

Over the past three decades, the Chinese–Brazilian strategic partnership has taken on a number of institutional arrangements designed to serve Beijing's pursuit of its own foreign policy goals. Aimed at promoting South–South relations, for example, Brazil plays a lead role in forging on China's behalf non-governmental channels for political exchange – also known as "track II diplomacy" – with countries in South America (Giraudo, 2020; Niu, 2019). Claiming to both be countries in social and economic transition, Brazil and China have coordinated with one another closely in launching and managing the BRICS bloc of "emerging national economies" (Cardoso, 2013; Pooja, 2017; Wang, 2017; Zhou, 2019). When Beijing under Xi Jinping announced the Belt and Road Initiative, Brazil became China's first destination country in South America (Abdenur, 2019). Even at the diplomatic level, Brazil has been handy at assisting with Beijing's efforts to persuade a number of Latin American governments to break diplomatic relations with Taiwan (Barragán and Castill, 2017). Acknowledging all of the above, the Brazilian official from the Ministry of External Affairs commented that in their bilateral relations "China needs Brazil in its international outreach and we need China to gain global influence" (Anonymous 5, 2019).

Such a mutually shared objective is clearly elaborated on, for example, in the "Joint Action Plan" agreed between the two governments to promote their partnership for the time period 2010–2014, as well as its extended version for that of 2014–2021. As stated in the first article of each version, the very first general principle guiding bilateral relations is seeking "to further promote the development of the Global Strategic Partnership and enhance the mutually beneficial and friendly cooperation between the two countries" (Joint Action Plan, 2010: 1, 2014: 1).

> **Observation 2:** China has been trying to build up inducements to Brazil largely through increasingly institutionalised trade, investment, as well as S&T cooperation.

In a nutshell, bilateral trade has been a source of enticing Brazil into further cooperation. China is Brazil's top commercial partner, accounting for 20 per cent of the country's exports. In 2018, bilateral trade hit a record high of USD 111.2 billion (26.6 per cent increase), rising to USD 114.6 billion (3.49 per cent increase) the following year (Ministry of Commerce, 2020). During the first ten months of 2019, for example, 76 per cent of Brazilian soybean exports went to China – being desperately needed to offset the Donald Trump administration's embargo (Anonymous 5, 2019). It is also important to note that, unlike China's other trade partners, Brazil consistently maintained an extraordinary trade surplus of between USD 15–25 billion annually from 2009 to 2019, which reached USD 27.6 billion in 2019. This surplus has been key to propping up the Brazilian real given Brasilia's worsening finances in recent years (Abdenur, 2019:160–61).

Investment, particularly official foreign direct investment (OFDI) has served as an important leverage for Beijing. China has since 2017 become the biggest OFDI investor in Brazil, having surpassed the United States. By early 2019, Chinese investment approached USD 70 billion, mostly in energy, natural resources, and infrastructure (PRC Embassy to Brazil, 2019). This owes largely to several institution-building efforts. In June 2015, a Brazil–China cooperation fund for the expansion of production capacity was created by the two governments; USD 50 billion in seed funding was provided by the Industrial and Commercial Bank of China, the largest state-owned commercial bank in the country. The fund has since allocated to Brazil a total of USD 20 billion as development investments in infrastructure and logistics, energy, mining, manufacturing, and agriculture. With such an arrangement came the more than 300 Chinese SOEs now operating in Brazil (PRC Embassy to Brazil, 2019). In a massive oil auction in November 2019, the China National Offshore Oil Corporation and the China National Oil and Gas Exploration and Development Corporation (a Chinese government-owned parent company of publicly listed PetroChina) were the only (joint) bidder other than Brazil's own state-run Petróleo Brasileiro S.A. (Anonymous 6, 2019). Almost simultaneously, Beijing announced investments worth billions of dollars in the São Luís port of northern Brazil via the China Communications Construction Company (Ayres, 2019).

Collaboration on S&T research and development for mutual gain has been treated as an integral part of the economic cooperation between the Chinese and Brazilian governments. The most notable area is space exploration via satellite cooperation. Since the mid-1990s, China and Brazil have collaborated on launching five earth-resources satellites, providing a wide range of public services for the two countries, including land-resources surveys, environmental inspections, climate change research, disaster prevention, and agricultural forecasts (Zhao, 2019).

Over the years the two countries have also established joint laboratories for cutting-edge S&T research. The most celebrated are: China–Brazil Centre for Climate Change & Innovative Technology for Energy between Coppe/UFRJ, the leading engineering research centre in Latin America, and Tsinghua University, China's premier S&T university; a China–Brazil joint research lab for agricultural S&T between the Chinese Academy of Agricultural Sciences and Embrapa, a Brazilian public agricultural research corporation; and a China–Brazil joint research centre for nanotechnology in Sao Paolo between the Chinese Academy of Sciences and the Brazilian Synchrotron Light Technology Association. With altogether five joint research centres/institutes launched, seven Chinese universities and five national academies have been working closely with three Brazilian universities and two national research institutes.

China's institutionalised collaboration with Brazil in the field of S&T innovation has brought about political results too. Although sharing the Trump administration's sentiment about containing the rise of China, the Bolsonaro government would resist, for example, US pressure to reject Huawei's investment in Brazil's 5G and information technology (IT) infrastructure. It also carried on its collaboration with China's ZTE, Dahua, and Hikvision, all of them under some form of US embargo against Chinese high-tech companies (Anonymous 3, 2019).

> **Observation 3:** Chinese–Brazilian economic cooperation began to be institutionalised via a long-term planning process, in which norms, values, principles, and even culture were among the first things to be defined.

From the outset, Beijing expected the strategic partnership with Brazil to establish solid foundations and be built to last. One of its preferred and familiar practices is to situate any such bilateral cooperation within a long-term planning process, partly a habit that it has inherited from the state-planning tradition emerging under socialism. "If both sides are serious about the partnership and if it is to be strategic," the official from the Ministry of Foreign Affairs explained, "it must be backed by a long-term planning mechanism" (Anonymous 1, 2019).

Such a mechanism embodies two tracks. The first is the five-year joint-action planning, the second is that of a ten-year plan for cooperation. The year 2009 marked the start of the joint-action planning. Although on a state visit to Beijing in May, Presidents Luiz Inácio Lula da Silva and Hu Jintao declared in a joint communiqué that it was high time that the two governments establish a five-year Joint Action Plan for 2010–2014 to cover "each and every field of their bilateral collaboration" (Joint Communiqué, 2009: 1). They expected the action plan to be officially approved when the two heads of state met again in November. This was considered imperative, simply because "since the establishment of diplomatic relationship 35 years ago, the cooperation between the two countries has proven to be friendly, mutually beneficial and fruitful" (Joint Communiqué, 2009: 1). The notable fruits hereof included: the two governments forged a strategic partnership in 1993; four Brazilian presidents visited Beijing five times, with three Chinese presidents making return visits between 1984 and 2009; the China–Brazil High-Level Coordination and Cooperation Committee (hereafter referred to as the High-Level Committee or COSBAN) held its first meeting in 2006; the strategic dialogue was kicked off in 2007; and the two countries held three summits in 2008. All of these and other exchanges served to demonstrate the "incremental but solid deepening [of the bilateral partnership]" (Joint Communiqué, 2009: 1).

The planning process saw steady progress. The Joint Action Plan between China and Brazil (2010–2014) became official in April 2010. Towards the end of its lifespan, President Xi during his state visit to Brazil in July 2014 signed a joint communiqué with then-Brazilian president Dilma Rousseff, revealing an agreement that the Joint Action Plan would be extended for another five years through 2021 (Joint Action Plan, 2014). Even after enduring a difficult period in the two countries bilateral relations, Bolsonaro and Xi still announced on 25 May 2019 during the Brazilian president's first state visit to Beijing that the Joint Action Plan for 2014–2021 would be upgraded and extended for another five years through 2025 (Joint Communiqué, 2019).

While implementing the first Joint Action Plan, the two governments found it necessary to launch a plan on cooperation regarding sustainable development for an even longer time period. If the five-year Joint Action Plan was more related to strategic and political collaboration, Beijing and Brasilia believed that a ten-year plan on cooperation in economic, social, and environmental areas would help solidify the foundations underpinning their bilateral partnership. In June 2011, the Ten-Year Cooperation Plan (2012–2021) agreed between China and Brazil, which had been worked out by the High-Level Committee, was put into effect at the United Nations Conference on Sustainable Development (or, Rio + 20 Summit). With the Plan, the two governments proclaimed a list of select projects for priority cooperation mainly in the fields of S&T innovation, economic development, and people-to-people exchange. Shortly afterwards, China and Brazil agreed to elevate their relationship to a "comprehensive strategic partnership" in recognition of the fact that their bilateral relations carried "global implications" (Ten-Year Cooperation Plan, 2012).

These respective long-term plans clearly defined the norms, values, principles, and goals that were to govern bilateral cooperation. In the Joint Action Plans, for example, it was spelled out that cooperation had to be "in a spirit of *equality* and *pragmatism*, and with a view to obtaining *win–win* results" (Joint Action Plan, 2010: 1). It was also stipulated that any collaborative action or project must be "based on the principles of *equality* and *mutual trust*, thus cementing the political foundation of the strategic partnership" (Joint Action Plan, 2010: 2; italics added for emphasis).

The second Joint Action Plan presented an even broader and more detailed characterisation of these and other norms, values, and principles. In its Article 2, it added three more specific objectives to the more general ones: (1) paying closer attention to the vital role played by the *knowledge economy* in a competitive and changing world; (2) striving for mainstreaming *sustainable development* in national strategies and cooperation initiatives, ensuring the integration of economic, social, and environmental dimensions; and (3) enhancing coordination within multilateral organisations and international fora, especially on issues related to the contribution of emerging countries to *global governance* and the strengthening of *multilateralism* to promote the *democratisation* of international relations (Joint Action Plan, 2014: 2–3).

Although reiterating some of the norms, values, and principles in the five-year joint action plans, the ten-year cooperation plan contains a mutual recognition and acceptance of certain other requirements too – largely for the sake of greater economic cooperation. Both governments should, for example, recognise the *systemic differences* between the two countries and hence the peculiarity of each's economic "*characters*" – one is a socialist market economy, the other a capitalist market economy – and respective "market demands." In crafting national strategies for economic and social development, both parties should also recognise the discrepancies between the two countries' domestic legal systems and accommodate one another's practices. Given these and other differences, however, both would ultimately adhere to the principles of "mutual benefit, joint development, market-orientation, but [pay] attention to feasibility and efficiency" (Ten-Year Cooperation Plan, 2012: 1–2).

When asked to comment on these norms, values, and principles, the three Brazilin interviewees gave a rather positive affirmation. The one from the Ministry of External

Affairs explained that Brazil and China "shared many things in common, as we are big countries on the rise, expecting to upgrade and transform some of the existing global rules and systems […] these concepts reflect our joint beliefs, aspirations, and purposes, and shall guide the two governments on the common course" (Anonymous 4, 2019). The other two stressed the need to work on the differences in values, systems, and practices between the two countries, which, though a significant challenge for now, "must be overcome in order for the cooperation to sustain and succeed" (Anonymous 5, 2019; Anonymous 6, 2019). The Chinese officials offered similar reactions. The one from MOST pointed out that when built into long-term plans, "these mutually accepted norms, beliefs, consensuses, and principles shall serve as spiritual guidance to mutual cooperation, helping to set forth the direction of policymaking and implementation on both sides" (Anonymous 3, 2019) – with them warranting, no doubt, institutional support.

> **Observation 4:** The institutional governance of the Chinese–Brazilian partnership is more or less built on a multi-actor, multilevel, and network-based steering model, with the technical, managerial, and strategic aspects of economic cooperation being institutionalised. Further, evaluation has played a role in that process of institutionalisation too.

As long-term planning requires, both Joint Action Plans recognised that it is necessary to build "institutional mechanisms" in support of bilateral cooperation. The very purpose of institutionalisation, as the first Joint Action Plan stipulated, was to "[b]etter coordinate cooperation initiatives in all areas of the China–Brazil Strategic Partnership" (Joint Action Plan, 2010). With the needed institution-building taking place, both sides would be able to establish "precise and objective goals for each of the cooperation areas based on specific initiatives" and "monitor and evaluate the established goals and the activities undertaken by the several bodies involved" (Joint Action Plan, 2010). This stipulation was later reconfirmed by the second Joint Action Plan.

Within this framework, a multi-actor, multilevel, and network-based steering model is conceived as forming the foundations of institutional governance. Article 3 of the first Joint Action Plan makes clear that chief responsibility for the latter's implementation rests with a carefully construed institutional network. At the very top is the High-Level Committee/COSBAN in place since 2004. This Committee "shall be, in its areas of competence, the main decision-making body [set to] convene every two years and continue to play its important role of guiding bilateral cooperation in all areas" (Joint Action Plan, 2010). This arrangement indicates an intent to institutionalise the strategic aspects of cooperation.

Under COSBAN fall one platform for strategic dialogue and eleven subcommittees. As Figure 1 shows, each subcommittee takes a lead role in one area of mutual interest for cooperation: political affairs; trade; energy/mining; finance; agriculture; quality supervision; inspection and quarantine; industry and IT; space cooperation; science, technology, and innovation; culture and education. These subcommittees are to meet once a year to "promote the implementation of the Joint Action Plan"; moreover, they are

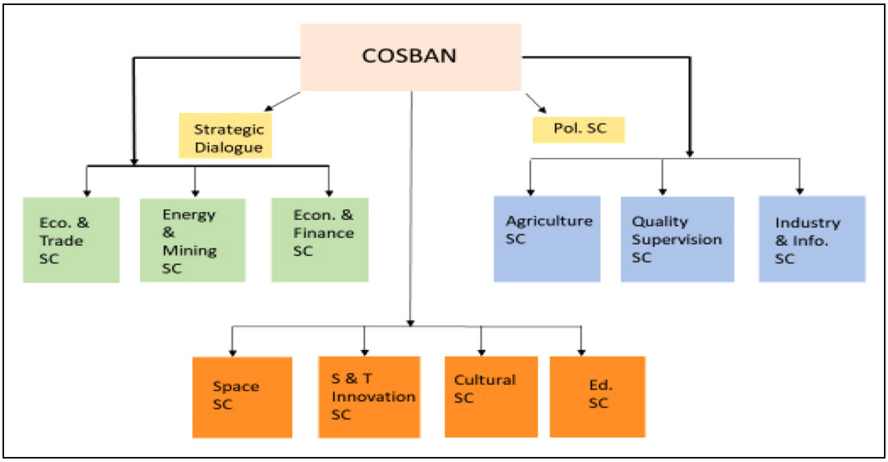

Figure 1. High-Level Committee and Subcommittees (SCs).

mandated to "continue to identify new areas and propose new ideas of cooperation" (Joint Action Plan, 2010). For both assignments, the subcommittees are required to submit reports annually to the appointed focal point of each side and to COSBAN every two years meanwhile.

At this level, arrangements for accountability are institutionalised. For each subcommittee, the two governments designate relevant bodies – mostly government agencies – as coordinating institutions and appoint relevant point persons – mostly government officials (Joint Action Plan, 2010; see also Table 1). To ensure "the effective implementation of this Joint Action Plan," the Chinese and Brazilian point persons are responsible for "monitoring, reviewing, and evaluating the implementation" of each Joint Action Plan and for "making recommendations to the various subcommittees in a timely fashion." Also appointed as the heads of the COSBAN Executive Secretariat, they should meet once a year and "visit each other from time to time for communication and consultation on the implementation of the Joint Action Plan" (all quotes from Joint Action Plan, 2010). Clearly, the partnership is institutionalised at the managerial level.

The third level of such institutional hierarchy consists of task groups as well as other working mechanisms, as arranged under each subcommittee. As Figure 2 shows, the subcommittee on economic and trade, for example, commands five task groups and two working platforms. Each of these groups specialises in one issue area: among others, bilateral trade coordination, statistics harmonisation, smuggling prevention, intellectual property rights protection, and investment. Interestingly, the Macau Forum that was created to promote China's economic and trade exchange with the PSCs in 2003 is assigned to this subcommittee. The task groups carry out routine endeavours, showing the institutionalisation of the technical aspects of the two countries' economic cooperation.

Table 1. Coordinating Institutions and Point Persons.

Subcommittee	Institutions	Point Persons
Political	China: Ministry of Foreign Affairs	Director-General of the Department of Latin America and Caribbean
	Brazil: Ministry of External Relations	Director-General of the Department of Asia and Oceania
Economic and Trade	China: Ministry of Commerce	Deputy Director-General of the Department of America and Oceania
	Brazil: Ministry of External Relations Ministry of Development, Industry and Foreign Trade	Undersecretary for Economic and Technological Affairs; Director-General of the Economic Department; Head of the Foreign Trade Secretariat
Energy and Mining	China: NDRC	Director-General of the Department of Foreign Capital and Overseas Investment
	Brazil: Ministry of Mining and Energy	Head of the International Affairs Office
Economic and Financial	China: Ministry of Finance	Director-General of the Department of External Cooperation
	Brazil: Ministry of Finance Ministry of External Relations	Secretariat for International Affairs Director-General of the Department of International Financial Affairs
Agriculture	China: Ministry of Agriculture	Deputy Director-General of the Department of International Cooperation
	Brazil: MAPA	Secretariat for Agribusiness International Relations; Director-General of the Department of Sanitary and Phytosanitary Negotiations
Quality Supervision, Inspection, and Quarantine	China: Administration of Quality Supervision, Inspection, and Quarantine	Deputy Director-General of Department of International Cooperation
	Brazil: MAPA	Secretariat for Agribusiness International Relations; Director-General of the Department of Sanitary and Phytosanitary Negotiations
Industry and IT	China: MIIT	Deputy Director-General of Department of International Cooperation

(Continued)

Table 1. (continued)

Subcommittee	Institutions	Point Persons
	Brazil: Ministry of Development, Industry, and Commerce	Secretary for Industrial Technology
Space Cooperation	China: MIIT; State Administration for Science, Technology, and Industry for National Defense; China National Space Administration	Not identified
	Brazil: MOST; Brazilian Space Agency; National Institute for Space Research	Not identified
Science, Technology, and Innovation	China: MOST	Deputy Director-General for International Cooperation
	Brazil: MOST; Ministry of External Relations	Director-General of the Department of Science and Technology of the Ministry of External Relations
Cultural	China: Ministry of Culture	Deputy Director-General of the Bureau for External Cultural Relations
	Brazil: Ministry of Culture	Director-General for International Relations
Education	China: Ministry of Education	Deputy Director-General of the Department of International Cooperation and Exchange
	Brazil: Ministry of Education	Head of the International Advisory Office

Source: Joint Action Plan (2010: Annexure I).
Note: NDRC = National Development and Reform Commission; IT = information technology; MAPA = Ministry of Agriculture, Livestock and Food Supply; MIIT = Ministry of Industry and Information Technology; MOST = Ministry of Science and Technology.

In the process of institutionalisation, a system of regular evaluation has been constructed. As the Joint Action Plans require all of the subcommittees and their task groups are "subject to a comprehensive review" by COSBAN. When the committee meets every other year, each area of cooperation would be assessed "on the basis of an evaluation of the activities of the first two years of implementation." Also, the results of the mid-term evaluation are to be made known to each institution involved to "provide guidance for the second phase of implementation of the Joint Action Plan" (all quotes from Joint Action Plan, 2010).

With these institutional arrangements, the bilateral exchange seems frequent and routinised. For the years 2009–2019, publicly accessible sources reveal the following: the heads of the two countries held a total of eleven one-on-one summit meetings at the BRICS conferences; the top PRC leaders paid state visits to Brazil altogether eight

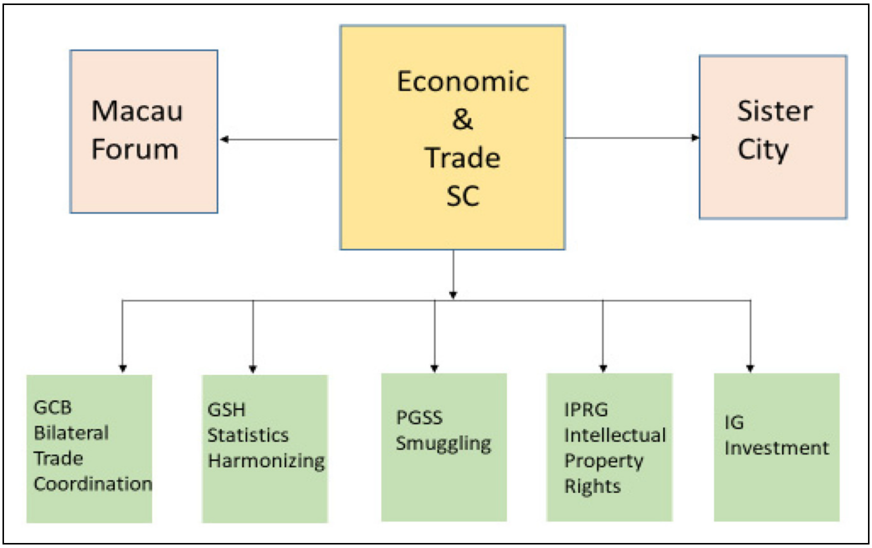

Figure 2. SCs and Task Groups.
Note: SC = subcommittee; GCB = Group for Coordinating Bilateral Trade Issues; GSH = Group for Statistics Harmonisation; PGSS = Permanent Group on Smuggling and Similar Themes; IPRG = Intellectual Property Rights Group; IG = Investment Working Group.

times, with two presidents going three times, one vice president and one premier two times, two vice-premiers two times, and one Chinese People's Political Consultative Conference chairman once; the top Brazilian leaders made state visits to China seven times meanwhile, involving three presidents, two vice presidents, and two chairmen of the Brazilian Federal Legislative Council (Ministry of Foreign Affairs, 2020). Between 2006 and 2019, COSBAN met five times (Central Government of China, 2012; Department of American and Oceanic Affairs, 2015; *Financial News of China*, 2019; Press Office of the Ministry of Commerce of China, 2006; *Xinhua News Agency*, 2013a), with the first meeting in 2006, the second in 2012, the third in 2013, the fourth in 2015, and the fifth in 2019. The eight subcommittees held as many as thirty-five meetings: seven for economy and trade (*Financial News of China*, 2019), six for agriculture (Press Office of the Ministry of Agriculture of China, 2019), five for industry and IT (Department of International Cooperation, 2017), four for economy and finance (*Xinhua News Agency*, 2013b), four for space cooperation (China National Space Administration, 2016), four for science, technology, and innovation (PRC Embassy to Brazil, 2017), four for culture (Press Office of the Ministry of Culture and Tourism of China, 2016), and one for energy and mining (Department of Foreign Capital and Overseas Investment, 2019). There is, however, no public revelation of whether the other three subcommittees (Politics, Education, Quality, and Supervision) ever met during this period.

The end results prove significant. Over the past decade, government agencies and public institutions from both countries have been widely involved in bilateral cooperation. On the Chinese side, there are altogether ten government agencies at the ministerial and central commission levels: the Ministry of Foreign Affairs, Ministry of Commerce, NDRC, Ministry of Finance, Ministry of Agriculture, General Administration of Quality Supervision, Inspection and Quarantine, Ministry of Industry and Information Technology, MOST, Ministry of Culture and Tourism, and Ministry of Education (plus the Chinese Academy of Sciences and Chinese Academy of Agricultural Sciences). Nine ministries of the Brazilian federal government have participated herein too: the Ministry of External Relations, Ministry of Development, Industry and Foreign Trade, Ministry of Mining and Energy, Ministry of Finance, Ministry of Agriculture, Livestock and Food Supply, Ministry of Development, Industry, and Commerce, MOST, Ministry of Culture, and the Ministry of Education (plus the Brazilian Space Agency and National Institute for Space Research). Together, they produced a total of seventy-one treaties/agreements/protocols between 2009 and 2019, largely in trade, economy, investment, energy, space, and information sharing.

> **Observation 5:** The institutionalisation of bilateral cooperation has yet to encourage or empower actors at lower levels and concerned stakeholders outside of government to participate in strategic decision-making.

Seemingly productive, though, the institutionalisation of economic cooperation between China and Brazil has so far failed to generate wider and deeper participation at the strategic decision-making level. This is a regret that was voiced by the Chinese official from MOST. In his recollection, this occurred particularly when a decision for cooperation required specialised expertise (Anonymous 3, 2019). His colleague from the Ministry of Education echoed this affirmatively, adding that "this is also the case when an initiative concerns different institutions." For example, she pointed out that "the one to establish joint research laboratories invariably involves not just government agencies but universities and research institutions and more so scientists, who are in most cases excluded from the decision-making process" (both quotes from Anonymous 2, 2019). When pushed to comment on the extent to which they themselves played a part in decision-making, all three of the Chinese officials spoken with felt that they were hardly involved therewith (Anonymous 1, 2019; Anonymous 2, 2019; Anonymous 3, 2019).

As to why the institutional arrangements fail to encourage wider participation, the Chinese official from the Ministry of Foreign Affairs explained that "since political and strategic cooperation is the overriding priority in the Chinese–Brazilian partnership, any proposition for or directive on economic cooperation is always from the top down – and hence decision-making is fairly centralised" (Anonymous 1, 2019). It is the top leaders from both sides who are at the core of the institutional hierarchy, and thus with limited participation by the ministers, vice-ministers, and department heads. Task groups are confined more to a technical role in the process. To more closely involve the rank and file in the decision-making process has, in fact, been a critical issue that the Brazilian side keeps raising with their Chinese counterparts.

The three interviewees from Brazil indeed voiced the same concern. Ever since the institutional mechanisms were first put in place, the official from the Ministry of External Affairs said that "we have pressed the Chinese side to include into COSBAN decision-making the designated focal points, task groups, as well as some other stakeholders but have not moved very far" (Anonymous 4, 2019). Admitting to have worked as a member of a task group, our interlocutor from the Ministry of Foreign Trade and Economy stressed that the absence of his and his colleagues' participation would "potentially be detrimental to the whole institutionalizing process" (Anonymous 5, 2019). The Brazilian business leader then raised an interesting question: "How exactly does the Macau Forum fit in the process? And as a special platform, is it in a position to participate at the strategic planning or decision-making level of China–Brazil cooperation?" (Anonymous 6, 2019).

The Macau Forum was, as noted, launched by the Chinese government in 2003. Different from other Chinese-created forums, this particular one entails the institutional arrangement of economic relations between all member states including Brazil (Mendes, 2014). In support of the ministers' conference every other year, as well as being connected to the materialising of initiatives and implementation of projects, the forum has set up a permanent secretariat in Macau. The latter is made of one secretary-general (appointed by Beijing), three deputy secretary-generals (one appointed by China, one by Macau, and the other rotated by alphabetic order among the PSCs), one delegate from each member, as well as of their respective ambassadors in Beijing. Each of the deputy secretary-generals coordinates one of the three functional offices: the administration office is run by the one from China, the support office by the one from Macau, and the liaison office by the one from the PSCs. The delegates coordinate with the point persons in their home countries, and with their embassy in Beijing too. In the case of Angola, Brazil, and Mozambique, these point persons are officials from the Asia Department of the Foreign Ministry.

Although an institutional mechanism to promote the defined multilateral cooperation among the PSCs, the forum is also characterised as a task group under the Subcommittee of Economic and Trade in the institutional map of Chinese–Brazilian cooperation (Joint Action Plan, 2014; see also, Figure 2). When asked to elaborate on his question about the forum's role, the Brazilian business leader explained that, after approaching the Brazilian delegate to the forum for assistance with his business with China via Macau, he was disappointed to hear that he should go directly through the Brazilian Embassy to Beijing and not the forum. This was because the delegate pointed out, the forum has in practice little role to play in the Chinese–Brazilian exchange (Anonymous 6, 2019). Indeed, there is hardly any indication of how much a role the forum plays in facilitating Beijing's economic cooperation with Brasilia, or whether it has ever been involved in the decision-making process even within the related subcommittee.

Conclusion and Implications

This descriptive case study has generated some preliminary findings of note. It becomes evident that the PRC treats the institutionalisation of economic cooperation as key to the success of China's strategic partnership with Brazil. It seems to accept the liberal assumption that mutual economic interests and expectations can be sustained and expanded via a set of institutional arrangements that help to overcome relative-gain concerns, foster political cooperation, and facilitate the easier and more effective management of the sender–target relationship.

Several interesting and important aspects of China's institution-building vis-a-vis Brazil stand out here. First, the institutionalisation of China's economic statecraft towards Brazil is incremental, with Beijing's desire for and belief in long-term planning being one of the driving forces behind it. Adhering to a socialist market economy, Chinese leaders and the rank and file are accustomed to undertaking a state plan every five years – with altogether fourteen such plans to date. By bringing Brazil into such an exercise, first for five years (joint-action planning) and being open to renewal, and then for ten years (cooperation planning), Beijing establishes an institutional framework to navigate China–Brazil economic relations in the long term, aiming to ensure continuity, consistency, and consensus in the partnership.

Second, Beijing's institution-building in this regard seems to have complied with the requirement that norms, values, and principles should be clearly defined. Championing equality, justice, fairness, and non-interference on behalf of developing countries or the Global South, the PRC projects itself as an emerging economy and, more so, an advocate for development-based economic cooperation – and against interventionism or exploitation, as often identified with the Western countries. Many of the norms, values, and principles associated with such stances sit well with Brazil, another emerging economy and one of the SSC leaders. Meanwhile, recognising differences in systems and priorities, Beijing is able to seek commonalities while shelving differences – a foreign policy principle that China coined itself.

Third, the institutional governance of Beijing's economic statecraft towards Brazil suggests a multi-actor, multilevel, and network-based steering mode. Launched in 2004 and meeting for the first time in 2006, only until 2010 did COSBAN – sitting at the top of the structure – take on as its main mission the implementation of the Joint Action Plans and the Cooperation Plan. To this end, as many as eleven subcommittees were created and designated with the responsibility to manage the identified areas for cooperation. Also, a good number of government agencies and institutions (universities and research institutes) from both countries would be built into the network, with point persons, operational protocols, and exchange mechanisms established at each level. Although aiming to be comprehensive, such governance falls short of including other key actors: for example, local governments, enterprises (particularly Chinese SOEs), or non-profit organisations.

Fourth, while having strategic, managerial, and technical functions all institutionalised, governance is still highly centralised. With decision-making taken overwhelmingly at the very top level (COSBAN and above), this does not encourage or empower wider participation. For example, the Macau Forum, a highly institutionalised platform to promote China's economic statecraft towards the PSCs, is confined to a third level (under a subcommittee) in the hierarchy and accorded little opportunity to participate in overall strategic decision-making. Such a setup is likely to lead to rigidity within the system, and resistance to change.

Fifth and finally, this preliminary case study has shown that Beijing's institutionalised economic statecraft proves useful in the management of relations with Brazil. Long-term planning along with clearly defined norms, values, and principles, as well as highly centralised institutional governance, consistently inform the two countries' economic cooperation; incrementally they also widen the scope of collaboration, having over the decades made the relationship strong and resilient. Even the recent changes of the Brazilian presidency, as well as the empowerment of political opposition to a partnership with Beijing, did not severe or reverse the strategic partnership. The PRC leadership in effect expects China's institutionalised economic statecraft towards Brazil to be a model to guide relations with other target states (Wang, 2019). Wishful thinking or not, there is a need to compare and contrast the Chinese–Brazilian case with the institutional arrangements that Beijing has made with other targets such as Pakistan bilaterally or the Southeast Asian countries multilaterally.

There can be little doubt that further studies of Beijing's efforts to institutionalise economic relations with target states will help us understand better the evolution herein. In a broader sense, the growing complexity of sender-to-target relations can be brought into the spotlight too. Indeed, whether or not the sender might be enabled by institutionalised economic statecraft to better manage relations with the target, and if so to what extent and why, certainly warrants greater scholarly attention.

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