

AGRIBUSINESS TRADE BETWEEN BRAZIL AND CHINA: PILLARS AND OPPORTUNITIES¹**Marcelo José Braga Nonnenberg**

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Since the 2000s, the relationship between Brazil and China have grown substantially and an important aspect of this partnership between the two countries takes place through international trade. Approximately 80% of Brazilian exports to China are concentrated in agriculture, and those are strategic to the Chinese economy and its development goals. Complementary paths link the history and prospects of the two economies, and the agribusiness stands out as a key vector.

In this paper, we discuss the agricultural trade between Brazil and China. We debate whether there are obstacles or possibilities to increase agricultural trade between the two countries, specifically to increase Brazilian exports to China. For this purpose, we provide a statistical description of the recent history of Brazilian exports to China and analyze some of its determinants – the use of measures to trade and institutional development and regulation. We identify a set of key agricultural commodities that join both well-established products, with significant market share, and a subset that, as we argue, are trade opportunities for Brazil and China for the next coming years.

We provide evidence that the recent relationship between the Brazilian and the Chinese economy is primarily defined by trade in agribusiness. In the past

20 years it has grown with annual rates bigger than 16%. As the average of 2016 – 2018 shows, imports from Brazil are almost 20% of all Chinese imports of agricultural goods. On the same hand, Brazilian exports of agricultural goods to China represented 34% of the total Brazilian exports of agricultural goods.

There is a set of commodities that both the Chinese total imports and the Brazilian total exports are significant, but the trade between the two countries is irrelevant. The most relevant case being Maize, in which the Brazilian share in China's imports is less than 1%, although the commodity is one of the top exports of Brazil.

We highlight that Brazil could take advantage of preferential tariffs or trade conditions to increase the share of this subset of commodities in the Chinese market. There is evidence of a strategic use of Non-Tariff Measures (NTMs) by China. The practice of is more extensive and intensive and a distinctive feature is the use of country specific measures. With respect to sensitive goods, Rice, Wheat, and, especially, Maize, figure as over regulated commodities by China. Regarding Maize, there may be evidence of greater intensity of NTMs applied directly to Brazil – what suggest the need for further analysis.

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