

Lula Proposes BRICS Currency, But Makes Unfriendly Comments Towards Russia and China

By [Lucas Leiroz de Almeida](#)

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Brazilian President Luiz Inácio Lula da Silva is advancing with his south-south international cooperation projects. However, the direction of these projects seems ambiguous, with unclear intentions. On his latest trip to Argentina and Uruguay, the Brazilian President announced his interest in creating a common currency for Mercosur and the BRICS, replacing the US dollar in international trade. However, at the same time, Lula made unfriendly comments towards Russia and China and showed willingness to align himself with the European Union. The case shows very well the current situation of the Brazilian president, as his government is evidently polarized between two antagonistic political tendencies.

President Lula recently began a trip to Argentina and Uruguay in order to discuss topics of strategic interest. As promised in his electoral campaign, one of his government's objectives will be to revitalize Mercosur. For this, he showed interest in some bilateral cooperation projects between Brazil and Argentina, such as the building of a gas pipeline to transport shale gas in Argentina. Lula also guaranteed financing for Argentine gas exploration with money from the BNDS - a Brazilian state bank that funds infrastructure and social development initiatives.

Despite this type of dialogue evidently contributing to the improvement of relations between Brazil and Argentina which were very damaged during the Bolsonaro era, there are a number of criticisms against Lula, as the projects seem to be of little interest to Brasilia. The proposed gas pipeline apparently will not pass through the Brazilian territory. So, after the construction, Brazil's participation in the gas pipeline will end and there will be no more employment opportunities for Brazilian citizens, thus being a short-term cooperation that benefits Argentina more than Brazil.

Obviously, in a country currently affected by so many social and economic problems like Brazil, with historical marks of unemployment and deindustrialization, the initiative to create

complex projects that benefit neighboring countries more than the Brazilian population itself would not be welcomed. The political opposition has reacted with fury to the idea of the gas pipeline, which has further worsened the situation of polarization in the country.

However, one of the most interesting points of the events in Argentina was the fact that Lula announced that he plans to create a currency for international trade in Mercosur and the BRICS. The president's plan appears as another step towards the de-dollarization of the global economy, which is already becoming a trend among emerging powers. In fact, it was previously expected that Brazil would somehow adhere to this trend, since within the BRICS the replacement of the US dollar is advancing significantly.

"If it were up to me, we would always trade with other countries in national currencies, so as not to be dependent on the dollar. Why not make an attempt to create a common currency for MERCOSUR countries or for BRICS countries? (...) I believe that over time, we will come to that. I believe this is necessary because many countries face challenges buying dollars", he said.

Lula did not provide details about the currency, which makes it difficult to assess whether the project will really benefit the involved countries or whether it has strategic errors. Probably, new discussions about this currency will be made between diplomats and politicians in next few months. However, despite the optimism of this news, at other times Lula showed ambiguity in his alignment with the BRICS nations.

During a press conference in Argentina, Lula was asked by a journalist about his position on Venezuela. As expected, the Brazilian president condemned the sanctions imposed by the US against the country, but, on the other hand, he made hostile comments on Russia to justify his position.

"In the same way that I am against territorial occupation, as Russia did to Ukraine, I am against too much interference in the Venezuelan process", he stated.

Obviously, Lula's words are absolutely unsubstantiated. There is no comparison between one situation and another. Venezuela has suffered sanctions due to US interventionism, which does not admit the existence of a sovereign government in Latin America. On the other hand, Russia launched a special military operation to demilitarize and de-nazify Ukraine, liberating territories of ethnically Russian population, and reintegrating them into the Federation through internationally recognized referendums. There was no Russian "occupation" of Ukraine. Furthermore, Russia is also a victim of US sanctions, as well as Venezuela, since the collective West has tried to "isolate" Moscow at the global arena.

And there were more controversial comments from Lula. In Uruguay, the president made it clear that his priority is to negotiate with the European Union and sign an international Mercosur-EU agreement. He emphasized that talks with China should only take place after signing an agreement with the EU, which is absolutely irrational, since China has a much larger economic involvement in Mercosur than the EU.

"It is urgent and extremely important for Mercosur to reach an agreement with the EU (...) We will step up our discussions with the EU and sign this agreement so that we can then discuss a deal between China and Mercosur", he said.

There is only one way to explain Lula's ambiguous positions: he is under political pressure

from several groups. Some of his team's members demand an alignment with the EU and the West, as well as criticism against the BRICS. On the other hand, he does not want to ignore his past and try to carry out projects of south-south cooperation, but he seems to make mistakes in the strategic evaluation of these projects.

In fact, in the midst of the geopolitical transition towards multipolarity and Brazilian social chaos, his priorities should be to pacify the country internally and cooperate with Russia and China for the creation of a polycentric world order.

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Lucas Leiroz is a researcher in Social Sciences at the Rural Federal University of Rio de Janeiro; geopolitical consultant. You can follow Lucas on [Twitter](#) and [Telegram](#).

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