

China-Latin America Relations: Main Themes, Main Problems

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Historically there has been very scarce interest from academics and politicians in the field of China-Latin America relations. This has recently changed as a consequence of China's impressive economic development trajectory after the introduction of economic reform policies of growing openness towards the international economy since the late 1970s. With China's growing economic weight in the global economy, the country has gained a more central role on the international political scene. This "rise" of China's global importance has made countries from all world regions increasingly interested in relations with China, and has raised the attention of academics in China and its global role as well as its relations with individual countries and different world regions across the board.

From a Chinese perspective, interests have mostly been focused on relations with dominant countries in the developed global North as well as on relations with its regional neighbors, while there has barely been any interest in Africa and Latin America (Armony, 2011: 23-24). However, with its growing internationalization and industrialization, China's economic interest in developing countries has grown. For example, China's interest in Africa and its economic presence on that continent has grown substantially during the last 15-20 years, gaining much interest from the academic community. In the same period, China has also gradually become important for Latin American countries raising the interest of academics and politicians in Latin America in China-Latin America relations. This interest took off particularly after China's entry into the World Trade Organization in 2001, although a country like Brazil already celebrated a strategic partnership with China in 1993 (Christensen, 2016).

However, it was not until the 2000s that bilateral economic relations between Latin American countries and China took off. Initially, academic interest centered on bilateral economic relations between China and individual Latin American countries, with a particular focus on the differential economic impact of China on Latin American countries. A typical distinction was between South American countries, which were generally considered to be

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“winners” from the rising relationship with China due to China’s huge appetite for commodity imports in terms of oil, metals and to some extent also agricultural products, on the one side, and Mexico, Central America and the Caribbean that were generally seen as “losers” from the relationship with China, since the main impact from China was produced from competition in the manufacturing sector in international markets (Dussel Peters, 2011). In reality, China’s imports from South America mostly focused on a few countries, such as Brazil, Chile, Argentina and Peru, but the literature tended to see South America as a whole as a region of winners from relations due to the so-called “China effect” on commodity prices. Richard Jenkins (in Perrotti, 2015: 49-50) defined this effect in terms of considering how commodity prices would most likely have developed between 2002 and 2007 had it not been for China’s growing commodity imports during that period. In reality, the situation of China’s bilateral economic impact was more complicated than that. As some researchers pointed out, also South American manufacturing producers experienced the competitive challenge from growing Chinese manufacturing exports. In other words, China’s impact differed across production sector. Also, if we fast forward the “film”, the period 2013 to 2015 saw a drastic fall in commodity prices (World Bank, 2016). While the “boom” period between 2003 and 2008, with the outbreak of the international financial crisis in this last year, saw South American countries move from economic stagnation and into a period with an average annual growth of almost 7 percent (ECLAC, 2008: 13-18), the period between 2013 and 2016 has been less benign in terms of South American economic growth, particularly for countries such as Venezuela, Brazil and Ecuador that have recently experienced negative economic growth and development problems. This development has led to a discussion in the academic field of the risks of economic destabilization and de-industrialization. Some see China as a major culprit in this development and speak of a negative economic impact from China and warn of the dangers of growing economic dependency and the risk of a jump backwards in development terms, with Latin America becoming increasingly integrated in the global division of labor in a manner akin to its integration in the global economy in the 19th Century, as a raw material provider to international markets that is unable to successfully integrate in global production networks in the manufacturing sector (Sevares, 2015).

Without doubt the theme of bilateral economic relations between China and individual Latin American countries is undoubtedly the theme most studied in the field. However, other themes and dimensions of these relations have also gained interest. A main avenue of interest has focused on how China’s growing significance for the region affects U.S.-Latin America

relations (see, e.g. Paz and Roett, 2009). Should China be considered a threat to US regional and maybe even global hegemony (Khanna, 2008; Christensen and Bernal-Meza, 2014)? China's geopolitical role and significance has thus become of growing interest to academics and of growing concern to politicians in the US and elsewhere. In the case of Latin America, China's impressive economic growth figures and its growing role as a trade partner, investor and lender to Latin America since the early part of the 20th Century happened simultaneously with a turn towards the political left in many Latin American countries (Madrid, 2010-11). Some of these, such as Venezuela, Bolivia and Ecuador as well as Brazil, started seeing China as an ally on the global political scene (see e.g. García Agustín in this issue) with Brazil being a special case since it is part of the BRICS network or coalition (Christensen, 2016). Closer political relations and outright alliance with China on the part of individual Latin American countries were seen as a potential threat to US hegemony and, on the other side of the coin, as an opportunity for Latin American countries to gain more autonomy from US influence and maybe even to contribute to a new world order that would be more beneficial to Latin America as it would possibly free itself from dominant US influence. As with the issue of bilateral economic impact, this theme has seen recent changes in alliance patterns associated with economic decline and/or changes in governments in Latin American countries, such as Argentina and possibly Brazil. More countries may move closer to the United States in the near future as well, Venezuela being a case in point as it is experiencing a very complicated political and economic scenario that is likely to lead to a change of government. This connects to a new strand of enquiry within the field of China-Latin America relations, namely the domestic roots of foreign policy, exemplified in this special issue of *Journal of China and International Relations* by the article written by Daniel Jatobá & Fidel Pérez Flores. Recently, there has been a growing interest in domestic political variables and their significance for China-Latin America relations. To what extent and how are domestic political processes in Latin American countries reflected in the foreign policies of Latin American governments towards China? Similarly, there is a growing interest in how China-Latin America relations may affect the insertion of Latin American countries in the global economy and in the international division of labor, an issue that may be interlinked with the question of alliance patterns in global politics.

Culturally oriented studies have also gained more interest, largely focusing on the large distance culturally between China and the Latin American region. These studies have particularly focused on social interactions on the ground pertaining e.g. to the existing and/or

growing presence of Chinese immigrants and diaspora in Latin American societies. Though this sub-field is of less interest to the *Journal of China and International Relations*, cultural aspects nevertheless often have political and/or economic implications.

Nicola Phillips (2011: 90) has pointed out that most studies in the field of China-Latin America relations have had a Latin American perspective, i.e. seen the relations in the light of Latin American interests and preoccupations and that the field ought to widen out and consider to a larger extent Chinese perspectives as well. This is a valid point for various reasons. For one, it is important to understand the Chinese side. What are China's aims when relating to Latin America? Is China mainly, or even exclusively, focused on how Latin America can contribute to Chinese economic development, or does China have more geopolitical intentions as suggested in this issue in the article written by Li Xing? Apart from this, studies from a Latin American perspective would gain from having an understanding of the Chinese side and perspective when analyzing relations between China and Latin America, as this would help understand the reaction of Latin American states and societies towards China.

This special issue of *Journal of China and International Relations* does intend to avoid the pitfalls pointed out by Phillips and thus provide a broad thematic focus and contribute to a more holistic understanding of China-Latin America relations as seen from various domestic perspectives as well as from a more global perspective related to the dynamics and transformations of the global system. Bringing together a talented and heterogeneous group of scholars and researchers, the special issue will contribute to a better understanding of the current conceptual, institutional and normative frameworks that allows us to think about the main themes and problems present in contemporary China – Latin America relations.

Li Xing's article opens this issue and provides a broad understanding about the transition of China's development strategies and its implications to Latin America. By applying both Neo-Gramscian IR theory and the world system theory, Li Xing affirms that Beijing's outward expansion represents a world system's new round of capital and production relocation, which will dialectically enlarge or reduce "room for maneuver" and increase or decrease "upward mobility" for developing regions, including Latin America. On the one hand, Beijing's proactive leadership is creating more opportunities and choices for Latin American countries to make their voices heard, to strengthen their bargaining position and to participate in decision-making processes on matters related to global governance. China's comparative strength in manufacturing can force Latin American producers to enhance their

productivity and competitiveness. China's vast domestic market can generate significant export revenues for Latin America and, more recently, China's financial capital can be a critical source of investment capital for Latin America's infrastructure development. On the other hand, China is a strong "competitor" for Latin America. This is what the author points towards as representing the coexistence of upward and downward mobility. In this sense, the author recommends that Latin America's countries should seize the chance of China's external "promotion by invitation" to increase its upward mobility and to find the strategic convergence with China's global strategy.

Raúl Bernal-Meza takes the world system perspective and the core-periphery morphology to explain that the reasons for the Chinese perspective on Latin America lies more on obtaining resources, raw materials and markets in order to continue feeding its peaceful rise and regain its place in the center of the world, than on creating an International Economic Order that would favor the development of Latin American partners. In China – Latin America relations, the author affirms that the *win-win rhetoric* plays a central role, since it is the reasoning that justifies the development and preservation of an asymmetric economic relationship. Although China's discourse tends to systematically emphasize interests based on common international principles, similar belonging to the developing world and the mutual benefits of economic relations, it hides the increasing dependence of Latin American countries on China. From that win-win rhetoric perspective, China misrepresents the reality of a relationship with Latin America that is clearly north-south, both from the perspective of the structure of trade, and from the military-strategic and global security point of view. Bernal-Meza indicates that this aspect is revealed clearly as China moves from economy to politics on its international agenda. Structurally, China – Latin America commercial, financial and investment networks are a function of Chinese development, and not of an industrial development model where Latin American countries could escape its peripheral position.

Antonio C. Hsiang uses the Power Transition Theory to investigate how China competes with the US in Latin America. For him, the United States and China are locked in a long-term competition for economic primacy, where China is growing at a much faster rate than the more mature economy of the United States. The author also affirms that China is already challenging the existing international regimes and changing the international community as it tries to build a new world order. In Latin America, China is already structuring alliances with the use of Foreign Direct Investment (FDI), which helps to explain the US-China competition in that region. According to Hsiang, another element that helps to

explain the nature of this competition is US lack of success in implementing its own policy towards Latin America. Treating the region as a “backyard” with interests identical to those of America was a big mistake. Thinking that Latin America would automatically see US interests as their own interests was another one. For Hsiang, Latin Americans wanted economic ties with the United States but felt slighted and uneasy about the US role in the world.

Steen Fryba Christensen’s article compares Bolivia’s and Venezuela’s recent development path and China’s impact on it. It takes a historical approach within the tradition of international political economy, making bridges with the school of Latin American historical structuralism and Immanuel Wallerstein’s world system analysis perspective. In doing so, Christensen explains how changes in the global context and China’s ascension match with Bolivia’s and Venezuela’s national political and economic development characteristics, producing different outcomes in their respective developments. The analysis shows that both systemic and domestic factors matter in explaining why China’s significance to Venezuela was not the same to Bolivia since the beginning of the 2000s. Deeper internal economic conditions, bigger vulnerability towards the international financial system and lack of partners are some of the factors that Christensen presents to explain why Venezuela needed China’s help much more than Bolivia to surmount its problems. Some of the conclusions point out that Venezuela was less well prepared than Bolivia for the worsening terms of trade provoked by the outbreak of an international financial crisis in 2008. Moreover, it seems that Bolivia was more successful in increasing and diversifying production in energy and mining than Venezuela in controlling oil production. In this context, China became an indispensable partner to Venezuela and a fundamental source of financing and technical and logistical support. For Bolivia, China’s loans were much more modest, as Bolivia was more able to finance its own development. The situation in Bolivia has only started to change with the worsening in its terms of trade associated with falling commodity prices. Only in more recent time, China has started to gain a more significant role as a provider of financing and technical expertise to Bolivia than in the case of Venezuela.

Óscar García Agustín’s article addresses how the Venezuelan economic and political potential to increase its regional influence is developed through its relation with China. The situation presented by the author is that while Venezuela becomes more dependent on China, it does so in order to become more independent from the US, in a context of interdependent hegemony. In order to explain this paradox, the author assesses how China is influencing

Venezuela politically and economically and whether or not the two countries are forging an equal and mutual partnership. The author shows how the Venezuelan government may be reinforcing its independency but also shaping new dependent relations. According to the author, the context of interdependent hegemony would be leading to a much more complicated world than that led by a sole hegemon or a world divided into two ideological blocs.

Daniel Jatobá and Fidel Pérez Flores' article has the purpose of identifying political reactions to the growing Chinese economic presence in Brazil, Venezuela and Nicaragua. Its analytical perspective considers China-related issues as part of the foreign policy agenda that can be observed like any other public policy issue. The authors found three different ways of interaction with existing political cleavages and coalitions, as well as contrasting levels of intensity of the politicization itself. In Nicaragua, the presence of China restructures the existing political cleavages and gives new dynamics to both parliamentary and extra-parliamentary forces. In Venezuela, the existing strong political cleavage between government and opposition incorporates China as one more issue of their political clashes. In Brazil, the presence of China is apparently diluted into specific sectorial effects. Their respective politicization movements, which are formed and conducted by the private sector along the axis defensive-offensive commercial interests, are deepening existing organizational structure. Traditionally strong business groups are conscious of the need to advance their interests not only by making business, but also through a permanent contact with government authorities and decision-makers.

In the same way, Chinese investments in extractive industries often create opposition from specific affected communities, even in countries with governments otherwise allied with China on the international political scene. This theme is touched upon in this Special Issue in the article written by Malayna Raftopoulos and Marieke Riethof that focuses on environmental problems. The authors highlight the fact that China's strong demand for natural resources and energy is threatening ecosystems and the sovereignty of local communities over their natural resources and land. These problems suggest that China is not really concerned with the promotion of an alternative model based on sustainable development. After analysing the environmental dimensions of Sino-Brazilian relations, the authors argue that the asymmetrical economic relationship between China and Brazil has reinforced the unsustainable nature of Brazil's natural resources boom. In the specific case involving the Chinese participation in the construction of hydro-electric dams in Brazil, there

are many conflicts and controversies surrounding the respect of the local population's rights that urgently need a solution. As a result of dam projects, local communities have faced problems such as flooding, pollution, land invasions and the influx of large numbers of people attracted by the dams' employment prospects.

Clearly, as China has become increasingly significant to Latin America in different aspects this is being reflected in academic debates in the field. This special issue of *Journal of China and International Relations* seeks to contribute to the discussion of what is significant and what is particularly salient for the understanding of China-Latin America relations and their most relevant implications.

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