

Economic relations between Brazil and China in a changing international scenario

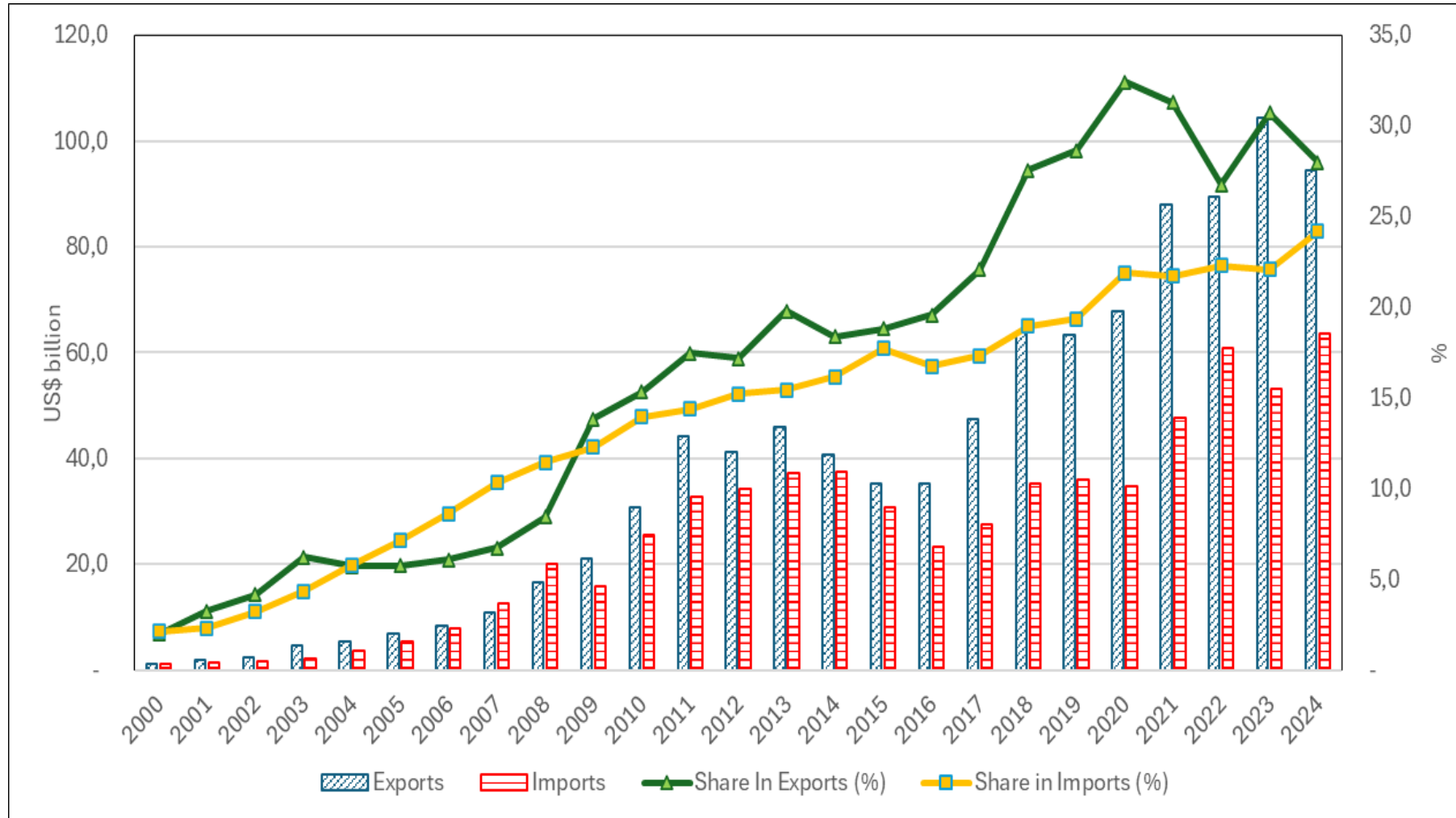
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THE CHINA EFFECT: RETHINKING DEVELOPMENT
IN LATIN AMERICA AND THE CARIBBEAN – 03/12/2025
University of Oklahoma, Security in Context, Cechimex

Outline

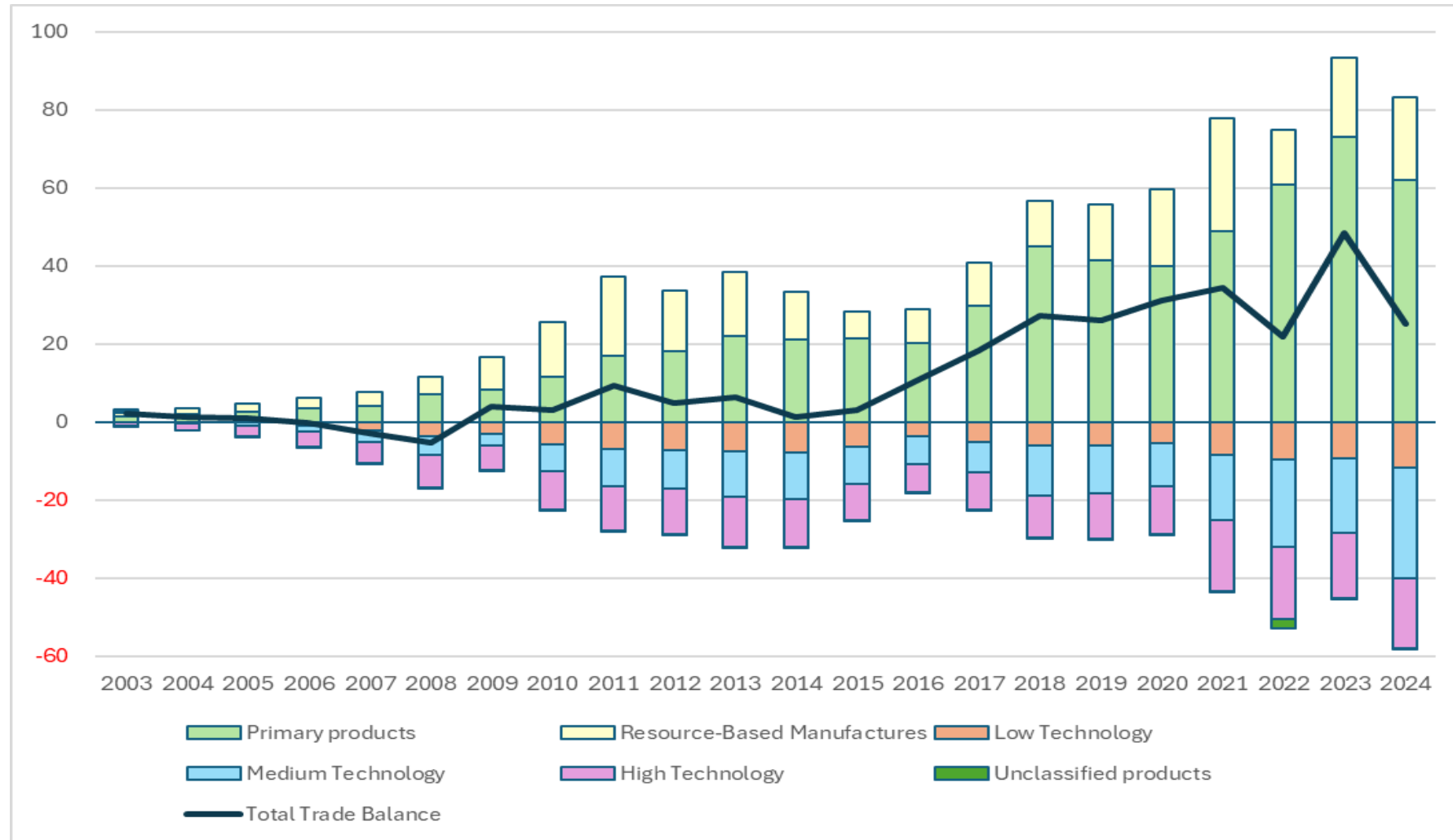
1. Overview of economic relations between Brazil and China.
2. Comparison of economic relations between Brazil and the United States.
3. New trends: changes in the profile of Chinese investments and increased pressure from the United States.
4. Final Remarks

Trade Flows Between Brazil and China In US Billion Dollars and Percentage (%) of Brazil's Total



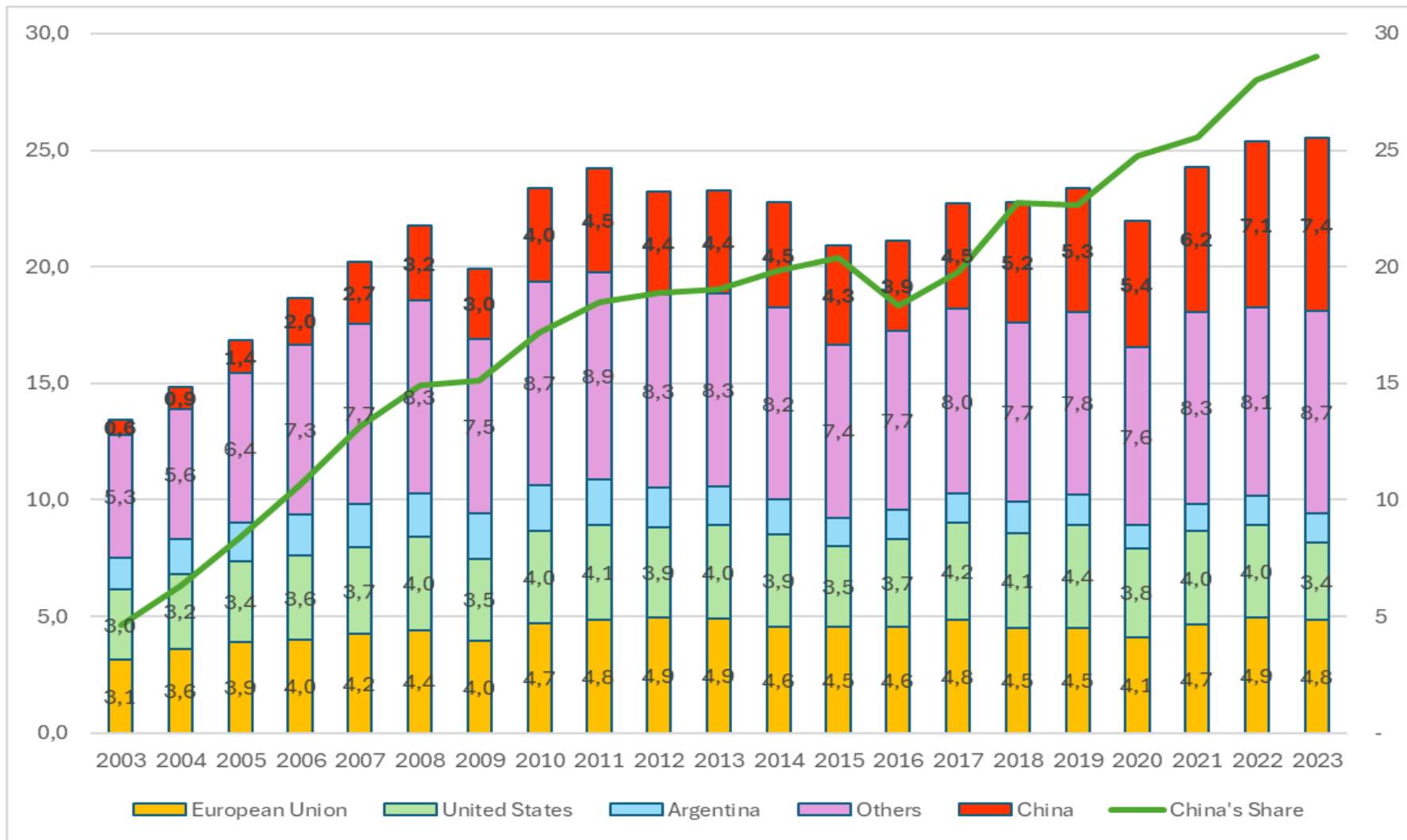
Source: Secex

Brazil. Trade Balance with China by Lall Classification - In US Billion Dollars



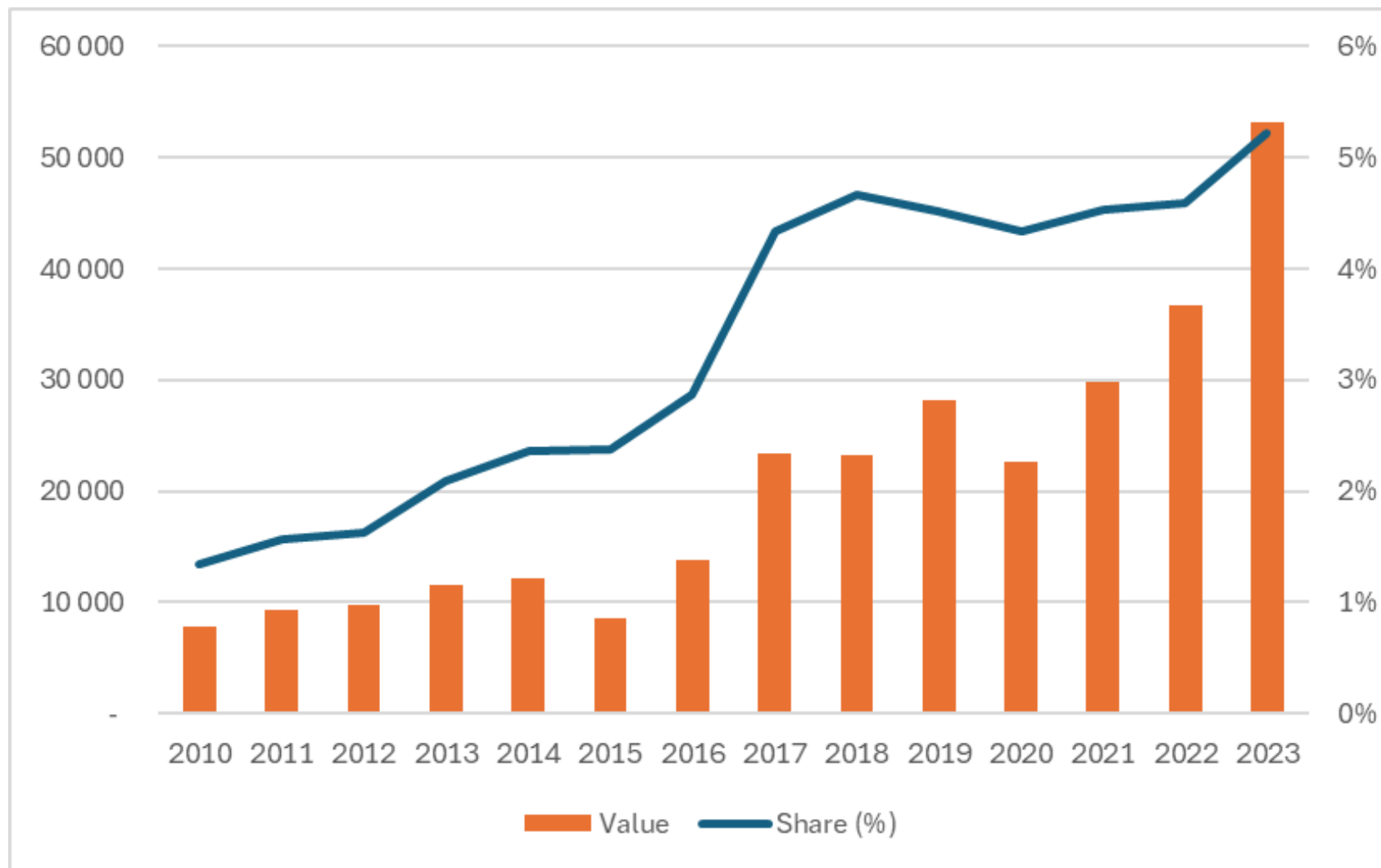
Source: Unctad

Brazil - Import coefficient in the manufacturing industry by country of origin (%)



Source: CNI

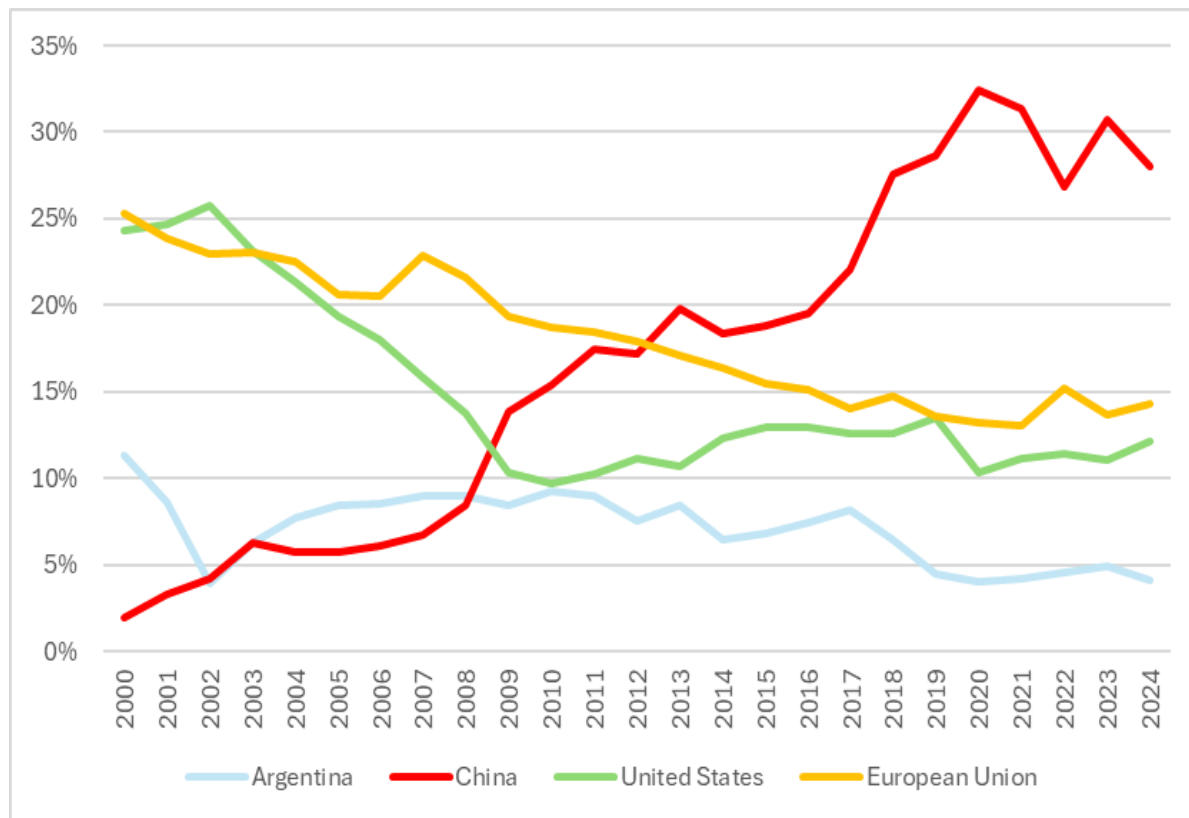
Brazil - Stock of Chinese Direct Investment (Ultimate Controller) – US\$ million and % of Total



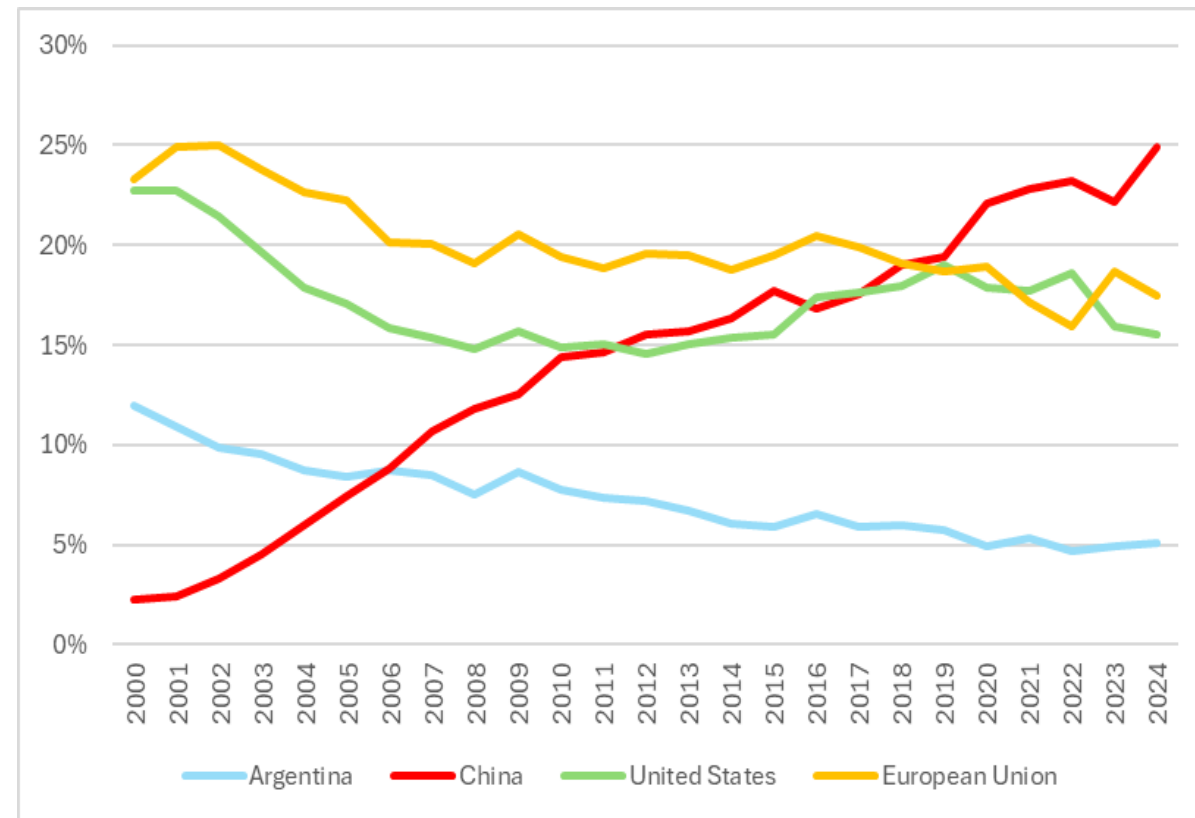
Source: Brazilian Central Bank

Market share in Brazilian exports and imports - %

Exports

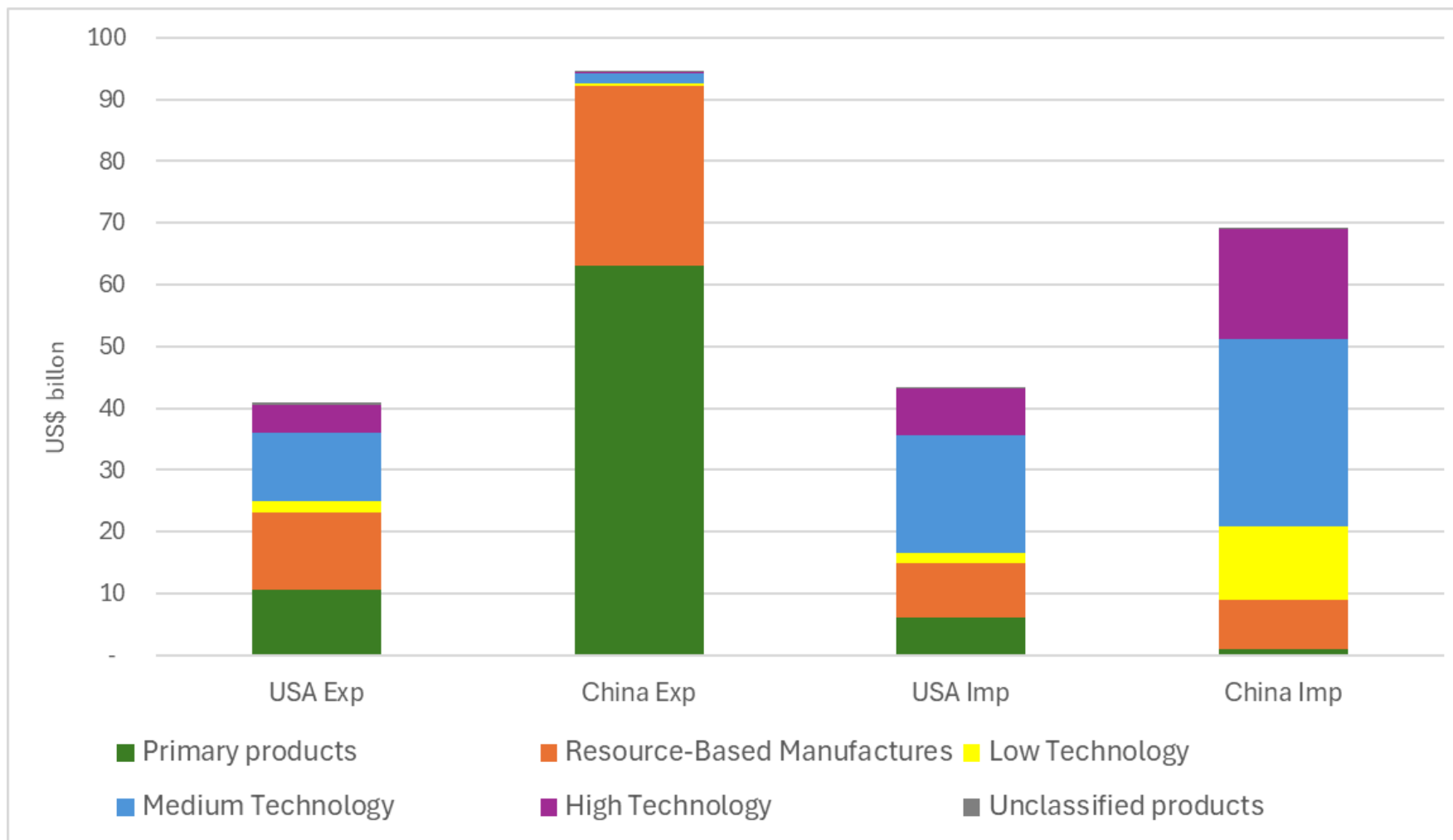


Imports



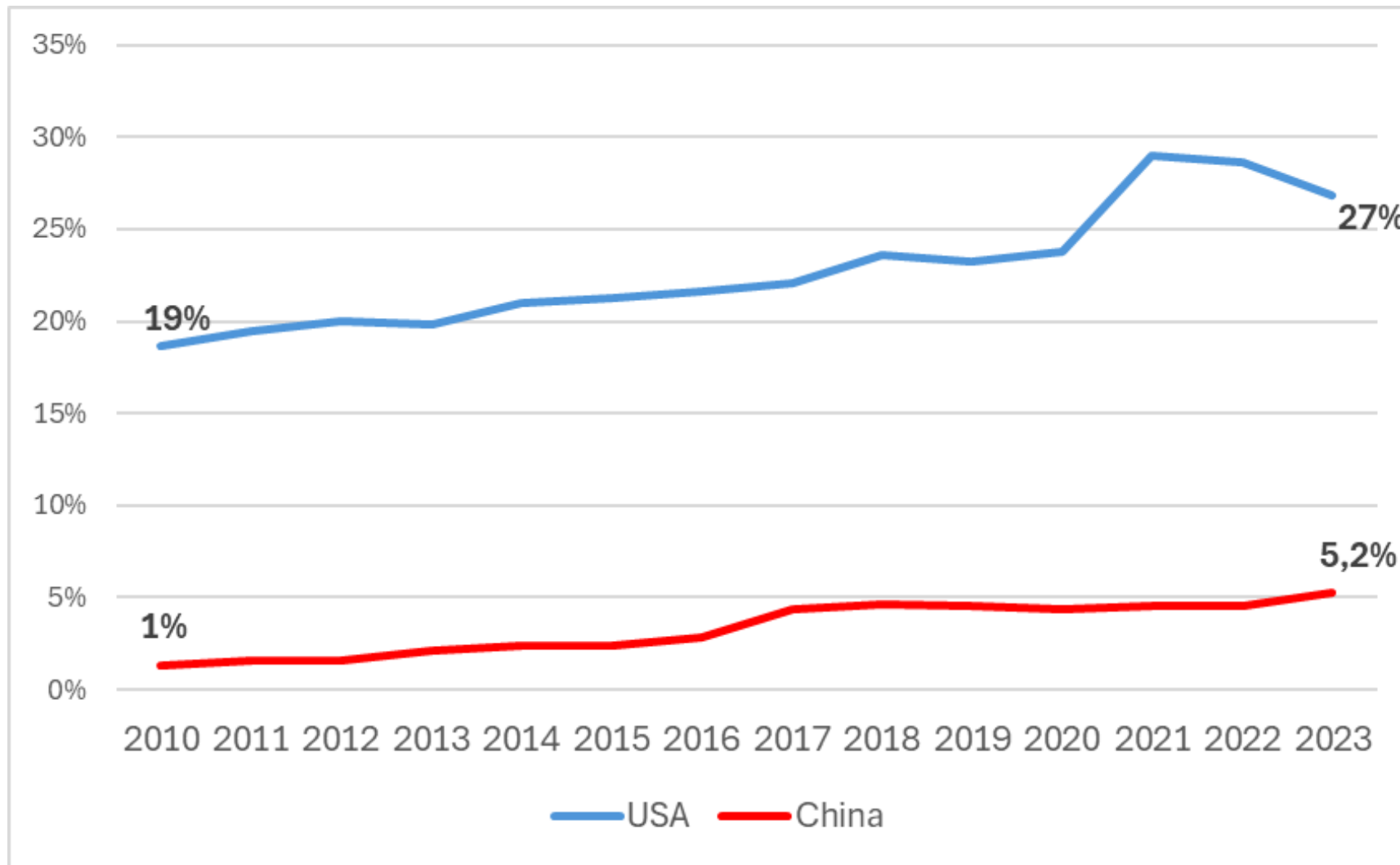
Source: Secex

Brazil – Trade with China and USA by product category (Lall classification)



Source: Unctad

China and USA share in the Brazilian FDI stocks (%)



Source: Brazilian Central Bank

	United States		China	
2 023	US\$ million	Share	US\$ million	Share
Total	272 870	100%	53 178	100%
Agriculture	5 037	2%	770	1%
Mining	4 257	2%	25 319	48%
Manufacturing	76 311	28%	2 403	5%
Electricity	4 452	2%	20 033	38%
Construction	1 457	1%	274	1%
Retail Wholesale Trade	27 265	10%	1 588	3%
Transportation and Storage	7 385	3%	146	0%
Food and Accommodation Services	507	0%	-	0%
Information and Communication Services	37 375	14%	347	1%
Finance and Insurance	63 703	23%	1 723	3%
Real State	8 130	3%	178	0%
Others	36 991	14%	398	1%

Source: Brazilian Central Bank

Changes in the Sectoral profile of Chinese Investments in Brazil

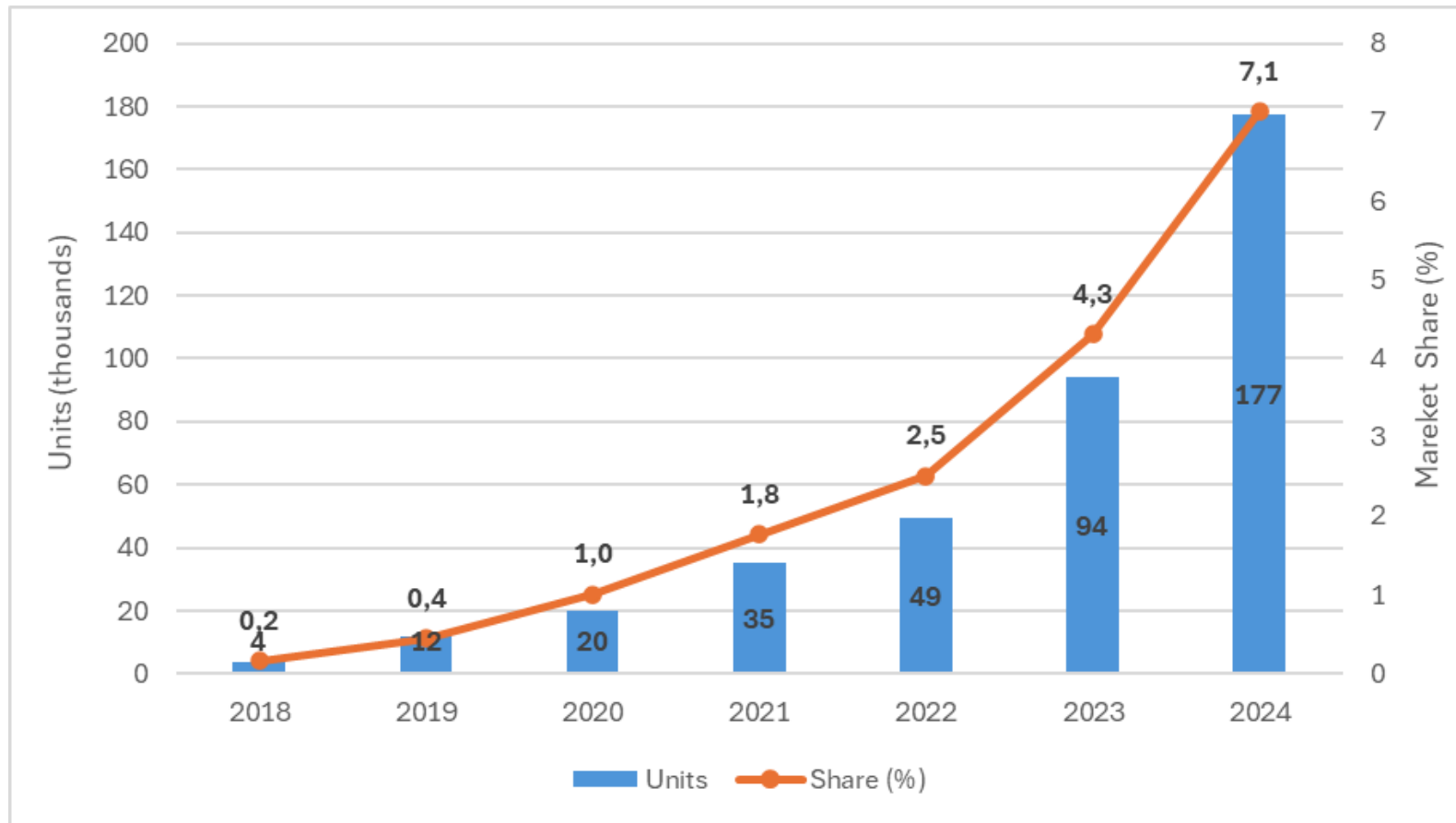
	2007 - 2021		2022 - 2024	
	Value (US\$ billions)	N. Transactions	Value (US\$ billions)	N. Transactions
Total	70,3	202	7,2	101
Manufacturing Industry	3,9	51	2,3	16
Manufacturing Industry/ Total (%)	5,50%	25,20%	31,90%	15,80%

Source: CEBC

Brazilian Automotive Sector

- Total production of 2.3 million units in 2024
- Sales of US\$70 billion in 2022, exports of US\$21.3 billion and imports of US\$27.6 billion in 2023
- World's 6th largest consumer market and 8th largest producer
- 52 industrial plants
- 1.2 million jobs (direct and indirect)
- The sector is the target of one of the most important policies aimed at Brazilian reindustrialization, the national policy for green mobility and innovation (MOVER).

Brazil. Registered Electrified Cars and Light Commercial Vehicles - Thousand units and percentage of total



Source: Anfavea and Fenabrave

Brazil. Cars and Light Commercial Vehicles Statistics

Thousands of units and %

Year	Sales			Prod.	Exp.	Imp./ Prod.(%)	Imp. / Sales (%)
	Total	National	Imports				
2020	1.955	1,747	208	1.905	307	10.6	10.9
2021	1.977	1,729	248	2.071	349	12.5	12.0
2022	1.960	1,694	267	2.176	450	13.6	12.3
2023	2.180	1,836	344	2.204	382	15.8	15.6
2024	2,488	2.028	459	2.381	376	18.5	19.3

Source: Anfavea and Fenabrave

Chinese Investments in the Brazilian Automotive Sector

Company	Highlights
GWM	<ul style="list-style-type: none"> - Acquired the factory previously owned by Mercedes Benz in 2021 and announced investments of R\$4 billion until 2025 plus R\$6 billion from 2026 to 2032 for modernization and increased nationalization. - Production capacity of 50,000 vehicles/year - Started CKD production in August 2025 - Negotiations are underway with suppliers to increase local content, aiming to export to Mercosur
BYD	<ul style="list-style-type: none"> - Purchased in 2023 the factory closed by FORD in 2021, with investments of R\$3 billion plus R\$5 billion to reach a capacity of 150,000 units/year - Has announced intentions to adapt production to local conditions, including the development of flex-fuel hybrid engines - A third-party company hired for the construction of the factory was involved in labor practices analogous to slavery - Inaugurated the factory and began SKD operations in October 2025
Cherry	<ul style="list-style-type: none"> - Joint venture with the Brazilian group CAO, specialized in CKD production - Start of Omoda and Jaecoo sales and plans for local production
Changan	<ul style="list-style-type: none"> - Partnership with CAO to produce in CKD from 2026. - Caoa had an agreement with Hyundai to produce some vehicle lines at the same production plant where it produces products for Cherry. That agreement ended in October 2025, and the agreement with Changan was announced in November.
Geely	<ul style="list-style-type: none"> - Strategic partnership with Renault's subsidiary in Brazil. Acquired 26.5% of Renault do Brasil and invested R\$3.8 billion to produce electrified cars at Renault's factory in São José dos Pinhais (PR) starting in 2026. - The investment could double the plant's production capacity to 400,000 vehicles
GAC Motors	<ul style="list-style-type: none"> - Partnership negotiations with HPE, the company representing Mitsubishi and Suzuki in Brazil and operating in CKD mode. - HPE's plant has an assembly capacity of 100,000 vehicles but is currently operating at only 20% capacity.

Final Remarks

- Some new elements and the spread of the United States-China dispute into South America
 - More direct competition in manufacturing and service sectors between Chinese, US, and European companies in the South American market.
 - Growing importance of critical minerals
 - Trump II and South America: From disinterest to a strategy for regaining influence.
- A much greater effort will be required of South American countries to balance between these two giants, pursue their own interests, and develop strategies to overcome the historical problems of low growth and inequality as well as the new problems associated with environmental challenges.