

# Abstract

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We take advantage of a novel dataset that incorporates both the technological content of each product as well as its quality to unveil some new features of Brazil-China's trade flows and to challenge the view that the emergence of China would imply the deindustrialization of Brazilian exports.

The trade between the two countries builds on exports of commodity goods from Brazil to China and of manufactured products from China to Brazil. Looking at the technological dimension of the dataset we show that Brazil (increasingly) exports to China products with lower technological content and (increasingly) imports products with higher technological content. The quality dimension of the dataset reveals that both countries export to each other basically low-quality goods (i.e. products whose unit-value are in the lower range of world's distribution of unit-values for the product). We then show that the overlapping between Brazilian and Chinese total exports is limited and that the degree of competition between the two countries is relatively small. We also show that the number of products in which the two countries have comparative advantage declined in the last years and that in the last years both countries increased their advantage in the products in which they already had advantage in 1994 and lost advantage in the sectors in which they had small advantage in producing in 1994.

Available data analyzed in this paper evidences that in the last years Brazilian exports of commodity products increased significantly due to the emergence of China and other Asian countries. We show, however, that Brazilian exports of high technological content and high quality increased more than the average and more than low technological and low quality exports in the last years. Overall, the emergence of China has been supporting a displacement of Brazilian exports not only towards natural-based products but also to goods with higher quality and higher technological content.

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