

Lula-Xi Jinping Summit Produces Breakthroughs for the ‘Global South’

by Dennis Small

April 20—One measure of the achievements of the April 11–14 trip to China by Brazilian President Inácio Lula da Silva, including his summit meeting with Chinese President Xi Jinping April 14, is the flood of outraged commentaries in the West’s financial media about the trip. A petulant “news” article in the April 15 *Financial Times* was typical.

First, the *FT* was furious about this statement, in which Lula said:

We want to raise the level of the strategic partnership between our countries, expand trade flows, and, together with China, balance world geopolitics.

Second, the *FT* and other financial media continued to pull out their hair over Lula’s speech at the April 13 investiture in Shanghai of former Brazilian President Dilma Rousseff as the new President of the BRICS New Development Bank. On this occasion, Lula stated:

For the first time, a development bank with global reach is established ... free from the shackles of conditionalities imposed by traditional institutions on emerging economies. And more: with the possibility of financing projects in local currency.... The creation of this Bank shows that the unity of emerging countries is capable of generating relevant social and economic changes for the world....

Every night I ask myself why all countries have to base their trade on the dollar.... Why can’t we do trade based on our own currencies?

It is intolerable, that on a planet that produces



China’s President Xi Jinping welcomes Brazil’s President Luiz Inácio Lula da Silva to Beijing on April 14, 2023 for a three-day meeting.

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enough food to meet the needs of all humanity, hundreds of millions of men, women, and children have nothing to eat. It is inadmissible that the irresponsibility and greed of a small minority endanger the survival of the planet and of all humanity.

Then there was Lula’s decision to tour Huawei’s technological and innovation center in Shanghai, about which he announced:

[The visit was] a demonstration that we want to say to the world that we don’t have any bias in our relationship with the Chinese, and that no

one will prohibit Brazil from improving its relationship with China.

Fourth, Lula insisted publicly:

The United States has to stop encouraging war and start talking about peace. The European Union needs to start talking about peace, so that we can convince Putin and Zelensky that peace is in the interests of the whole world.

Where Washington and London pressure was apparently able to draw a line in the sand—at least for the moment—was on their diktat that Brazil not formally join the Belt and Road Initiative, which would open

the door to long-sought South American great infrastructure projects. Brazilian officials announced that, for now, they are “studying” the matter of the BRI, and are open to considering it.

Otherwise, 15 bilateral commercial and partnership agreements were signed, altogether worth \$10 billion according to reports, while 20 new business agreements were signed between Brazilian and Chinese companies, in addition to 20 others signed by Brazilian businessmen already in China in March, when Lula had to postpone his scheduled visit due to pneumonia.

Upon his return to Brazil, Lula—and other high-level Brazilian officials—met with visiting Russian Foreign Minister Sergey Lavrov on April 17.

Lula: The BRICS New Development Bank Can Become the Great Bank of the Global South

Excerpts from the speech given by Brazilian President Lula da Silva in Shanghai, April 13, 2023 at the investiture ceremony of former Brazilian President Dilma Rousseff as President of the New Development Bank (NDB), the multi-national bank established in 2015 by the BRICS.

The decision to create this bank was a milestone in the joint action of emerging countries. Given their size, the size of their populations, the weight of their economies, and the influence they exert in their regions and in the world, Brazil, Russia, India, China, and South Africa could not remain oblivious to major international issues.

The unmet financing needs of developing countries were and remain enormous....

For the first time, a development bank with global reach is established without the participation of developed countries in its initial phase. Free, therefore, from the shackles of conditionalities imposed by traditional institutions on emerging economies. And more: with the possibility of financing projects in local currency.

The creation of this Bank shows that the unity of emerging countries is capable of generating relevant social and economic changes for the world. We do not want to be better than anyone else. We want the opportunity to expand our potential, and to guarantee dignity, citizenship, and quality of life for our people.



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New Development Bank (BRICS Bank) headquarters, Shanghai China.

Therefore, besides continuing to work for the effective reform of the UN, the IMF, and the World Bank, and for changing the trade rules, we need to creatively use the G20 (which Brazil will chair in 2024) and the BRICS (which we will lead in 2025) in order to reinforce the priority themes for the developing world in the international agenda.

The New Development Bank has great transformative potential, as it frees emerging countries from



PR/Ricardo Stuckert

Dilma Rousseff, former President of Brazil (2011-2016), speaks at her inauguration ceremony as the new President of the BRICS' New Development Bank, Shanghai, April 13, 2023.

submission to traditional financial institutions, which want to govern us, without having a mandate to do so.

The BRICS bank has already attracted four new members: Bangladesh, Egypt, the United Arab Emirates, and Uruguay. Several others are in the process of joining, and I am sure that the arrival of President Dilma will contribute to this process....

For all these reasons, the New Development Bank meets all the conditions to become the great bank of the Global South....

It is intolerable, that on a planet that produces enough food to meet the needs of all humanity, hundreds of millions of men, women, and children have nothing to eat. It is inadmissible that the irresponsibility and greed of a small minority endanger the survival of the planet and of all humanity.

In remarks to a big roundtable meeting with officials

of the BRICS' New Development Bank after the investiture ceremony of Dilma Rousseff as its new President, Brazilian President Lula da Silva stated:

Every night I ask myself why all countries have to base their trade on the dollar. Why can't we do trade based on our own currencies? Who was it that decided that the dollar was the currency after the disappearance of the gold standard? ...

No bank should be asphyxiating countries' economies the way the IMF is doing now with Argentina, or the way they did with Brazil for a long time, and every third-world country. No leader can work with a knife to their throat because [their country] owes money. The banks have to be patient and, if necessary, renew the agreements. The IMF or any other bank, when it lends to a Third World country, the people feel that they have the right to rule, to manage their country's account. As if the countries became hostages of the one that lent them the money....

I think that, never more than today has the world needed an instrument to help development in the world ... [The 2008 financial crisis was because bankers had] no concern for production [or] any product. Everything was sales of paper, exchanging paper, without producing anything ... And now we are seeing banks ... beginning to go bankrupt again....

No one believed that Credit Suisse would go bankrupt the way it did recently, such that Switzerland had to put 8% of its GNP in to save the bank. Therefore, a bank like this one [the NDB] is ... an extraordinary hope in the eyes of its partner countries, in the eyes of the countries which will need to have a relationship with this bank....

Why can't a bank like the BRICS bank have a currency to finance trade between Brazil and China, between Brazil and other BRICS countries? Today, countries have to chase after dollars to export, when they could be exporting in their own currencies.

It is difficult because there are people who are ill-accustomed to the fact that everyone depends on a single currency. I think that the 21st Century can change our minds and can help us, who knows, to do things differently.