Trade is War by Other Means: The Impacts the Trade War between the United States and China has on Brazil

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Abstract

The main objective of this article is to carry out an analysis of the impacts of the Trade War between the United States of America and China in Brazil. To this end, the field of studies of International Political Economy (IPE) will be used to understand how Brazil is affected by this dispute between the two major global powers. We hypothesize that there may be short-term advantages for Brazil as well as long-term disadvantages. The article contains three sections in addition to the introduction and final considerations, the first being a theoretical perspective, with an IPE theory approach through the lenses of Brazilian authors; the second section deals with the U.S.-China Trade War, and in the third section we analyze the impacts of the Trade War on Brazil. We conclude that Brazil may make strategic decisions to extract advantages from the dispute.

Index terms— trade war; brazil; united states; china; international commerce.

1 Introduction

arl von Clausewitz's work "From War," which became known for its famous statement that "war is the continuation of politics by other means," was published in 1832. Clausewitz (1780-1831) was a Prussian strategist and war theorist. In this paper, the understanding of war goes beyond the conventional sphere and includes other dimensions of power, such as trade and technology, and hence we affirm that "commerce is war by other means." The title does not contradict Clausewitz, seeing that politics is also implicit in this idea. War is unquestionably politics by different methods, and the measures that we will examine in this research are trade and technology in the pursuit of influence, development, and especially power.

Drawing from the idea that trade is war but by other means, this article's primary objective is to analyze the Trade War between the United States and China. To understand the impacts this conflict has upon Brazil. The US is cited by author José Luís **??**iori (2009) as one of the most influential and relevant nations in the current world, which seeks economic coercion. In his theory of global power, Fiori foresaw structural changes that ought to occur in the 21st century, especially given the competition between the US and China **??**FIORI, 2009).

China has increasingly stood out on the international scene as one of the fastest-growing contemporary world economies. In the last 50 years, China began to expand and increase its power to influence the international system, became a strong economy (HIRST, 2015), and has also become the largest trading partner of various countries. In 2009, the USA ceased to be Brazil's major trading partner, losing its place to China (MOORE, 2009).

Since 2018, we have become aware of charged tensions between China and the U.S. on the international scene, known as the Trade War, which is a result of impositions of tariffs or quotas on imports from a rival country, as the latter responds with retaliation in similar forms of trade protectionism (AMADEO, 2019). This dispute has been taking place due to the United States' attempts at preventing China from controlling strategic industries, which in many cases are dominated by U.S. companies (PASA, 2018). However, China is also capable of pressuring large US companies (GOLDMAN, 2018). This trade war may affect many countries, including Brazil, considering that China and the United States of America are, respectively, the country's largest trade partners (MDIC, 2019).

To fulfill its objectives, this research aims to answer the following question: how can the trade war between the United States of America and China affect Brazil? The leading hypothesis is that the Trade War may initially positively affect Brazil, for when there is a sanction placed on the other country, regarding specific products that Brazil may be able to supply, such as soy, for example, the sale of this Brazilian product increases, making it favorable for Brazil. If Brazil manages to position itself strategically and has a foreign policy that can handle the situation, the dispute can be beneficial for the country, because it can get advantages from both sides.

In addition to the historical approach, we will also use the case study methodology to ascertain similarities and differences between Brazil's relations with China and Brazil's relations with the U.S. This will be done to better understand the Trade War and how it affects Brazil. Statistical data on the commercial engagement between the analyzed countries will also be employed.

The theoretical approach used in this article is the field of studies of International Political Economy (IPE), through the perspective of the author, Maria da Conceição Tavares, one of the main IPE connoisseurs in Brazil and Latin America, in addition to other Brazilian authors such as José Luís Fiori. We will, therefore, base ourselves on the article "The North American Hegemonic Return" (TAVARES, 1985), where we can note that the author analyses the policies involving American hegemony to evidence how the United States seeks to pursue hegemony, not only in terms of wars and weapons, but also through its currency, the dollar (TAVARES, 1985). Furthermore, this study will be grounded on a text by Fiori (2009) "Global power and the new geopolitics of nations," in such a way as to understand the role of the US in the 21st century and how China would emerge as a rival power, especially in the economic field, by competing with the US in the International System.

The article comprises of three sections, the first of which is The Theoretical Perspective, in which we will aim at understanding International Political Economy through the eyes of Brazilian authors such as Maria da Conceição Tavares and José Luiz Fiori. In the second section, we will understand how the Commercial War between China and the United States commenced and its development up to November 2019. In the third section, we will seek to understand the impacts of the Sino-American Trade War on Brazil, attempting to analyze its advantages and disadvantages for the country. Lastly, we have the final thoughts as the closing-point of the article, which will bring conclusions and possible scenarios for Brazil.

2 II.

3 IPE'S Theoretical Perspective Through the Eyes of Brazilian Authors

In 1970, Susan Strange published the article "International Economics and International Relations: A Case of Mutual Neglect," in whose seminal text the author states that there was an uneven pace of change occurring in the international political system, which was being neglected by internationalists. According to Strange, these changes were not perceived by political scientists, internationalists, policy-makers, nor by economists, as they focused solely on the study of political and strategic relations of governments, or strictly on economic transactions, and overlooked all other areas ??STRANGE, 1970). International Political Economy (IPE) is a field of study that originated in the context of the 1970s, with a British political scientist and international analyst, Susan Strange, as its chief proponent. IPE surfaced as a response to the crisis of the American hegemony in the 1970s, in a context where the U.S. was heavily committed to consolidating itself as a unipolar hegemony in the International System (FIORI, 2005). Through this political theory, the author sought to analyze and explain the changes in international economic relations. Strange believed that it was necessary to combine the study of international economics with political science, thus inaugurating the International Political Economy ??STRANGE, 1970;GASPAR, 2012). In a lecture, ??iori (2008) stated that Susan Strange based IPE on facts rather than on ideas, as a response to the international challenges that were unfolding in the 1970s and 1980s, especially regarding US foreign policy ??FIORI, 2008).

To examine the Trade War between the United States and China with a proper understanding of how this problem affects Brazil, we considered it necessary to analyze the phenomenon through the eyes of Brazilian IPE authors. Amongst whom, is the author Maria da Conceição Tavares, a leading figure in IPE throughout Brazil, whom through her article "A retomada da hegemonianorte-americana" ("The North American Hegemonic Return") written in 1985, we see the author scrutinizing policies involving the American hegemony in an attempt to demonstrate how the United States pursues (a leading role/a high ground..instead of hegemony) not only through wars and weapons, but also by using its currency, the dollar (TAVARES, 1985). Besides Maria da Conceição Tavares, it will also be of equal importance to consider Professor José Luís Fiori, who acknowledges that the world system is undergoing an enormous structural shift in the 21st century, but does not deem it likely that capitalism or even the hegemony of the United States would be heading towards an ending. The author attests that this relative decline of American power could alter the geopolitical and economic structure of the world, however, he believes that the U.S. is likely to continue occupying a pivotal position in the International System for the coming decades ??FIORI, 2014).

The author also addresses the maintenance of power relying on material bases obtained through force, commerce, or perhaps through a combination of financially coercive measures. Fiori claims that this expansion stems from military and economic competition between States; however, that in modern times has led to change, and territorial expansion has made room for "supranational economic territories," in which States attempt to impose their currencies and private capital upon the international arena. The author points to the US' global power as the main example, given that most communication, information, and logistic technologies were developed by the US. Furthermore, some of the main and most important actors of globalization consist of American multinationals. He also considers the fundamental fact that the currency of reference in the international financial system is indeed the US dollar, which remains under US control. Ultimately, the U.S. has considerable decision-making power in the major international forums, through which it establishes rules, procedures, and many political actions on the international scene.

Moreover, the author lays out five structural changes ought to occur in the 21st century, them being: The growth of the IS coupled with the integration of other sovereign States; the shifting of the axis that defines the world economy towards Asia, converting itself into a "Sino-American axis"; the expansion of China's importance as an articulator of the world economy; the international monetary system of the "flexible dollar" would be consolidated, increasing the pace of globalization and amplifying the US' global power; and finally, he further unravels the forging of the heavy competition between the US and China ??FIORI, 2009).

Carlos Medeiros and Franklin Serrano, along with José Luís ??iori (2008), in the volume entitled "The myth of the collapse of the American power," analyze the changes in contemporary capitalism, regarding the relationship between power and money, states and currencies. In this book, the authors go in the opposite direction of the dominant thought, which claimed a downward spiral of the USA. They contend that to sustain the argument that the country was in decline, it would be necessary to validate other points, such as the lessening of US presence on the international plane as well as the decreased representation of the country's national interests in major global conflicts. Also, according to Franklin Serrano, it is necessary to evidence the internal restructuring of the economy, and especially the currency of the North American hegemon. At last, Carlos Medeiros, reiterates that the external fragility of the U.S. would need to be proven, particularly in the light of China's strong economic growth and the Russian military's resurgence. The authors weave the text around these points to affirm that the collapse of the American power is in fact a myth, given that it is impossible to verify the fulfillment of any of the points the authors mentioned (FIORI; MEDEIROS; SERRANO, 2008). ??iori (2008), following Susan Strange, claims that the American hegemony's crisis is not real, considering that the point is not regarding the USA's relational primacy, but rather, concerns structural power. Americans possess control over the fundamental structures which govern the International System, namely: the weapons, the information, the technology, and the funds. In virtue of this power, the USA can condition other countries to operate as it wishes ??FIORI, 2008).

To understand how this Trade War between the United States and China may affect Brazil, this paper will be grounded and explored from the perspective of the cited Brazilian authors. As a result, it is possible to assess how the current IPE's agenda fits into the viewpoint of Brazilian authors in this field of study.

4 III. The Trade War between China and the United States

In this section, we will understand what the Trade War between China and the United States is, how this conflict came about, and what signs already indicated tensions between the two countries. It will also be important to understand the events since their development in 2018 up until the second half of 2019, as well as the motivations behind these two head States, beyond trade, especially concerning technology and the dispute for influence.

It has become evident that China has been pressing to further its development of both the technology and industry sectors over the last few years (MARTIN, 2018). To that effect, in 2015 in Beijing, a project called Made in China 2025 was publicly announced. This project targeted three main objectives: (i) improving the Chinese manufacturing productivity through the use of information technology; (ii) forming leadership and capacity in high-tech sectors such as semiconductors, robotics, and electric vehicles; on top of, (iii) attempting to achieve self-sufficiency through the substitution of imported technological devices, in addition to seeking military innovation (KROEBER, 2018). The growing international projection of Chinese power places the U.S. on alert, as Americans are currently the leaders of the high-tech sectors. In addition to Made in China 2025, China also launched the Belt and Road Initiative (BRI) in 2013, also known as the "New Silk Road," which seeks to unlock opportunities and facilitate China's trade with other countries in Asia, Africa, and Europe (KROEBER, 2018).

As China strives to expand its commercial opportunities with other countries and invests in its domestic technology and industry, the U.S. has sought to protect the American industry and its technological dominance. This simultaneous process of power projection ended up triggering a Trade War between the two powers (MARTIN, 2018).

A trade war is waged by attacks between countries over their commerce, through the imposition of tariffs and quotas, deemed as protectionist procedures, as they decrease the purchase of imported merchandise and, in turn, boost the production and demand for domestic products (HAVRÁNEKOVÁ, 2019). During his election campaign, US President, Donald Trump, already affirmed that protectionist measures intended to protect US economic and business interests should be expected if he were to be elected. Trump further accused China of unfair trade practices and promised to impose 45 percent tariffs on the importation of Chinese products (JOHN, 2016). Tensions between China and the US increased following early 2017 elections, when the US president pressed for the investigation of China, alleging misuse of intellectual property and unfair trade practices, which were considered as detrimental to the US. In light of this investigation, Trump imposed billion-dollar tariffs on Chinese products, thus furthering the tension between the two countries. One of the U.S.'s goals was to reduce their trade deficit with the Chinese, which peaked at $375 billion in 2017 (HAVRÁNEKOVÁ, 2019).

We can interpret the beginning of the Trade War as commencing in March 2018, since on the 8th of said month, the USA applied taxes on the importation of products like steel and aluminum, thereby affecting several countries. On March 22 of the same year, the U.S. was even more assertive on applying a US$50 billion tax on China, which became effective only on June 15 of the same year (TREVIZAN, 2018). In response to the U.S. attack, on April 2, China imposed 25% tariffs on 128 U.S. products, among which were porcine products and suchlike. At which point, the U.S. threatened China by stating that they would increase the former taxes by an additional US$100 billion, causing China to appeal to the World Trade Organization (WTO). From that point on, both sides made numerous threats. In July, China called on the WTO three times and then threatened the US with retaliation. The United States also resorted to the WTO with regard to China and other countries. In August, both China and the US imposed further charges on products imported from each other. That is, until December, when the U.S. agreed to postpone the increase of 10% to 25% of tariffs on the US$200 billion-worth of Chinese products, by 90 days (TREVIZAN, 2018).

The Made in China 2025 plan, along with the Belt and Road Initiative, considered to be one of the fundamental reasons for the dispute between the U.S. and China, have as their primary objectives, the increase, and facilitation of Chinese exports, in parallel to establishing China as an industrial hub and also a world leader in technology (MARTIN, 2018). However, the rivalry between the two countries is more than a commercial matter; it may also qualify as a dispute for technological superiority, seeing as Trump judges China to be a direct strategic competitor (KROEBER, 2018).

China and the US both seek to protect their national security and economic interests, but the litigation is growing over one specific area, technology. Chinese President, Xi Jinping, has an ambitious plan to ensure that China dominates smartphone technology, artificial intelligence, and advanced computer technology. Americans fear that their large-scale technology companies may lose ground in this area; so to prevent this, Trump filed for an investigation against China, accusing it of possible violations of intellectual property rights. This was carried out to safeguard U.S. industries, in particular, its technology companies (RAPPOPORT; KANG, 2018).

The statement "information is power" is no longer merely a well known proverb. At present, we can view information and the ability to process it as a truly vital assessment of power. Traditionally, power had been defined by a territorial extension, population size, as well as military and economic capacity (SATELL, 2014). Nevertheless, in previous decades, these definitions of power have become subject to revisions, due to the rapid evolution that the world has undergone and is still undergoing, such as advancements in telecommunications, developments in the means of production, and modifications in transportation and infrastructure. The world has undergone three industrial revolutions and is currently experiencing its fourth one, marked by profound technological breakthroughs. Under this competitive system, States aim to increase their capacity for extracting information, as they also strive to safeguard their technologies and information sources, for knowledge is power and technology is a substantial part of that. China and the United States, two of the most developed countries in this domain, hold advanced strategies for obtaining technological monopolies, as they strive to expand their leadership capacities in the International System (MOREIRA JR., 2019).

To protect U.S. technology industries, Trump declared a national emergency over the protection of U.S. technology on May 15, 2019. The U.S. president affirmed that he would prohibit U.S. telecommunication and technology companies from acquiring technology or contracting services from foreign companies. U.S. analysts say that by default, this action was adopted to ban the Chinese company, Huawei, from the U.S. market (BUCCO, 2019). Huawei is a multi-national Chinese technology and communications corporation that was founded by Ren Zhengfe in the 1980s, currently ranked as the second-largest smartphone provider in the world, second only to the Korean Samsung. The U.S. company, Apple, is no longer the second-largest smartphone company, losing its position to Huawei (VASWANI, 2019). In addition, Huawei also supplies technology to third party companies, even foreign ones, for the development of their own devices and wi-fi networks. The U.S. has claimed to suspect that the Chinese giant is a threat to its security ever since 2012. Following the formal charge of espionage, Huawei has claimed to be an independent organization, with no link to the Chinese Government (BBC, 2019).

As a result of this technological race, the U.S. is increasingly investing in the reputed 4.0 Industry, the outcome of the fourth industrial revolution, which combines advanced manufacturing techniques with the Internet, thus creating systems that both communicate and exchange data for taking intelligent actions (DELOITTE, 2019). Since 2002, the U.S. has strongly increased its relocation of production to other countries, on account of cheaper workforce, thereby making them more dependent on imports.

Nevertheless, the U.S. is striving to enhance its industries by building smart factories to achieve a significant economic impact in the country. By pursuing the use of 4.0 Industry technologies the US aims to surpass China, which currently operates the largest industrial production in the world (IMMERMAN, 2018). The United States and China are, respectively, the most prominent investors in research and development (R&D), which is a precondition to the mastery of innovation. The U.S., leading this ranking, invests $476.5 billion annually, whereas China, in second place, invests $370.6 billion, which together account for 62 percent of global R&D investments. For comparative purposes, Brazil is in 9th place in this ranking, totaling US$42.1 billion annually, equivalent to 2.3% of global investments (BUSINESS, 2018).

Apple is an American company with annual revenue of $262 billion, which, according to Forbes research, is the most profit-generating company in the world, obtaining an equivalent of $59 billion dollars in revenues. It is also considered the world's largest technology company, reaching a $961 billion dollar market value. The U.S.

tops the rankings, with 65 of the 154 technology companies that are considered the world's largest enterprises, followed by China, which holds 20 of these companies (PONCIANO, 2019).

Despite being the world's largest technology company, Apple may suffer negative consequences as a result of the trade war. Given the business strains between China and the U.S., especially in the technological field, the U.S. corporation may undergo a downturn in sales, considering that the Chinese market represents 20% of Apple's revenues, with a significant US$44.7 billion value in 2017. The Chinese purchased around 41 million iPhones in 2017, operating 40 stores in the Chinese territory, where Apple happens to be the fifth-largest technology provider in the Chinese market (MURGEIRA, 2018). In the present year of 2019, Huawei has already sold more smartphones in China-which was accountable for 62% of this company's sales in three months, than Apple was able to, in iPhones, all over the world in the same year. Apple is at this moment, the third company in the smartphone industry's ranking in the world, losing its second-place title to Huawei, which is increasingly approaching Samsung's lead (MOGNON, 2019).

Regarding the data discussed above, Apple may have serious concerns over its products, since part of its iPhones are being manufactured on Chinese soil by Foxconn. The American company is concerned with the possibility of the Chinese government blocking iPhones from exiting the country as a consequence of the trade war, which would incur in a delayed delivery of the iPhones, along with possible hits for the American company (MURGEIRA, 2018). Also concerning the dispute between China and the USA in the technological field, the American president, Donald Trump, has added Huawei to the American government's blacklist, which in turn, has caused a blow to the Chinese company. Google suspended its business with Huawei and restricted the services provided to it. For example: the transfer of hardware, software, and technical support that Google once offered to the Chinese company. These changes severely hurt Huawei internationally, as it depended on the services and applications provided by Google (MOON, 2019). However, through the opensource license-the Android Open Source Project (AOSP), Huawei maintains access to the free version of Android operating systems. The Chinese company confirmed that it was already undergoing developments of its technology, to no longer depend on Android services, in case of being prevented from using them. Part of this technology is already used within the Chinese national territory, as China bans the use of several Google applications in its country. Consequently, the Chinese domestic market will avoid greater harm, although Huawei could face challenges in the international arena, especially when it comes to the European market-its second-largest market in the world, which is equally dependent on Google technology (MOON, 2019).

The Trade War's effects are not only limited to China and the US but have also positively and negatively affected other countries in the world. Mexico has benefited with the reduced participation of China on U.S. imports, as it can sell part of the products which China requires, initiating an increase in Mexican exports. Nonetheless, Mexico is not the only country undergoing changes induced by this Trade War; Brazil will also be touched by its effects. Even in 2019, Brazil still holds the potential of overcoming the U.S. as the largest soy producer in the world, which in part, these efforts are due to the Trade War, which allowed Brazil to increase its soy exportations, especially to China. (CANUTO, 2019).

The continuous slowdown of world commerce is a concern that impacts several countries of the world, seeing that this situation may lead to multiple economic losses. The prolongation of the Trade War may be an aggravating factor for the deceleration of the world commerce since investors tend to reduce their investments on account of uncertainty regarding the future, brought about by the tension of the conflict. In the short term, however, some countries are benefiting or have already benefited from this dispute, as in the case of Brazil (PASSARINHO, 2019). The Chinese demand for Brazilian soybean augmented as a result of the trading tensions between the US and China. This rise in demand for the Brazilian commodity occurred because soybean from America became more expensive. In turn, the soaring amounts of soybean exports from Brazil, turned it into the largest exporter of the legume to China and also the largest soybean exporter in the world, thereby assuming the U.S.'s former position (PASSARINHO, 2019).

According to data from the Ministry of Industry, Foreign Trade and Services (MDIC), it is possible to assess that China imported US$20.31 billion in soybeans in 2017 and that in 2018 that figure rose to US$27.34 billion. When comparing the data from February 2018 and the same period for the year of 2019, even more significant growth is distinguishable. In February 2018, China imported US$0.81 billion of Brazilian soybeans while in February 2019, China more than doubled its imports, surmounting US$1.82 billion (MDIC, 2019). As evidenced in Graph 1 below, in 2018, Brazil had a surplus in its balance of payments equivalent to US$30 billion, as its soy exports to China increased by 35% when compared to 2017. Although Brazil exported 20% less soybean to China in 2019, than it had in the first half of the previous year due to the decrease in Chinese demand; which was unrelated to the trade war itself, but rather, due to the limitations of Chinese growth, even so, Brazil remains the major soybean exporter to the Asian country. Hence, Brazil has been profiting from the Commercial War, over the short term (PASSARINHO, 2019). The Brazilian vice-president, Hamilton Mourão, visited China in May of 2019 and met with the Chinese president, Xi Jinping, and also with the vice-president, Wang Qishan, as well as businessmen and bankers. One of his trips to China's overriding purpose was to attract Chinese investments and to further Brazilian exports to the country. Compared to 2017, in 2018, Brazil experienced a rather significant increase in the export of agricultural products to China, including products such as soybeans, almonds, oranges, apples, and meat, on account of the high tariffs imposed by the Chinese government on American products (PASSARINHO, 2019). There remains, however, the possibility that China and the U.S. will agree, something that could harm Brazilian exports. In this year of 2019, the Chinese president, Xi Jinping, and the U.S. president, Donald Trump, attempted to negotiate an agreement, under which, China would increase the import of U.S agricultural products. However, China demanded changes to the settlement that was in course, Trump refused, ordering an increase of tariffs imposed on Chinese products. Had this arrangement been reached, it could have been detrimental to Brazilian exports, given that China imports, on average, 30% of the food exported by Brazil (PASSARINHO, 2019).

5 Source: Self compilation using MDIC data (2019); OEC (2017) and the Office of the United States Trade Representative (2019)

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In parallel with the increase in commodity exports, Brazil holds the potential to increase its exports of manufactured products. The U.S. president applied taxes on footwear originating from China, however, virtually all the footwear sold in U.S. territory is imported, 70% of which originate from China. Consequently, shoes sold in the U.S. would have their costs increased, and this readjustment would possibly transfer over to the consumer, who would, in turn, need to pay more for the same product (THOMAS, 2019). With this increase of tariffs, a handful of companies are seeking other product suppliers. As a result, Brazil was able to increase its footwear exports to the USA by 70%, in the period between January and September of 2019, generating revenue 54% higher than that in the same period in 2018. Brazil is the fourth major world producer of footwear, following China, accounting for 53% of all world production, along with India and Vietnam. In 2018 however, it came in 11th place in the footwear exporters' ranking after exporting 123 million pairs of shoes (ABICALÇADOS, 2019).

Regarding China, Brazil mainly exports soybean (42%), followed by iron ore and its concentrates (22%) and crude petroleum oils (15%), among the other products represented in Graph 2 below. Graphic 3 demonstrates that Brazilian exports to the United States are more diversified than to China, to whom soybean represents almost half of all imports from Brazil (OEC, 2017). Brazilian exports to the USA are composed of crude petroleum oils (12%), aircraft (9.4%), and semimanufactured products (4.5%) (OEC, 2017), among other goods. Based on this information, we can conclude that the USA is more beneficial for the Brazilian industrial sector the export to, given the greater existing diversity in the products as well as the increased number of manufactured and semi-manufactured products than in trades with China. Although, some Brazilian companies could be sold to foreign capital, as was the case of Embraer. The Brazilian company merged with the North American company Boeing in July of 2018, to form a joint venture, now called, Boeing Brazil-Commercial (STATE, 2019). The Brazilian corporation made a fusion with the American company, Boeing, in July of 2018. Embraer sold 80% of its company, upon authorization of the current Brazilian president Jair Messias Bolsonaro. This way, making the American company Boeing the predominant owner. Brazil managed to develop the largest aircraft ever made in the country, the military freighter KC-390, through Embraer, and the USA holds an interest in marketing this aircraft, and this was one of the reasons for the joining of the companies (ESTADÃO, 2019).

6 Source: Own compilation based on OEC data (2017)

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Brazil can reap benefits from trading with both countries in the longer run, provided it uses the capital obtained from the exports to invest in research and development, thereby reducing the structural delay in the technological race and the era of the 4th Industrial Revolution. In the short-term, however, Brazil is benefiting from the increased exports of the agricultural segment to China, despite deepening the country's deindustrialization process. Commerce with China has become very profitable for producers of Brazilian agriculture. The problematic aspect lies in the possibility of Brazil developing an increasing dependence on the exportation of commodities, which are low value-added goods which do not require, nor encourage, much research and development in comparison with the industrial and technological sectors.

Even as it is going through this process of decline in industrial activity of the export agenda, Brazil relies on diversified exports to the U.S., which have mostly consisted of industrialized, manufactured, and semi-manufactured products of low added value (MAGALHÃES, 2012). As is pictured in Graph 3, the most exported items to the U.S. are crude oil, semimanufactured iron or steel and other manufactured objects such as aircraft and engine parts (OEC, 2017). On the other hand, China, which replaced the U.S. and has maintained its position as Brazil's main trading partner since 2009 (AGENCIA BRASIL, 2009), primarily imports soybeans, which represent almost half of the entire volume of Chinese imports from Brazil, in addition to having iron minerals and their concentrates representing 22% of the total, making it a predominantly primary market, as shown in Graph 2 (OEC, 2017).

The volume of Brazilian commodities mainly exported to China increased with the Trade War. According to MDIC (2018), soybean represents 15.3% of Brazilian exports. Holding the second position in the ranking of most exported Brazilian products, we can find iron ore (8.8%), crude oil (7.7%) in third place, in addition to meats (6.9%) and sugar (5.4%) (MDIC, 2017). The reduction of the industrial activity in the Brazilian economy may present a challenge for the country because when Brazil behaves as a merely crucial commodity exporter in the world market, it reaffirms its peripheral position in the capitalist system (MAGALHÃES, 2012). Moreover, Brazil becomes increasingly dependent on the export of primary goods, and this leaves the country vulnerable to the price shock since the prices of commodities tend to vary significantly in any context of international crises. Should Brazil reaffirm its peripheral place and accept its position as that of being solely a powerful exporter of primary goods, this will likely maintain the low rate of progress in research and development, as well as other areas of technology. These low proportions will remain, unless the profit generated by these surplus exports is used as an investment in those areas which are vital to the developing countries of the 21st century (COSTA, 2018). All in all, it is Brazil itself that will determine the impacts that the Trade War will have on the long-term development of its economy.

V.

7 Final Thoughts

In examining the Trade War, as its very name suggests, we maintain once again that trade is war by other means. The USA and China are both seeking their leadership in strategic sectors. This pursuit of influence is evidenced by Tavares' suggestion, in saying that the USA " takes a primary interest in the information, banking, and arms segments, which are the sectors over which they wish to maintain absolute hegemony, and the ones that present the most promising possibilities of expansion in the long term [...]" (TAVARES, 1985, p. 14). On the capital end, the US possesses the advantage that its currency is the world monetary reference. Recently, however, the USA officially accused China of manipulating its national currency, the yuan, to obtain advantages over the dollar and thus increase its exports (POZZI, 2019).

China and the US, both demonstrate their drive to maintain and expand their might. According to Fiori's theory of global power, the maintenance of power rests on material bases, which are obtained through force, via trade, or perhaps, a combination of economically coercive tactics, as is currently occurring. Many of the central actors in globalization are American multinationals; the benchmark currency in the international financial system is the U.S. dollar, and ultimately, the United States holds superintending decision-making power in key international forums, which set and establish the rules, procedures, and a great deal of political action on the international stage.

The Sino-American dispute, which became known as the Trade War, is something beyond mere trading; this dispute is a battle over power, information, and supremacy in a much significant segment, that of technology. It is quite evident that the Trade War between the United States and China has affected many other countries besides the protagonists. This work aimed primarily at understanding what the impacts of the Chinese-American dispute have on Brazil. We have concluded that the country of Brazil is being directly affected, as its largest trading partners are respectively, China and the United States. Hence, the decisions regarding trade with the two parties affects Brazil both positively and negatively.

Over the short term, Brazil has benefited from the Commercial War, as its exports significantly grew, especially in 2018. The article highlighted the increase of Brazilian footwear imports to the USA. Regarding China, soy has been the major source of Brazilian imports, among other primary goods, considering the fact that China is the largest importer of Brazilian commodities.

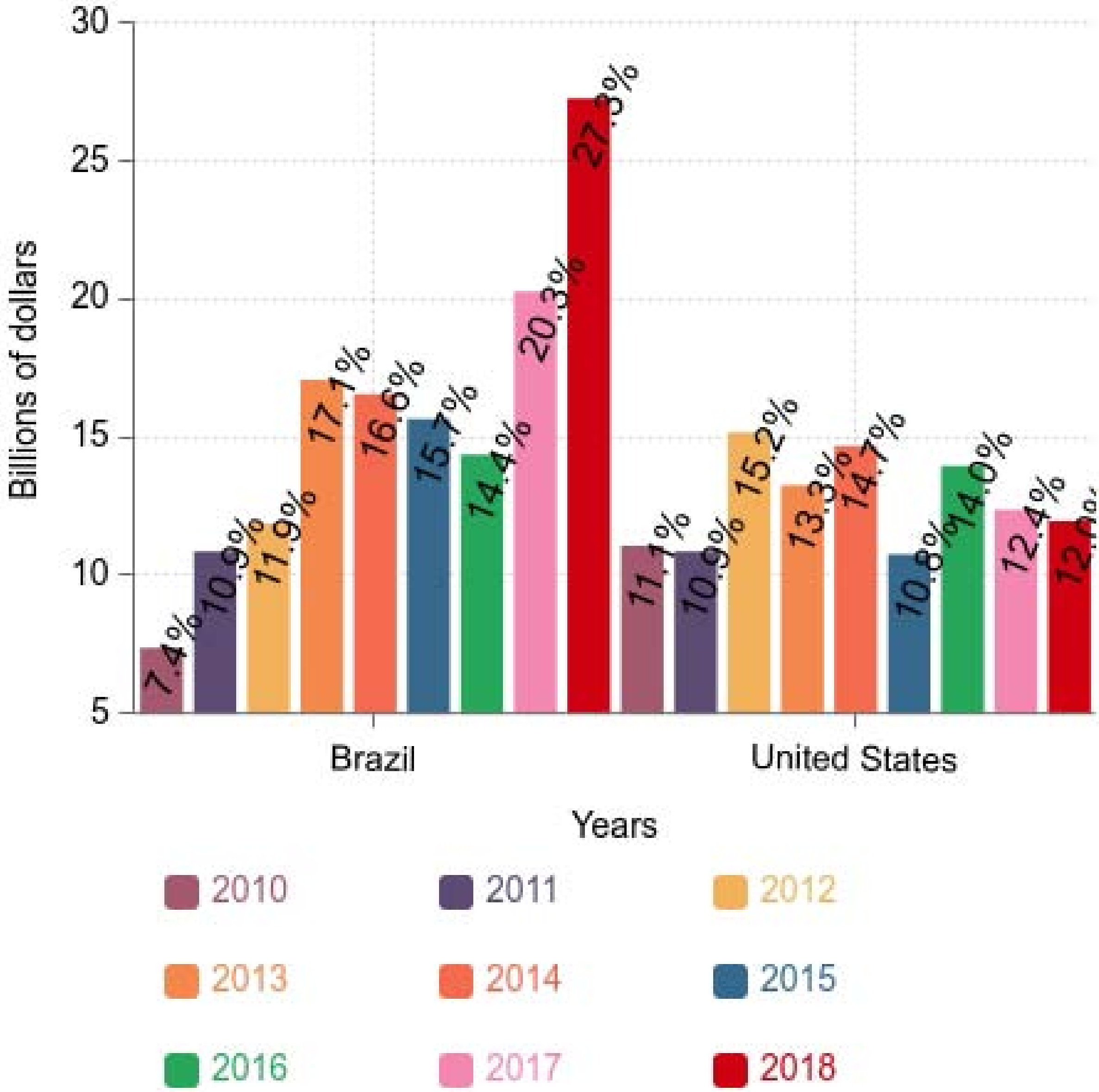
The Trade War is affecting Brazil, which is not to mean that is necessary for the country to remain yet another spectator of the conflict. Brazil may proceed to modify its position in the international system through its choice of actions. The first possibility of a scenario is one in which Brazil continues to be passive in this layout of tensions between the two super powers, benefiting from the rise in exports of certain products, such as soybean, while also possibly suffering from the crises that may spring from the Trade War. Thus, reaffirming Brazil's place as a peripheral country in the international system with the prospective deceleration of the world economy.

The second feasible scenario is for Brazil to side with of one of the two contending forces in this conflict. If it decides to go with China, Brazil becomes further dependent on commodity exports. Dependency of a specific type of export means higher vulnerability in regards to global crises, and therefore destabilization of the Brazilian economy, in turn reinforcing the process regression from industrialization in the country. Moreover, it would represent a direct offense to the US, a traditional partnering country. Still, under the second possible scenario, should Brazil stand with the United States in the dispute, Brazil's trading balance would suffer, considering that China is its largest trading partner and the North American demands would not suffice to compensate for the deficit that the absence of China could bring about with a reduction of imported Brazilian products.

In the third potential scenario, Brazil would be ready to strategically position itself between the two countries, leveraging advantages and benefits from either side. With the increase of commodity exports to China, Brazil would be able to use the profit generated to invest such capital in research and development to improve its industries, further develop Brazilian technology, as a means of transcending its position as a peripheral nation in the International System. With increased research and development, Brazil's manufactured exports to the U.S. would become increasingly improved and more appealing. As a result, this would generate opportunities for Brazil to expand its export market of manufactured goods and lessen its dependency on primary goods exports alone, thereby providing eminent stability to the country while halting the present ongoing process of deindustrialization of the Brazilian economy.

Among the three scenarios presented, we deem that the second one would have the worse results, since taking any side in an intense dispute between the two most distinguished economies in the world presents risky consequences that could seriously hurt Brazil. The first scenario, of the three mentioned, is the more probable. Yet, it would not produce the best outcomes for the country, as it would establish Brazil's role as a spectator of the conflict without pursuing results using its strategies. The third scenario would be the better option that Brazil could adopt in this situation, as in essence, it would allow for dialogue with the two powers while drawing the benefits that each side has to offer. Thus, making it possible for Brazil to invest in research and development to revoke its present-day image of a peripheral country.

Due to the COVID-19 crisis, which started in the second semester of 2019, this scenario became even more complicated. The disputes between China and the USA shattered the commercial sphere in the face of the pandemic of the new coronavirus. In this sense, the global health crisis has amplified tensions between the two countries, with China increasing its international influence. In contrast, the United States has elected a system contested by the World Health Organizations. For Brazil, one of the countries most affected by the crisis, the effects have been devastating, both in terms of health and also economically. More than ever, the South American State must adopt a consolidated strategy of strengthening in the face of international crises, given that the historical external dependence has made Brazil more vulnerable to global level instabilities. As discussed in this article, the best way out for Brazil is not to automatically ally with either the USA or China, but to work with both in partnerships, using pragmatic solutions and an autonomous posture.



1

Figure 1: Graph 1 :

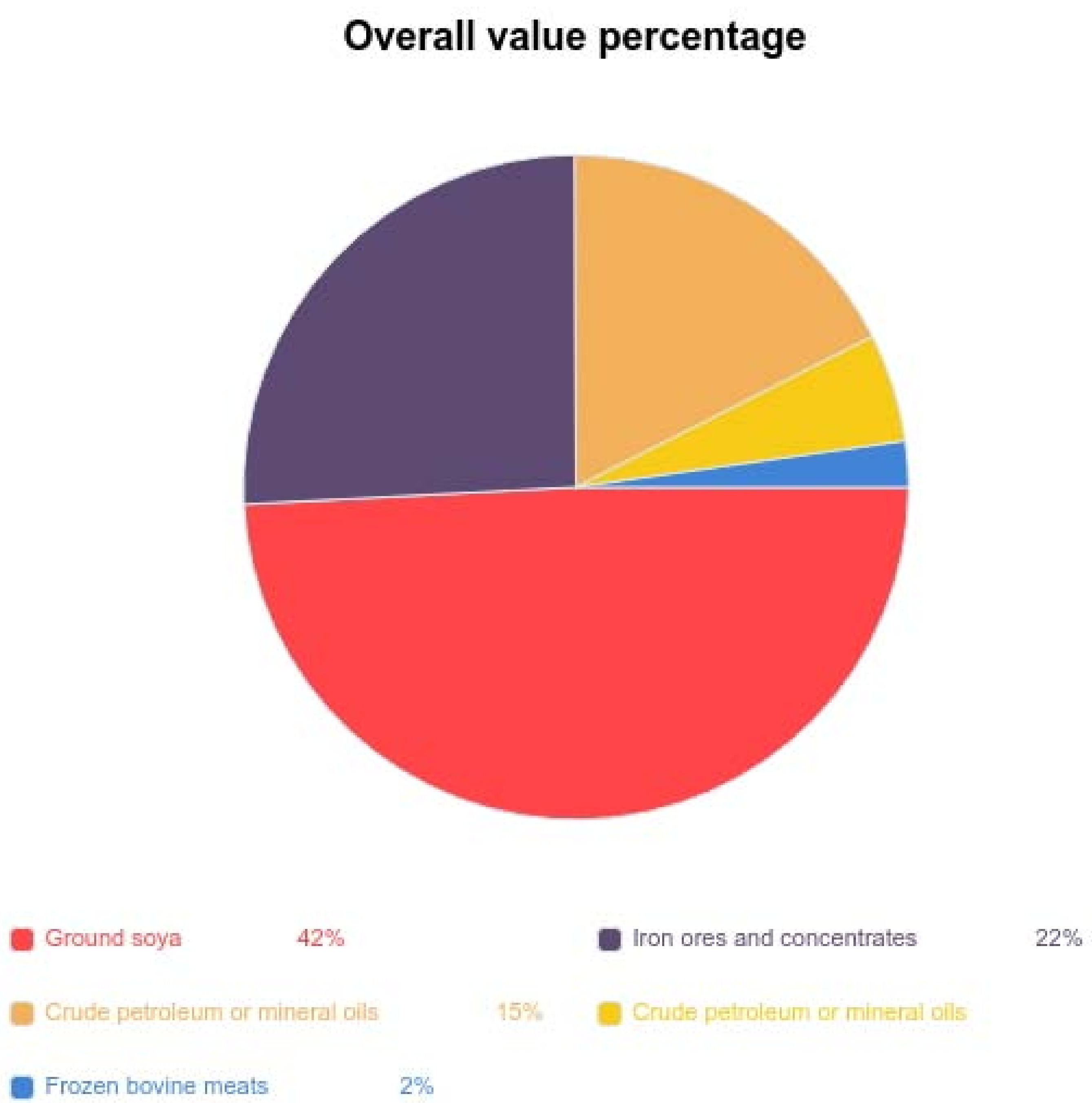


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Figure 2: Graph 2 :Graph 3 :

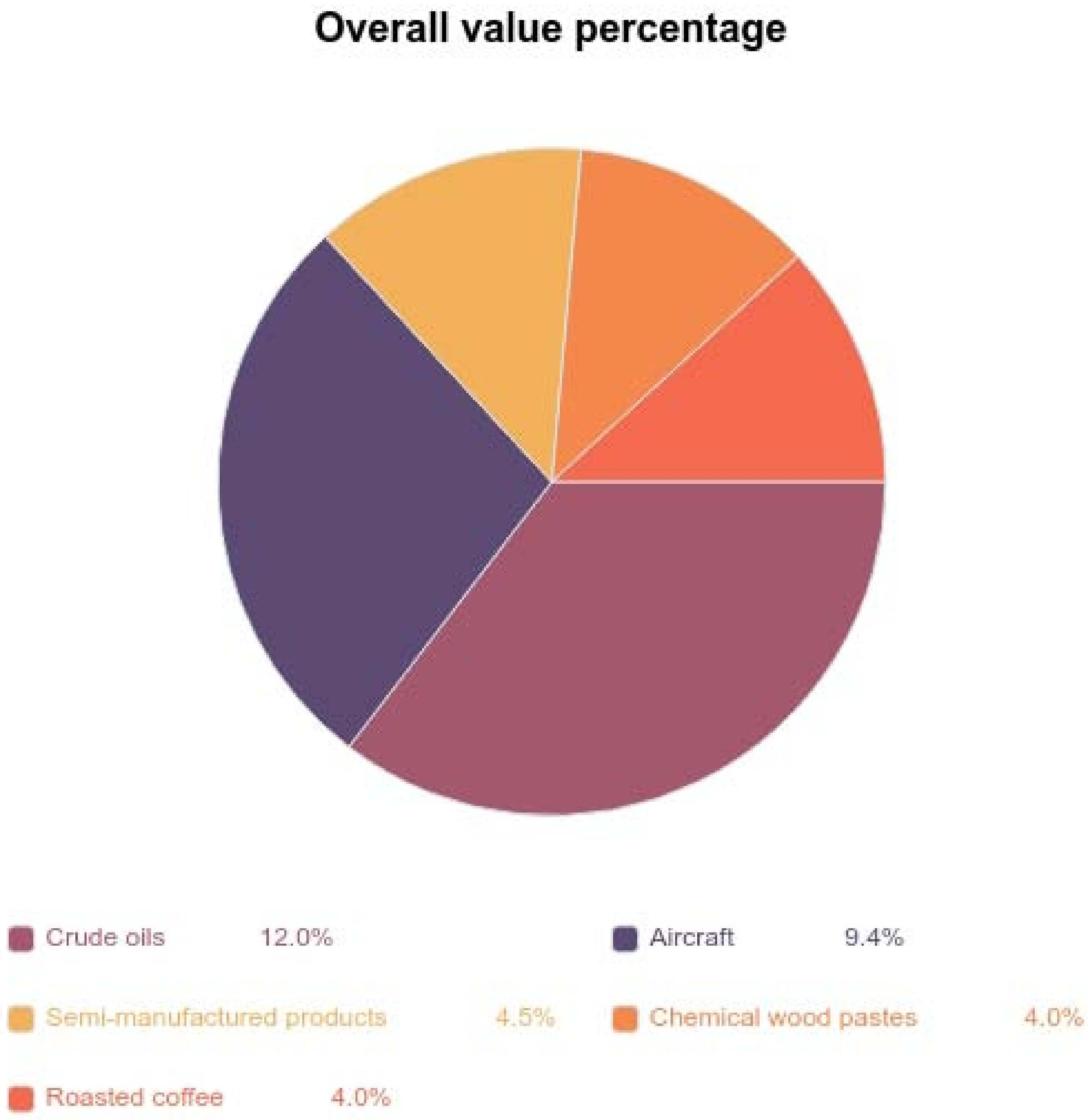
Overall value percentage
Crude oils 12.0%
Aircraft 9.4%
Semi-manufactured products 4.5%
Chemical wood pastes 4.0%
Roasted coffee 4.0%

Figure 3:

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