China Deepens Ties with Brazil Through Financing and the Promise of a Green Economy

written by Tracy Hughes | November 17, 2024

> *"The Chinese are deeply embedded in Brazil's industrial future, offering technology transfer partnerships that promise a win-win model. Essentially, they're saying, 'We'll supply the technology and capital, and in return, we want a majority of the output. But don't worry—you'll retain enough resources to support your domestic industries, including a permanent magnet motor industry for Brazil's growing automotive sector.' With major players like BYD building plants and other manufacturers introducing models, this approach ensures Brazil's capacity to produce high-tech components domestically while aligning with China's global supply chain ambitions." — **Jack Lifton, Co-Chair, Critical Minerals Institute (CMI)***

The partnership between Brazil and China is evolving into one of the most significant alliances shaping the global green economy. With projects spanning renewable energy, critical minerals, and sustainable agriculture, this collaboration is transforming Brazil into a global sustainability leader. However, it also underscores a critical missed opportunity for the Western world, particularly the United States, to engage with Brazil's immense resources and potential.

Niobium: Brazil's Crown Jewel

At the heart of Brazil's strategic importance lies its dominance in niobium, a critical mineral essential for advanced

steelmaking, superalloys, and green technologies like electric vehicles and wind turbines. Brazil produces 88% of the world's niobium, making it an indispensable player in critical mineral supply chains.

In 2018, Brazil's niobium production was valued at US$650 million, and its significance is only growing as global demand for advanced materials skyrockets. China's proactive involvement in Brazil's niobium sector is ensuring its access to this vital resource while also supporting Brazil's domestic industries. This approach contrasts sharply with the West, which has yet to capitalize on Brazil's dominance in critical minerals.

Rare Earths: A Growing Opportunity

Beyond niobium, Brazil is also emerging as a key player in rare earths, which are critical for renewable energy technologies, electronics, and defense applications. Companies like Meteoric Resources NL (ASX: MEI) and Appia Rare Earths & Uranium Corp. (CSE: API | OTCQX: APAAF) are advancing rare earths projects in Brazil. These initiatives highlight Brazil's growing importance in diversifying global supply chains for critical materials, especially as Western economies seek alternatives to China's near-monopoly on rare earth production.

Meteoric Resources NL is actively exploring rare earth deposits in Brazil, leveraging the country's vast geological potential. Meanwhile, Appia Rare Earths & Uranium Corp. is developing its own projects, emphasizing the strategic importance of these resources for the global transition to clean energy and advanced manufacturing. Despite this potential, Western engagement in these opportunities remains limited, leaving a significant opening for Chinese investments to dominate the sector.

Renewable Energy: Harnessing Brazil’s Potential

Brazil is already a global leader in renewable energy, with over 80% of its electricity coming from clean sources such as hydroelectric, wind, and solar power. Chinese investment is accelerating this transformation, enabling Brazil to leverage its vast natural resources while reducing carbon emissions.

The Gameleiras wind farm in Rio Grande do Norte, built by China’s State Grid Corporation, generates 360 million kilowatt-hours annually and reduces carbon emissions by 359,000 tonnes each year. Similarly, the 180-megawatt Tanque Novo wind project in Bahia state, developed by CGN Brazil Energy, powers 430,000 households and cuts carbon emissions by 650,000 tonnes annually. These projects showcase how Chinese technology and capital are unlocking Brazil’s renewable energy potential while creating thousands of local jobs.

Protecting the Planet from Space

Brazil and China’s partnership extends beyond the ground and into space. For 36 years, the China-Brazil Earth Resources Satellite (CBERS) program has been instrumental in monitoring deforestation, managing water resources, and responding to natural disasters.

CBERS-4 and CBERS-4A satellites play a critical role in curbing Amazon deforestation, a global environmental priority. During severe floods in Rio Grande do Sul in April 2024, these satellites provided essential data for damage assessment and recovery. With plans to develop CBERS-6 and collaborate on lunar and deep space exploration, the partnership is advancing technological innovation while addressing pressing environmental

challenges.

Sustainable Agriculture: A Green Transformation

Brazil’s agricultural sector, already a global powerhouse, is embracing sustainable practices through partnerships with Chinese firms like COFCO Corporation. Initiatives promoting deforestation- and conversion-free (DCF) soybean farming are ensuring that Brazil’s agricultural expansion does not come at the expense of its biodiversity.

COFCO’s soybean traceability system and farmer training programs highlight the role of private-sector leadership in driving sustainability. By aligning their efforts, Brazil and China are not only preserving the environment but also strengthening global food security.

A Missed Opportunity for the West?

While China deepens its ties with Brazil, the Western world—particularly the United States—is lagging behind in engaging with this critical market. Brazil’s dominance in niobium and its emerging role in rare earths represent a significant opportunity for Western nations to secure vital supply chains and support the global green transition.

China’s investments in renewable energy, critical minerals, and agricultural sustainability demonstrate a proactive approach to securing future resources and influence. In contrast, the West’s limited engagement risks sidelining its role in shaping Brazil’s economic and environmental future.

For now, Brazil and China’s strategic partnership is setting the

global pace, leaving the West at risk of playing catch-up in a green economy increasingly defined by these two nations. If the U.S. and its allies fail to act, they may find themselves scrambling to reclaim a foothold in a market that has already moved forward without them.

The upcoming **CMI Summit IV**, themed *The War for Critical Minerals and Capital Resources*, is scheduled to take place in Toronto, Ontario, on May 13-14, 2025. The CMI Summit aims to foster strategic partnerships and develop actionable solutions that support the growing demand for critical minerals, crucial for the advancement of clean energy, technology, and national security.

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