



Written by [Angeline Tan](#) on January 27, 2023

Brazilian President Suggests Mercosur Trade Deal With Communist China

Socialist and ex-convict Brazilian President Luiz Inácio “Lula” da Silva, otherwise known as Lula, urged on January 25 for the South American trade bloc Mercosur, which Brazil helped set up, to “urgently” ink a long-anticipated trade agreement with the European Union (EU) so that it can proceed to do the same with communist China.

Mercosur is a South American economic and political bloc founded in 1991 by Argentina, Brazil, Paraguay, and Uruguay, with other regional countries acting as associate states. Although Venezuela formally joined Mercosur in 2012, the country was suspended in 2016 because of the Maduro regime’s blatant human-rights abuses and violations of the bloc’s trade rules.



AP Images
"Lula" da Silva

In 2019, Mercosur and the EU completed talks for a trade deal. However, the talks concluded without an established agreement as EU leaders voiced “environmental concerns” over the provisions covered. The parliaments of each country in the 27-member EU must authorize the deal for it to materialize.

“We are going to intensify our discussions with the European Union and sign that agreement so that we can immediately discuss an agreement between China and Mercosur,” Lula declared. “I think it’s possible.”

The Brazilian president made his announcements during a joint press conference with Uruguayan President Luis Lacalle Pou as part of his official visit to Uruguay. Since 2021, Uruguay has been separately negotiating a potential free-trade agreement with China, with a feasibility deal with China inked in July 2022.

Lula met Lacalle Pou in hopes of discouraging his government from nailing a deal with China on its own instead of a joint Mercosur agreement with China.

“We want to sit down as Mercosur and discuss with our Chinese friends the Mercosur-China agreement,” Lula stated.

Besides discussions of a prospective free trade deal with China, Uruguay has been trying to join the Trans-Pacific Partnership. The other members of Mercosur have protested against the plans, stating that such a move would mark a breach of the bloc’s founding statutes.

During the joint press conference, Lacalle Pou highlighted that his country will remain a member of Mercosur but emphasized that, based on his perspective, Mercosur has to undergo changes to be “modern, flexible and open to the world.”

“In conclusion, Uruguay has its dialogues with China, Brazil will surely deepen and initiate other paths,



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and we will get together and say: Uruguay has come this far, we are going to negotiate all together, or Brazil will say, this is what we can offer to Mercosur, and Uruguay agrees,” he added.

“Lacalle’s claims are more than fair,” Lula said. “It is fair to want to produce more and sell more. An increasing openness to other peoples is important. We fully agree with the Mercosur idea of innovation.”

Lula’s proposal of a Mercosur trade deal with China mirrored that of Chinese authoritarian leader Xi Jinping’s speech this week to the member states of the left-leaning Community of Latin American and Caribbean States (CELAC). In the video speech to those gathered in Argentina, the Chinese dictator encouraged CELAC member states to welcome China’s Belt and Road Initiative (BRI), a project in which China offers loans to poor countries that many say are nothing more than debt traps.

“More and more countries in the region have engaged in high-quality Belt and Road cooperation with China, supported and participated in the Global Development Initiative and the Global Security Initiative, and are working with China in building a China-LAC community with a shared future,” Xi boasted.

Three of the four founding members of Mercosur have maintained cozy relations with China. Nonetheless, Paraguay, the remaining member, enjoys diplomatic relations with Taiwan. Argentina joined China’s BRI project in February 2022. Also, Argentina secured a \$5 billion currency swap extension from China to mitigate its acute lack of foreign reserves.

In a joint press conference featuring Argentine Economy Minister Sergio Massa and his Brazilian peer, Fernando Haddad, at CELAC, Massa alluded to Uruguay — the smallest country in Mercosur — as one of the bloc’s “younger brothers” and, as such, assured that “Brazil and Argentina have the responsibility of taking care of it, like every younger brother.”

Moreover, Lula and Argentina’s leftist President Alberto Fernández recently voiced plans to start the proceedings for the establishment of a new regional common currency, tentatively called the *sur* (South) as a move away from U.S. dollar dependence.

Earlier this month, Lula also removed Brazil from the list of signatories to the Geneva Consensus Declaration, a global document originally signed by 32 countries condemning abortion as a form of family planning and reiterating the inherent “dignity and worth” of human life.

Based on reports from the Brazilian newspaper *O Globo*, leftist American President Joe Biden also left the Geneva Declaration as one of his first acts in office in 2021.

Brazil signed the American-led declaration in 2020 under conservative, pro-life President Jair Bolsonaro, who lost to Lula in a hotly disputed presidential race last year.

The moves against the pro-life movement by the new Lula administration follow a chaotic start to the radical socialist’s rise to power. Lula, arrested for taking bribes during his previous term as president and hitherto sentenced to nearly 25 years in prison after various appeals failed, surfaced as a presidential contender last year after the nation’s highest court, the Supreme Federal Tribunal (STF), overturned the convictions on procedural grounds. Lula’s critics claimed that a convicted felon should lawfully be banned from the ballot, and a group of Bolsonaro supporters have maintained that the Brazilian constitution allows the armed forces to remove an illegitimate president.

Anti-Lula protests against last year’s alleged rigged elections that saw Lula rising to power caused a widespread riot in Brasilia on January 8 this year. The riot destroyed the STF building, damaged the



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Brazilian Congress, and also resulted in considerable destruction to the Planalto Palace, where the president's offices are situated.



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