

# China - Latin America Relations: Overview of the Relations in a Year of Elections

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*Document prepared for the EMERiCs Project*

## **INTRODUCTION**

In geographical terms, Latin America is a region distant from China and for many decades it was also remote in terms of its interactions beyond the arrival of some workforce from China in the 19th century or limited and informal contacts during the Cold War. However, since the 1960s with the growing recognition of the People's Republic of China, ties between Latin American countries have been increasing, with a clear take-off in the 21st century following China's accession to the World Trade Organization.

Latin America, despite its remoteness, is a critical region for China because it is where Taiwan has its last bastions. Several Latin American countries, including Paraguay, recognize Taiwan and not China. This gives the region a strategic relevance, in addition to being a region composed of countries that are China's partners in the possible construction of an international order. It is for this reason that in the following article we take a closer look at relations with China in a year of important elections in Latin America and in a context of hegemonic dispute between China and the United States.

## **LATIN AMERICA AND CHINA IN THE LAST FEW YEARS**

As mentioned above, the first thing to point out to the reader who does not have expertise in Latin America is that talking about China and Latin America as a whole is a misconception. China's recent relationship with El Salvador is very different from that with Cuba, the first Latin American country to recognise the PRC. Chile's trade pattern, which is heavily concentrated in copper exports, is not the same as that of Mexico, whose economy is closely linked to the United States. The presence of Chinese investments is not the same in Peru, where they have come frequently in recent times, as it is in Uruguay, where there are no major investment projects. These examples do not even take into account the fact that Honduras, Belize, Guatemala, Haiti, Paraguay and three other Caribbean islands still maintain links with Taiwan.

Considering this, we can look at different dimensions of China's relationship with Latin America to show similarities and differences in the relation. In terms of trade, a critical aspect when talking about the region's possible dependence on China, it is worth noting that there are similarities in the sense that trade with China has increased in the last two decades (Wise and Chonn Ching 2018). But this does not imply that there are no differences in terms of the fact that for most South American countries, China is their main trading partner in goods, while for Central American countries and Mexico, the

United States continues to be the most important player. Even for South American countries in terms of trade in services, the United States remains essential.

In terms of political ties, China's preferred platform for engagement with the region is the Community of Latin American and Caribbean States, which is a forum that includes 33 countries and not the United States like the Organisation of American States (Vadell 2018). However, Latin America does not have a joint regional strategy towards China and countries' positions have varied according to their interests. Also, China has proposed various global initiatives such as the Belt and Road Initiative, to which the region was invited, and many countries have expressed their intention to get involved, regardless of what it actually means to be part of the BRI. Most countries in the region have signed a memorandum of understanding on BRI, with the exception of Colombia, Bahamas and Brazil. However, there are countries that got involved quickly with the project, such as Uruguay or Chile, signing this document but also participating in the forums organised by Beijing in this line. Others, such as Argentina, were delayed in taking this step until this past year.

With regard to another of China's global projects, the Asian Infrastructure and Investment Bank, several Latin American countries are involved, such as Argentina, Brazil, Chile, Ecuador and Uruguay. Ecuador was the first Latin American country to be approved for a financing project for small and medium-sized enterprises at the AIIB, and it makes sense since it does not have as much access to credit as other countries such as Chile and Uruguay, which, being well classified, obtain credit in the market. This is probably why Venezuela is the country that has received the most financing from China, followed by Brazil, Ecuador, Argentina and Bolivia (The Dialogue 2022).

### **TIME OF ELECTIONS: WHAT TO EXPECT?**

From a distance, it is tempting to refer to a single Latin America, but in the relationship with China, similar patterns can be found among the countries, as well as some important differences, beyond the broader engagement with China in general terms. The previous section aimed to provide greater clarity on this by trying to understand in what dimensions there are differences and why.

What is certain is that the context of the hegemonic dispute between the United States and China is present throughout the region and is a systemic issue that does not escape any of the countries in the region. Historically, the United States has been the hegemon in the region and a critical economic and strategic partner for most countries. It continues to be a priority in terms of investment and also in terms of trade, given the importance of volumen with Mexico. However, the emergence of China on the Latin American map has raised concerns in Washington, first in general terms, but more recently by drawing some red lines, such as collaboration in technological investment or military relations.

In this sense, once again, from a lack of knowledge of Latin America, it is possible to point to the existence of ideological links between some countries and China. However, this has not been the case in general terms. Even in cases such as that of Brazilian

president Jair Bolsonaro, who has been very critical of China, in the context of COVID-19 and with narratives very close to those proposed by US conservatism and the Trump administration, ties between Brazil and China have not deteriorated. Mainly because of China's importance for the Brazilian agro-export sector. In other cases, the change of government in countries such as Uruguay and Chile shows a certain institutionalisation of the relationship with China and a state policy that has been maintained regardless of whether the governments are centre-left or right-wing.

In this sense, it is critical to understand the political situation in Latin America today and to observe how this may or may not affect ties with China. There are those who say that we are facing a new pink wave in Latin America with victories of left-wing governments, as suggested at the beginning of the first decade of the 21st century. This argument is based on the victories of Petro in Colombia or Lula in Brazil. However, this phenomenon is perhaps best described as a victory of opposition governments or defeats of the ruling party, rather than an ideological victory of the left. In 11 of the 12 presidential elections completed in Latin America since 2019, the vote was for changing the party in power with the exception of Nicaragua which could not qualify as a democracy (BBC News 2022).

#### **CHILE – CHINA RELATIONS IN A YEAR OF ELECTIONS**

President Boric took office in Chile in March 2022. Chile has been characterised by being the first with China in several respects, the first in South America to recognise it, to have an FTA and to support its incorporation into the WTO. The relationship has gone beyond ideology because even the right-wing Pinochet dictatorship maintained diplomatic relations with China. In other words, Chile's long-standing progress allowed it to advance in various aspects in a world situation where the United States was not looking China with suspicion. Today the situation has changed and Chile is discussing the possibility of active non-alignment (Fortín, Heine, and Ominami 2020) in order to manage the relationship between China and the United States. Chile's ties with China are fundamental in economic terms, but in security and defence matters, the United States continues to hold great preponderance.

Given Boric's background, which included in his electoral campaign a fierce pro-human rights discourse (mainly on Venezuela) and when he was a legislator a polemic with the Chinese ambassador, changes could have expected changes in the relationship with China. In the framework of the APEC forum, as the president himself expressed, Chile is facing some pressure to say which side it is on, stressing political autonomy and the non-exclusion of a part of the Chinese side (Radio UChile 2022). In this context, Boric met with Xi Jinping where the invitation to visit China next year, Chile's possible support for China's accession to the CPTPP and also Chile's firm adherence to the One China principle were affirmed. This shows the institutionalised continuity we mentioned.

#### **COLOMBIA – CHINA RELATIONS IN A YEAR OF ELECTIONS**

Another important election in the region this year was the victory of Gustavo Petro in Colombia, a leftist candidate who had lost the last elections in 2018 to Iván Duque, and

who became the first leftist president in Colombia. The first aspect to consider in this regard is that Colombia has been the main ally of the United States in the region, with military bases on its territory and with constant cooperation in the fight against drugs. In terms of ties with China, it is not one of the countries with such close commercial ties, although it has grown in recent times, positioning China as the second largest trading partner. Investments have also grown, notably in the Bogotá metro and the creation of a suburban train, as well as in terms of loans. However, it is one of the countries that did not sign the Belt and Road Initiative memorandum of understanding, nor is it part of the AIIB, two of China's global projection projects.

Will relations change with Petro's government? As one of the leading experts on China/Colombia bilateral ties, David Castrillon, puts it, relations will surely deepen and broaden with China, something that in any case was already occurring. But perhaps progress can be seen in the signing of the MoU on BRI or even in the entry into the AIIB. However, there are challenges in terms of possible future investments and the position of the United States. This is perhaps the biggest challenge for a country like Colombia, which is so close to the United States. Indeed, US congressmen visited Colombia a few months ago with the message that grabbing Beijing's money will eventually pay off (El País 2022). Pressure from the United States is increasing, but unlike Chile, Colombia, due to its historical ties, does not have as much margin for action, so a connection in defence or 5G technology cooperation is not to be expected.

#### **WHAT TO EXPECT IN BRAZIL – CHINA RELATIONS?**

In the case of Brazil, the disputed elections that went to a second round ended with the victory of Luiz Inácio Lula da Silva, who was president from 2003 to 2010. This implied the defeat of Bolsonaro, who as mentioned had been very critical of China and even visited Taiwan during his election campaign. However, this did not mean that the relationship deteriorated under his government, which even with the passing of the years and an illiberal stance saw the BRICS countries as an ally in the context of a distancing from the United States and Europe (Stuenkel 2022).

During the previous Lula governments, Brazil-China ties flourished, mainly due to the context of the commodities boom and the export of raw materials from Brazil. However, in other areas mentioned above, the relationship was also close, with Brazil embracing a large part of China's investments in the region, including the purchase of part of Repsol (oil) by Sinopec or investments in public dams by Three Gorges. In political matters, the relationship with China has been close, mainly in the context that both are part of the BRICS and coordinate in multilateral organizations.

What to expect from Lula's new government. The time is different from that of the commodities boom, not only in economic terms, but also in the context of the hegemonic dispute with the United States. Brazil, as a regional power, may not receive the same pressures that other countries in the region may receive from the United States. In this sense, China is an ally for Brazil in the construction of the liberal order or in multilateral organisations, which is why a fluid relationship would be expected. However, this new government is also critical of the reprimarisation of the economy and

the pure economic concentration in the agro-export sector, so a less commercialist approach to relations with China is to be expected.

## CONCLUSION

In summary, 2022 was a critical year for Latin America because of the elections in two large countries such as Brazil and Colombia, and also because a new president took office in Chile, a key country in the link between Latin America and the Asia-Pacific. The political sign of the governments in these three cases are leftist governments, but this specific fact does not necessarily imply a stronger link with China. As mentioned above, each Latin American country has its own logic, and it is not only domestic issues that have an influence, but also the systemic situation and pressures from the United States to shape relations with China.

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