



Brazil on a winding road to a vaccine and 5G

by Andrew Thompson

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What happened?

Brazil has halted final stage trials of the coronavirus vaccine produced and tested by Chinese company Sinovac, to the apparent delight of the country's right-wing president Jair Bolsonaro, who described the decision on his Facebook page as "another victory" for himself.

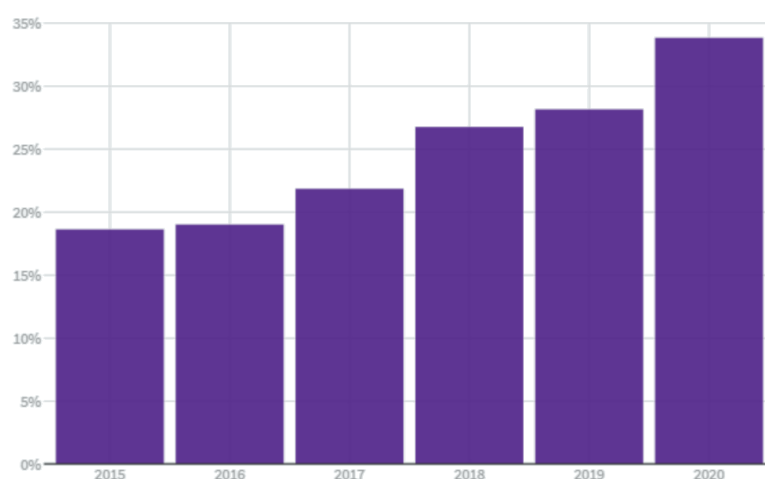
What does it mean?

A lot of geo-political manoeuvring is going on in Brazil right now. At stake is the "triangular" relationship between Brazil, China, and the United States; on top of that there is also a two-way fight in progress between Bolsonaro and João Doria, the centre-right governor of São Paulo, both of whom want to run for president in 2022; and in third place also hanging in the balance is the fate of two really big and politically sensitive business opportunities. These are first, the race to launch a safe and effective anti-COVID vaccine in Brazil, and second, the competition to win billion-dollar contracts to build a 5G network in the country. How this all fits together is quite complex.

Anvisa, Brazil's health regulator, has suspended late stage trials of the Sinovac vaccine because of the death of a trial volunteer, apparently a case of suicide. The president appears happy with this on two counts. First, for ideological reasons he has long been hostile to China's role in

Don't bite the hand that feeds you

Chinese share of Brazilian exports



Source: MIN ECON

THE BRAZILIAN REPORT

Chinese share of Brazilian exports. Source: The Brazilian Report & MIN ECON

Brazil. Second and perhaps more importantly, the Sinovac trial is supported by his arch political rival Joao Doria, and the Sao Paulo based Butantan research laboratory. Bolsonaro has toyed both with anti-vaxxer sentiment and rival vaccines. He fears success for Sinovac would boost Doria's political popularity. Some critics say Anvisa has been "lent on" by the president to halt the trial – the Butantan laboratory says the death had nothing to do with the trial and should not affect it.

The other looming geopolitical dispute involves whether or not China's Huawei should build Brazil's 5G infrastructure. The Trump administration has long been lobbying Brazil not to involve Huawei, a company it considers to be a security threat. Bolsonaro has been non-committal but some of the retired army generals in his cabinet have favoured the Chinese company as delivering good value for money. At the start of this month Brazil's top four telecoms companies decided not to attend a meeting with Keith Krach, a visiting Trump administration official who has been lobbying against Huawei. It looked like a good omen for the Chinese telecoms equipment manufacturer. But the foreign ministry, which is led by an anti-globalist, Ernesto Araújo, did meet Krach and quickly announced it was backing his global "Clean Network" proposal to exclude Chinese technology. The US has also offered to help finance Brazilian telecoms companies that opt for Western suppliers such as Nokia and Ericsson.

Brazil's top trade partner is China, with the US in second position and the European Union following behind. Here too things may be in some flux. Bolsonaro has been an enthusiastic supporter of Donald Trump and has so far delayed formally congratulating Joe Biden on his electoral victory. Brazilian governments have been pro-US and pragmatic about China, but Bolsonaro's moves against Chinese companies may cause friction with Beijing, while he may also be at odds with a Biden-led US and a European Union that want him to strengthen environmental safeguards in the Amazon. There is a real risk that Brazil could end up diplomatically isolated.

About the Author

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As well as being a Canning House Associate Fellow, Andrew is a former foreign correspondent (Buenos Aires, Mexico City, Rio de Janeiro) and a broadcaster for the BBC's Latin American Service. Working through La Rambla Research Ltd., he writes about economics, political risk, and business in Latin America.



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