

Revisiting China-Latin American Relations: A Contemporary Approach

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Abstract: The article explores the evolving dynamics between China and Latin America in the 21st century, marking a significant shift in their relations. The complexity of Latin America's diverse realities, coupled with common regional efforts to redefine global engagement, is examined, with a focus on China's pivotal role. The study traces Latin America's historical ties to the United States and the recent diversification of partnerships, especially post-2008 financial crisis. This highlights a growing influence of the Asia-Pacific region, notably China, evident in intensified trade, investment, and cooperation ties including the efforts reached within international organizations. The investigation concludes that, besides the numerous challenges addressed, Latin American countries will benefit from the relationship with China if they navigate it purposefully and seek mutually beneficial agendas.

Key words: China, Latin America, Foreign Policy, International Relations

Resumen: El artículo explora la dinámica en evolución entre China y América Latina en el siglo XXI, marcando un cambio significativo en sus relaciones. Se examina la complejidad de las diversas realidades de América Latina, junto con los esfuerzos regionales comunes para redefinir el compromiso global, centrándose en el papel fundamental de China. El estudio rastrea los vínculos históricos de América Latina con Estados Unidos y la reciente diversificación de asociaciones, especialmente después de la crisis financiera de 2008. Esto pone de relieve una creciente influencia de la región de Asia y el Pacífico, en particular China, evidente en la intensificación de los vínculos comerciales, de inversión y de cooperación, incluidos los esfuerzos alcanzados dentro de las organizaciones internacionales. La investigación concluye que, además de los numerosos desafíos abordados, los países latinoamericanos se beneficiarán de la relación con China si la navegan con determinación y buscan agendas mutuamente beneficiosas.

Key words: China, América Latina, Política Exterior, Relaciones internacionales

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The beginning of the 21st century witnessed a shift in Chinese and Latin American relations to new dimensions as an unprecedented rapprochement has been established between these actors. Understanding the processes underway in Latin America and how these dynamics impact and are reflected in the expansion of relations with China is not a simple task. Despite representing a concrete component, the heterogeneity of the distinct realities present in the subcontinent coexists simultaneously with aspects that are common among the countries of a region that has been pursuing, through agreements and organisations, modalities of action to outline a new insertion on a regional scale with China as a relevant player in this dynamic.

The efforts undertaken by Latin American countries to revisit their position on the international scene are longstanding and are justified not only by historical ties and the similarity of their insertion profile on the global stage but also due to the important challenges they share.

In recent decades – especially in the period after World War II – Latin America has been associated with the idea of forming a relationship that is highly dependent on the United States (US) foreign policy agenda, even though it has, at different times, sought to diversify its strategic partnerships. Recently, especially in the 2000s and, specifically after the 2008 financial crisis, this scenario has been changing through new agreements and partnerships, denoting a new modality of international insertion in the region. This article intends to address this topic, denoting throughout its development how these new trends can have repercussions, inclusively regarding the region's representativeness in the global governance scope.

Although Latin American countries' relations with European nations and the US remain highly important, the initial two decades of the 21st century have revealed limitations that are challenging to overcome - particularly concerning the trade sphere (Russel & Tokatlian, 2013). In this context, a new diplomatic axis has emerged, demonstrating considerable attractiveness while presenting a range of new challenges for Latin American countries: the Asia-Pacific region, with a particular emphasis on China.

Since the 2000s, relations between China and Latin America have experienced an unprecedented boost, especially due to the intensification of trade, investment and cooperation ties, entering into a new phase within Chinese economic diplomacy in this region. This dynamisation of new spaces can also be observed from an institutional point of view through the greater presence of Chinese initiatives and organisations in the region, such as: the Belt and Road Initiative (BRI), the Asian Infrastructure Investment Bank (AIIB), the Asia Development Bank (ADB), and the New Development Bank (NDB-BRICS Bank).

This quantitative and qualitative improvement in relations co-occurred as China consolidated its position as a global economic power and emerged as a reliable market for Latin American primary product exports. At the same time, there was a rapid expansion of Chinese foreign direct investment in the region, notably directed towards sectors like infrastructure and energy.

The Chinese presence in Latin America gained further traction after the international financial crisis in 2008, when its economic diplomacy focused mainly on Venezuela and the largest economies in South America, Brazil and Argentina. In the Venezuelan case, the nation deepened its ties with China upon Hugo Chávez's rise to power (1999-2013).

Chávez initiated a diversification of partnerships, moving away from the traditional alliance with the US, and adopted an international position in defence of a multipolar global order. As of 2001, China and Venezuela established a "strategic partnership for common development" and created a China-Venezuela High-Level Joint Commission to build a bilateral cooperation agenda encompassing investments and enhanced trade relations (Venezuela, 2023).

As a result of these strategic relations, Venezuela was the main destination for Chinese investment between 2005 and 2020, receiving more than US\$ 60 billion in this period (Lopes Filho et al., 2022). This substantial sum has led many analysts to emphasise the risk of Venezuela falling into a "debt trap", asserting that China's primary objective in current Sino-Venezuelan relations is to assist in reactivating the Venezuelan economy to ensure repayment of the debts accrued by the South American nation. Nevertheless, Castillo (2020) argues that Beijing's ongoing support for Caracas is also due to several other factors, notably including China's privileged access to Venezuelan mineral and energy resources. Consequently, according to the author, China sees its Latin American partners within a broader strategic framework.

Brazil, in turn, distinguishes itself by maintaining a relationship with China that extends beyond trade and investment to encompass more strategic elements, such as cooperation on various international relations agendas. Besides being partners in the BRICS and, consequently, in the New Development Bank (NDB), Brazil and China are also allies in informal arrangements like BASIC, which aims to build a platform to promote the positions and interests of recently industrialised nations concerning the global environmental agenda. In addition, since 2009, China has been Brazil's primary trading partner, and both countries have a comprehensive and diverse cooperation agenda covering sectors such as trade, industry, infrastructure, communication, innovation, and technology (Brazil, 2023).

In addition to these key partnerships, whose origins date back to the 1970s, China has also become an important partner for Latin American nations traditionally more aligned with the US, such as the Andean countries. For instance, Sino-Chilean relations were strengthened following the signing of a free trade agreement (FTA) in 2006, which elevated Chile to the status of China's third-largest trading partner in Latin America and the most important supplier of copper to the Asian country (Lopes Filho et al., 2022). Having also ratified an FTA with China in 2009, Peru has attracted substantial Chinese investments in the mining and infrastructure sectors. Notably, this includes the construction of a mega-port in Chancay by the Chinese state-owned company Cosco Shipping Ports, a project that has faced severe criticism from environmental activists.

Colombia is the sole country in the Andean region without established strategic relations with China. As the US's main partner in South America, Colombia has different financial and military cooperation mechanisms with Washington and, although Colombia has increased the volume of its trade with China, it is a marginal recipient of Chinese investment (Lopes Filho et al., 2022). Conversely, Ecuador maintains a relationship with China that is more multifaceted. The country was the third largest destination for Chinese investment in Latin America between 2005 and 2020, but since the election of Lenin Moreno, Ecuador has adopted a pendulum stance in the face of disputes between the US and China. Ecuador has deepened its cooperation with China, exemplified by its membership in the Asian Infrastructure Investment Bank (AIIB) since 2019. Concurrently, this South American nation succumbed to US pressure by excluding

Chinese companies from participating in Ecuador's 5G network tenders in exchange for securing a \$6.5 billion loan from the International Monetary Fund (IMF) (ibid).

The substantial growth in trade relations between Mexico and China is worth mentioning, which reached a record value of US\$100 billion in 2021 (Cantú Hernández, 2022). Nevertheless, this trade is highly deficitary for Mexico because it reflects the dynamics of two economies with a low level of complementarity and because it is intra-industrial in nature, based mainly on Chinese exports of inputs and intermediate goods that serve the purpose of connecting China to North American production chains (Lopes Filho et al., 2022). The increase in tensions resulting from the 'trade war' between the US and China, which commenced during the administration of Donald Trump, coupled with the ongoing trend of nearshoring, has led Mexico to emerge as the primary trading partner of the US. In the first four months of 2023, trade between the US and Mexico totalled US\$157 billion, with a surplus of US\$50 billion for the latter (Amâncio, 2023).

Hence, the remarkable qualitative and quantitative advancement in relations between Latin America and China over recent decades is undeniable. Trade with the region surged from slightly over US\$12 billion in 2000 to US\$296 billion in 2020 (Lopes Filho et al., 2022). Concurrently, numerous cooperation mechanisms have been implemented in the last two decades, notably the China-CELAC Forum, created in 2015, and the accession of 20 Latin American countries to the Belt and Road Initiative (BRI), a Chinese initiative encompassing a series of projects aimed at fostering China's development and enhancing its economic and trade relations with neighbouring Asian nations, later evolving to achieve global dimensions.

While the trade and investment figures draw attention, Latin America's alliance with China extends beyond economic interests. This strategic partnership is also based on a substantial convergence between the international positions taken by Beijing and the traditional values of Latin American diplomacy: advocating for multipolarity, multilateralism and non-interventionism. These values starkly contrast with the interventionism and unilateralism that, for a long time, characterised US foreign policy towards Latin America.

However, Latin America's historical ties with Washington and the increasingly tense US-China relations are factors that have contributed to the region becoming an important terrain in the disputes for greater influence between these two powers. An illustration of this is the aforementioned technological competition between the US and China concerning leadership in developing infrastructure for fifth-generation mobile internet networks, commonly referred to as 5G. As highlighted by Pautasso et al. (2021), 5G networks are an integral part of China's Made in China 2025 policy, which also includes other advanced technologies such as ocean engineering or cyber security tools.

While China holds 40% of the patents for 5G technology, the US has pressured Latin American countries to exclude China's Huawei, a leader in the sector, from public tenders in telecommunications infrastructure (ibid). An example of this was the decision by Costa Rica - the first Central American nation to establish diplomatic relations with China - to ban companies with Chinese capital from participating in a project to develop a fifth-generation telecommunications network. This decision was based on the argument that China, as a non-signatory to the 2001 Budapest Convention on cybersecurity, represents a potential risk factor for Costa Rican cybersecurity (Murillo, 2023).

While strengthening ties between China and Latin America offers the latter a range of advantages and opportunities, as previously outlined, it also brings forth several challenges and contradictions. These challenges include the region's growing dependence on Beijing, the rapid expansion of the region's indebtedness to Chinese financing mechanisms such as the China Exim-Bank and the Chinese Development Bank (CDB), and the heightened impact of the trade dynamics between Latin America and China on the issue of reprimarisation of Latin American exports.

From the point of view of strategic alliances, it is possible to observe that the space traditionally occupied by the US in the region is being re-dimensioned. If, on the one hand, Latin America's place in the US foreign policy agenda has been losing weight since the early 2000s, at the same time, China's economic presence in the region has been taking up more and more space, bringing with it new configurations in terms of partnerships in this area.

It can be said that the platform of the Global South and the latent urgency of Latin American countries to re-discuss their international insertion in terms of participation and representation within the global governance framework is back on the scene, amidst the bargaining table that follows the dynamism of the international system. In this respect, the elements that have emerged lead us to understand that China's presence in the region is in a process of rapid expansion, increasingly seeking to broaden the range of partnerships on different fronts, both in economic and diplomatic terms as well as academic and cultural spheres.

For the region, the greatest interest in the process of expanding Chinese participation in the subcontinent consists of establishing a purposeful and mutually beneficial agenda, through which ties can be established in a harmonious and complementary way, with improvements in relations that can bring achievements to both sides. In this sense, it is important to expand the scope of these partnerships and their potentialities beyond an agro export-led programme. This can be achieved by establishing new complementarities, seeking to boost agreements and coordination that have repercussions not only in the domestic and regional spheres, but also at the global level.

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