Domestic Reactions to China’s Presence in Three Latin American Countries: Brazil, Nicaragua and Venezuela

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Abstract: China’s increasing presence in several Latin American countries is having different effects on national political arenas, probably making room for new specific cleavages. This article is an exploratory study with the purpose of identifying political reactions to China’s growing economic presence in three differently sized Latin American countries (Brazil, Venezuela and Nicaragua). Our analytical perspective considers China-related issues as part of the foreign policy agenda in Latin American countries and, in turn, foreign policy issues as a phenomenon that can be observed like any other public policy issue. That is, a realm where actors inside or outside the state use political resources and energy to advance their own preferences. In analyzing the diverse circumstances generated by China’s economic presence in each of the selected cases, we hope to contribute to studies on the politicization of foreign policy in Latin American countries.

Keywords: Foreign Policy Analysis, Politicization, China’s economic presence, Brazil, Nicaragua, Venezuela.

Introduction

China’s increasing presence in several Latin American countries is having different effects on national political arenas. Impacts derived from China’s relevance as commercial partner, investor, and international lender for social and infrastructural projects are visible not only throughout the formation of a new axis of power in Latin America, but are also increasingly making room for new specific domestic cleavages. In this exploratory study, our purpose is to identify political reactions to the growing Chinese presence in three Latin American countries: Brazil, Venezuela and Nicaragua. They have contrasting characteristics in almost every aspect except that relations with China have become a salient feature of their foreign policy agenda.

We also intend to expand current analytic efforts on the emergence of new global players to a more intensive overview on the degree to which foreign relations are internalized as part of the domestic political struggles. Then, our analytical perspective takes China-related issues as part of the foreign policy agenda in Latin American countries and, in turn, foreign

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policy issues as a phenomenon that shall be observed like any other public policy issue. That is, a realm where actors inside or outside the state mobilize political resources and energy to advance their own preferences.

The article starts by reviewing salient arguments about the rise of China and its impacts on Latin America, noticing that too little attention has been paid to how domestic forces react or accommodate to the growing presence of Chinese interests inside their countries. Then, we present theoretical arguments about how public policy – and foreign policy as a particular instance of it – often operates according to dynamics of politicization which imply the existence of conflict arenas where different projects and interests are at stake. In this sense, this text is part of a growing amount of literature acknowledging the theoretical and empirical artificiality of considering the state as a single unit model regarding foreign policy issues.

In the third section, we present evidence of how Chinese interests are leading to the creation of more or less intensive political arenas in three Latin American countries: Venezuela, Nicaragua and Brazil. In all of these cases, China (and Chinese companies) is an important partner either for trade, investment, financial accords or infrastructure projects. Notwithstanding, they are also very different regarding their territorial dimensions, economic structure, sociopolitical cleavages and, as we shall see, the ways in which the Chinese presence is politicized. Those differences allow us to identify, in a variety of circumstances, the ways in which the growing importance of China for Latin American economies is having an impact on the domestic political arenas.

1. The Growing Presence of China in Latin American Countries
Global attention to China’s rise in scholarly literature has an important subset of questions related to the specific impact on Latin America, focusing primarily on economic aspects or geopolitical implications. Most accounts of the recent economic ties between China and Latin American partners state that its growing dynamism began in the first half of the past decade (Ferchen, 2011; Holland and Barbi, 2010; Vadell, 2011). Latin American countries mainly export oil, gas, minerals and agricultural products to China. Latin America imports manufactured goods from China. Chinese companies are partners in joint ventures with local private or state owned firms, frequently on infrastructural projects or the extraction of natural resources. China’s financial institutions also act as a lender, often in relation with contracts for energy exports, or as a means to finance Chinese imports. Because of China’s importance to sustain Latin American countries’ economic growth, these links are viewed as a
longstanding trend connected to changes in the global political economy (Vadell, 2011). But there are also arguments linking that trend to a boom of heavy industries inside China that will not necessarily last forever (Ferchen, 2011). In any case, Chile, Brazil, Argentina, Ecuador, Colombia, Peru, Bolivia and Cuba are identified as the countries where China has concentrated its commercial interests and investments in the region (Holland and Barbi, 2010; Vadell, 2011) – given China’s energy interests, an important oil-producer like Venezuela should also figure on this list.

There is also a debate concerning the impact of China on the way in which these Latin American countries develop ties with the global economy. On the one hand, there are those who view the relation as a positive complementarity and, on the other, those who think that a North-South dependency pattern is being settled between Latin America and China. A win-win cooperation discourse is primarily used by the Chinese government when describing its policy toward Latin America (People’s Republic of China, 2008). It is echoed by policymakers, scholars and observers who emphasized a set of opportunities for both sides. On the other hand, more critic assessments include warning remarks about a renewed pattern of core-periphery dependency links in which Latin American countries specialize in exporting commodities while imports from China are mostly value-added manufactured goods (Bernal-Meza, 2015; Ferchen, 2011; Vadell, 2011).

Others see important consequences to the current equilibrium of economic powers in the region should a trend in Chinese foreign investment in Latin America be maintained. In this case, Brazil is appointed as the main loser of regional influence (Holland and Barbi, 2010). As for the effects on the internal economic structure, Brazil and other countries with significant levels of industrialization (such as Argentina and Mexico) are also depicted as experiencing serious damage derived from the challenge posed by Chinese manufactured goods. This is not the case for countries such as Chile or Peru, having a less significant industrial sector to be worried about. On the contrary, their commodities-led exports profile is a very positive feature for their relations with China in the short run (Vadell, 2011).

Among all this rich literature exploring structural trends in Latin America related to the global rise of China, no great attention is dedicated to how it is having an impact on the political realm inside those countries. In a study on cooperation and assistance for

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3 For Ferchen (2011), both sides shared the basic assumption that China’s growing development is necessarily related to an equally growing need for commodities in Latin America and elsewhere, but he contends that this assumption is wrong and could lead to misleading expectations in the long term.
development activities of China in Latin America, Adriana Abdenur and Danilo de Souza Neto (2013) report that local NGOs and communities are basically feeling excluded from decision-making processes in projects financed by Chinese funds. Conflicts between Chinese companies, indigenous groups and local authorities on environmental, fiscal and labor issues in Peru and Ecuador are also mentioned. The authors also make the case for a more intense debate about the issues raised by Chinese assistance policies between governmental officials, private investors and civil society organizations involved in so-called South-South cooperation schemes.

Omar Bonilla (2014) has a more detailed account of how the search for oil in Ecuador, in which Chinese companies participate as partners, is having an impact on indigenous communities neighboring oil camps. For him, abuse of labor conditions imposed by Chinese extractive companies is at the core of emerging conflicts in the region. Javier Vadell (2011) reports that, in 2010, as a consequence of the boom of Chinese manufactured goods imports, Brazil’s and Argentina’s governments took a common stand to protect industrial sectors threatened by Chinese products. As part of these bi-national articulations, there is certainly a domestic chapter to be told about how local industrial associations turn on the political arena to influence their governments’ attitudes in situations where the relations with China are perceived more as a threat than as an opportunity.

Independently of the effectiveness of these specific moves or the responses adopted by China, what interests us in this article is the identification of political conflicts arising as a consequence of China’s growing presence in Latin America. In the following sections, we present three cases, three countries in which China-related issues are having an impact on the domestic political arena, although with very different intensities and patterns of mobilization among relevant political actors.

2. The Politicization Agenda: Seeing Foreign Policy as a Public Policy
It seems important to stress that the phenomenon of politicization transcends its occurrence in the foreign policy realm, or a country’s international relations, more broadly speaking. We define politicization as a political phenomenon which always occurs when, in a specific political arena, there are social actors who have conflicting preferences about a specific issue and these actors mobilize organizational resources, or simply behave politically, in order to influence public policies. In this sense, what we call politicization refers to political disputes around some public policy, around which relevant political actors mobilize to put pressure on
the public arena. Following our research interest in politicization, we assume that: firstly, changes in foreign policy/international relations may generate internal political effects; secondly, foreign policy is to be taken as a public policy, like many others; thirdly, domestic actors may have divergent preferences about specific foreign policy issues; fourthly, specific issues may generate different levels and modalities of politicization; and, finally, we assume that actors usually form coalitions according to their preferences, but these coalitions do not necessarily match with preexisting political cleavages.

In other words, politicization is a process of inserting a public issue into an arena of disputes among actors with divergent and/or convergent preferences. Of course not all public issues generate dynamics of politicization. That is, in a given context some themes and decisions may generate disputes of greater intensity, while others may have a less conflictive pattern of actors’ accommodation. We may estimate the intensity of each political actor by inferring it from its behavioral and organizational political investment to affirm some preference. What are the dynamics that influence different intensities of these actors’ preferences and modes of acting politically? What are the main thematic issues politicized by the main relevant actors under analysis in a specific political arena? How do specific actors define their interests around a public issue and how do they form coalitions to pursue these preferences? These are some of the main issues of interest to us in our current joint researches.

Following Elmer Shattschneider (1960), politics means conflict. Therefore, it would be impossible to understand politics without analyzing the content of prevailing political disputes and how they structure political arenas as well as the actors’ behaviors and coalitions. For him, the creation of factions, parties and other political groups is an essential part of politics, and their political struggles may set diverse coalitions and configurations of the public arena around specific issues. These dynamics generate changes in power relations as well as winners and losers. Additionally, the author points to the frequent hierarchization of different kinds of conflicts by actors. That is, in any society we may have many different conflicts of interests and which of them are to gain priority in the public agenda is also a matter to be disputed among these conflicting interests’ actors.

Another source of theoretical inspiration comes from Torcuato Di Tella (2003), who defines the political game as the coalitions built among actors who have different preferences and behaviors around public issues. He develops categories to analyze the coalition building processes, as for example the concept of affinity, which may vary from partial affinity, when
actors converge only in one specific issue, until total affinity, the limit condition of political identity around a whole set of issues. The opposite situation, i.e. no affinity at all, is referred to as the concept of antagonism, which may also be characterized as partial when actors diverge only in one specific issue, or total: the limit condition when actors clash in all relevant issues. He also admits the possibility of having punctual affinities, particularly when actors diverge on most issues but have convergent preference in one issue or have a common political antagonist to be faced by the coalition. In any case, coalition patterns are of central interest to our research agenda: How are they formed and transformed? Which coalitions are more time lasting and which have a more tactical meaning? And how do they relate to broader existing political cleavages in a political arena? These are some additional interrogatives that guide research on the politicization of public policies.

In the same context, the concept of political cleavage is of special interest because it allows theoretically social divisions that acquire political relevance to connect with their role in structuring the coalition-building processes. Alan Zuckerman (1975) once published an extensive theoretical analysis of the concept, where he found a recurrent meaning of political cleavages as specifically deep and long-term divisions within a political society. Instead, we prefer not to be so restrictive with the concept’s content and, consequently, we admit the validity of the concept even when applied to particular conjunctures, and not necessarily anchored in pervasive and preexisting divisions within societies.

Another topic refers to the empirical question of what kinds of issues are more frequently politicized in a particular political society. It is reasonable to admit that different issues may mobilize the main actors with diverse degrees of intensity. Some authors cited by Zuckerman have explored religious, ethnical, regional, class, and also foreign policy political cleavages, such as Seymour Lipset and Stein Rokkan (1967), Robert Dahl (1965) and Hans Daadler (1966).

All this literature feeds our theoretical and empirical investigations, as well as the theoretical model of Theodore Lowi (1964), who identifies how different characteristics of public policies may influence different modalities of arenas elected by actors to advance their policy preferences. In his view, we may find three kinds of public policies according to their effects: distributive, regulatory and redistributive policies. The first one is characterized by the possibility of dividing the public resources in individual shares to favor specific actors or sectors. Consequently, a distributive public policy tends to create diverse political coalitions based on the principle of mutual non-interference. The second category is applied to those
policies that have the power to change rules that, by definition, do not allow the disentanglement of benefits and costs. These regulatory policies generate coalitions based on the logic of the interest groups, which trying to put rules in their favor while disputing the content with other groups. The third kind of public policy is the redistributive one, described as having the capacity to affect the sharing of benefits and costs among entire different social classes or segments. As a consequence, it tends to generate the broadest and most polarized political coalitions.

The approach defended here stands in defense of an interdisciplinary dialogue with other thematic literatures (e.g., executive-legislative relations, bureaucracies, representative and participatory institutions, legislative studies, political parties, social movements etc. Some of the references are commonly cited in the Brazilian case (e.g., Lima 2000 and 2013). Salomón and Pinheiro (2013) and Milani and Pinheiro (2013) advance a proposal of intense dialogue with neoclassical realists such as Gideon Rose (1998), Randall Schweller (2004) and Fareed Zakaria (1998), as well as other theorists of foreign policy analysis such as Christopher Hill (2003), Helen Milner (1997) and Lisa Martin (2000). In the next section, we present a three-case exploratory study of domestic reactions to China’s presence in Brazil, Nicaragua and Venezuela with these research interests in mind.

3. Domestic Reactions to China’s Presence in Three Cases: Nicaragua, Venezuela and Brazil

3.1 Nicaragua: small country, big politicization

Despite the absence of diplomatic relations, the presence of China in Nicaragua has launched an intensive wave of political contestation around the construction of an inter-oceanic canal by Chinese businessman Wang Jing. This project has raised huge expectations as a tool to foster economic development, but communities surrounding the projected canal route, as well as environmentalist organizations, are making visible a political movement against it. As in the case of Venezuela, to be seen in the following section, this conflict follows for the most part the patterns of confrontations between government and opposition, but it seems to have brought to the political arena a set of actors that would not have been mobilizing against the government if the Canal project had not been announced.
The project has an estimated cost of around US$50 billion, which is more than four times the Nicaraguan GDP in 2014. A 50-year concession was given to the Hong Kong Nicaragua Development Investment Group (HKND), renewable for another 50 years. According to a draft of the project released by the company, the construction should be finished in 2019, including complementary facilities: a bridge for the Pan-American highway over the canal, a ferry, power generating and transmission facilities, cement plants, a free-trade zone, tourist hotels and an airport (HKND Group, 2014: 14).

Defined as “the largest civil operation in history, requiring the excavation of approximately 5,000 Mm³” (HKND Group, 2014: 16), it implies a projected 715Mm³ freshwater dredging in the Nicaragua Lake segment in order to reach the minimum depth required to receive ships larger than those intended to transit across the expanded Panama Canal. Aside with salinization risks and massive reallocation of peasant communities, these are the main motivations for the intensive street mobilization that took a prominent position among political issues in this Central American country.

Since the 19th century, Nicaragua expected to be the place where an inter-oceanic canal would be built. Before the inauguration of the USA East - West railroad in 1869, it was easier to go across Nicaragua (or Panama) than to take the difficult, longer and dangerous journey across the U.S. mid-west territories, at the time poorly populated (Folkman, 2001). The canal was finally constructed in Panama at the beginning of the 20th century, but it remained as a pervasive illusion conceived by economic and political elites as a possible solution to the country’s historical problems (Baltodano, 2015). President Daniel Ortega and other government officials emphasize the scenarios of prosperity that the inter-oceanic canal would bring, including job creation during and after the construction, significant poverty reduction, and economic growth rates around 12% in 2018.

The anti-canal side insists that it is still not clear what the environmental costs are, notably regarding the impact of the Nicaragua Lake dredging and salinization. After two years of research, the British firm Environmental Resource Management (ERM) presented to the

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government the results of its environmental impact studies on May 31, 2015\(^6\). The government called for public consultations on it in September, but they were held in a single session where no anti-canal voices were invited. Also, the full version of the ERM studies was effectively never made public.\(^7\) NGOs and local communities argue that the canal is equivalent to a death sentence for the Nicaragua Lake, which is the greatest freshwater reservoir in Central America\(^8\). The policy for land expropriations needed for the canal is another highly conflicting issue. According to bill 840, which regulates the concession to the HKND Group, current owners will be paid their property on a cadastral value basis, allegedly far below market prices. Expropriation being compulsory, it has spread the fear that thousands of people will be submitted to forced displacement.

Around 50 street protests against the canal have been counted by activists until October 2015. Peasant communities, ecologists, human rights organizations, NGO’s and opposition political parties are prominent participants. Additionally, they have built common organizational platforms to amplify their voice and coordinate action. Two important coalitions of this kind are: The National Council for the Defense of the Land, the Lake and National Sovereignty; and the Cocibolca Group. Rather than being led by established political parties, they are the expression of how political tensions arise in direct reaction to the would-be most major infrastructural project ever built by a Chinese company in Latin America.

President Daniel Ortega had comfortably secured reelection in 2011 with 63% of the vote, followed by the Independent Liberal Party (PLI – 31%) and the Liberal Constitutional Party (PLC – 6%). Ortega and his party, the Sandinist National Liberation Front (FSLN), have been ruling the country all along the 1980s, as a consequence of a leftist revolutionary movement which overthrew Dictator Anastasio Somoza from power in 1979. Having lost the presidential election in 1990, the FSLN experienced a period of internal splits and ideological reorientations until they returned to the Presidency in 2007. Ortega’s recovery was the result of a combination of persistent ties with active social organizations, controversial pacts with


\(^7\) See “Urgen estudio independiente del canal”. In Confidencial, September 26, 2015 (http://confidencial.com.ni/urgen-estudio-independiente-del-canal/). [Accessed on 5 October 2015]

former enemies, and deep divisions among other competitive political forces. As a President, he has been able to increase his popularity by implementing a myriad of focused social programs and strengthening ties with relevant sociopolitical actors (such as the business class and the Catholic church). Nevertheless, this new decade of Ortega in power has also been marked by criticisms of democratic setbacks, the undermining of check-and-balance mechanisms and serious attempts to limit the space for political contestation. Opposition parties, such as the Movement of Sandinista Renovation (MRS), the PLI, and the Liberal Party Alliance (PAL), which are in the process of building a National Coalition for Democracy, have publicly supported the anti-canal movement. Nevertheless, it has been done more as sympathizers and supporters rather than as leading organizations.

The Academy of Science of Nicaragua (ACN) is another resonant voice expressing serious concerns about the way in which the government is conducting the process. Jorge Huet-Perez, ACN’s vice-president, signed an editorial in the journal Science calling for a reconsideration of the project (Huete-Perez et al., 2015) and, in 2014, the academy published a book with arguments from a diversity of academic backgrounds expressing critical assessments of different aspects of the project (Academia de Ciencias de Nicaragua, 2014).

Anti-imperialists and sovereignty claims are characteristic of massive protests against the canal. Anti-Chinese wall writings are easily seen across public spaces near the projected canal zone. President Daniel Ortega is often depicted as a traitor and Chinese investors as contemporary imperialistic agents substituting traditional Uncle Sam emissaries. According to a report from the Nicaraguan Center for Human Rights (CENIDH), an organization sympathetic to the anti-canal coalition, this project has raised the most intensive opposition among the infrastructure plans in the country. For this NGO, the canal was responsible for a significant increase in political violence and repression during 2014 (CENIDH, 2015: 3–5).

In spite of this mobilization, the pro-canal side is, by no means, small. And perhaps not even a minority. Of course, the governing party, the Sandinista Front of National Liberation (FSLN), and its militants and sympathizers, strongly support the inter-oceanic plans. The business community gathered around the COSEP, the most politically relevant productive sectors’ organization in the country, after denouncing the risks for private property and sovereignty concerns, was invited by Wang Jing to visit China in November 2014 to get more

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9 For further analyses of the contemporary Nicaraguan political process, see: Martí i Puig (2013a); Martí i Puig (2013b); Perla and Cruz-Feliciano (2013); and John A. Booth et. al. (2015).
involved in the process. After the trip, José Adan Aguerri, COSEP’s president, said that the canal project deserved the benefit of the doubt.\(^\text{10}\) Other businessmen have, on several occasions, expressed their interests in embracing the opportunities associated with the Grand Canal. On the other hand, according to a poll conducted by the Latin American Public Opinion Project (LAPOP) in 2014, 72% of Nicaraguans have positive expectations for job creation once the construction of the canal begins, 51% think it will boost national development, 43.4% are worried about environmental impacts, but, at the same time, 91.3% are against expropriations as regulated by bill 840. This poll also showed that FSLN supporters are more likely to be enthusiastic about the Canal and less worried about environmental impacts (Coleman, 2015).

Canal debates are also impinged by a skeptical approach among critics. The question of whether the Canal will be constructed at all is nourished by a bundle of facts and speculations. First of all, the figure of the main HKDN shareholder, Wang Jing, is surrounded by doubts and incomplete information\(^\text{11}\). It is known that he has made his fortune in the telecom sector, but little ground of experience is recognized in infrastructural projects. Questions also arise about how exactly the canal construction will be financed. Wang Jing’s plan is to attract international investors. Nevertheless, in October 2015, the Bloomberg Billionaires Index showed that he has lost 84% of his net worth in the context of Chinese equity markets shocks in August 2015\(^\text{12}\). How could he convince investors of joining the Canal risks with such a personal performance?, some ask.

But for canal critics, this kind of uncertainty about the canal is no reason to relax. On the contrary, it could be a serious indication that the real danger is not the Canal itself, but the variety of side-projects that are contemplated by the same 50-year concession awarded to Mr. Wang. According to this logic, even if the canal never becomes a reality, it will still be a myriad of infrastructure projects that can take advantage of the generous regulations now legally conceded to Chinese investors (Baltodano, 2015). For these activists, it is sufficient to

\(^{10}\) See the interview with Carlos F. Chamorro “El canal y los empresarios: COSEP otorga con entusiasmo el “beneficio de la duda” as part of the program \textit{Esta semana}, broadcasted in November 2013, available at: https://www.youtube.com/watch?v=UNBu83-3bng. [Accessed on 5 June 2015]

\(^{11}\) See “La ‘telaraña’ de Wang Jing y la conexión militar con China”. In: Confidencial, November 03, 2014 (http://confidencial.com.ni/la-telarana-de-wang-jing-y-la-conexion-militar-con-china/). [Accessed on 5 June 2015]

continue the struggle against a model of foreign cooperation allegedly pernicious to national sovereignty and human rights.

3.2 The Venezuelan case: government/opposition politicizing axis

China is an important political issue in Venezuela as long as the opposition forces perceive that relation as a central piece of a foreign policy that they completely reject. For this reason, the politicization of the Chinese presence in Venezuela follows current patterns of government/opposition tensions. Nevertheless, specific features of the growing importance of China as a foreign financial alternative for the Venezuelan state has raised direct criticism. Lack of transparency and fear of losing sovereignty are at the center of the arguments.

China-Venezuela relations became more intensive around 2008. Oil exports and joint ventures in oil production were a central driven-force in the process, but cooperation branches were also established in a variety of infrastructure projects and technical domains, including the military. One of the reasons for this bilateral intensification was the Venezuelan search for alternative markets for its oil exports, until now heavily concentrated in the United States. The anti-imperialistic goals of the Hugo Chavez government should be accompanied with a consequent oil policy intended to reduce ties with the western superpower. At the time, agreements signed with China regarding oil sales were always explained as a footstep towards a gradual increase in exports. In addition, it was also then that China intensified its search for energy and commodities in Latin America and other developing countries.

In domestic politics, 2007 was the year of the electoral awakening of opposition parties in Venezuela. In December of that year, they were able to defeat Chavez in a referendum proposed to modify 69 constitutional articles, seen by the government as a fundamental step towards the transition to a “21th Century-Socialism”. This important victory enhanced opposition factions that see the electoral arena as the only viable battlefield to be explored,

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13 In 2008, according to Petroleum of Venezuela (PDVSA), 250 thousand oil barrels per day were sent to China, which represented already a significant upgrade compared to 49 thousand b/d in 2005. At the time, it was often stated that the goal was to send one million b/d in 2015 (See: “Acuerdo de cooperacion tecnologica con China”, in El Universal, April 06, 2008; “Ramirez afirma que ‘China es el principal socio petrolero de Venezuela’”, in El Universal, December 29, 2012). In September 2015, during a visit to China, President Nicolas Maduro of Venezuela declared that oil exports to China were about 700 thousand b/d and reaffirmed that the purpose is to send one million b/d (See: “Maduro: China y Venezuela estamos más unidos que nunca”. In: El Universal, September 02, 2015 (http://www.eluniversal.com/economia/150902/maduro-china-y-venezuela-estamos-mas-unidos-que-nunca). [Accessed on 5 October 2015]
after the failed attempt to overthrow Chavez with a coup d’etat in 2002, a general strike in 2002/2003 and electoral boycott in the 2005 Legislative elections. In 2008, the fragmented landscape of opposition parties and movements was partially successful in building electoral fronts to support common candidates in regional contests after a pact signed in January. In June 2009, they restructured its coalition under the Democratic Unity Roundtable (MUD), which is still the main oppositional front in Venezuela.

Despite the notorious heterogeneity of its members, MUD has been able to maintain itself as a reasonable cohesive organization for electoral purposes. As part of a set of arguments rejecting different aspects of the Chavez and Maduro administrations, condemnations to foreign policy are unanimous among MUD members. In their general principles for the 2012 presidential election (Mesa de la Unidad Democratica, 2012), Chavez’ foreign policy is depicted as a conflictive one, seeking non-pacifist geopolitical alliances, intervening in internal affairs of several countries, and using oil as a blackmail tool in international politics.

At the core of the relation the Venezuelan government has built with China is a loans-for-oil arrangement through which Venezuela has access to state credits via the China Development Bank, while Venezuelan oil barrels are shipped to China on a long-term basis as a way of payment. Those credits are transferred to the Venezuelan Development Bank (BANDES) from which they are transformed into special funds, such as the so-called Fondo Chino (Chinese Fund).

These special funds have been specially targeted by opposition actors, spreading denunciations about governmental mismanagement by avoiding parliamentary accountability and maintaining Chinese credits out of official public debt records. Congressman Miguel Angel Rodriguez, elected as a MUD candidate in 2010, has been a leading voice in that respect. In November 2011, using a PDVSA internal report, he claimed that the oil-for-loans deal with China is destabilizing the state owned oil company finances. He also raised doubts about whether these oil barrels are in fact being sold to China at market prices or whether they are shipped at lower rates, as has been suggested in the PDVSA documents. Finally, Rodriguez also exposed the mechanism through which Chinese funds are kept outside normal audit mechanisms: while these foreign resources are transformed into funds through the
BANDES, the government does not need to include them as part of the national treasury and, as a consequence, they remain safe from Legislative oversight\textsuperscript{14}.

During the 2012 presidential contest, opposition candidate Henrique Capriles Radonsky defended, in his electoral program, approved by all parties in the coalition, the notion that the relation with China has been characterized by the signature of non-transparent contracts exchanging oil for loans to be used for purposes not related to the oil industry (Mesa de la Unidad Democrática, 2012). Radonsky also publicly condemned Executive directives allowing the exploitation of gold mines by Chinese companies arguing that Venezuelan resources should no more be surrender to foreign countries\textsuperscript{15}. Other voices on the opposition side have made similar claims, comparing the relation with China to classical imperialistic abuse in which a powerful country takes over the natural resources of a weaker one with the collaboration of the national government\textsuperscript{16}. Current president Nicolas Maduro and prominent members of his cabinet often have to repeatedly disqualify opponents as “liars” and reaffirm the important role that China is playing in projects of national development\textsuperscript{17}.

The most traditional and politically relevant entrepreneurship’s organization in the country – the Federación Venezolana de Cámaras de Comercio y Producción, FEDECÁMARAS – has publicly complained about the fact that that Chinese investors find relatively greater facilities in the country compared to the support that the Maduro’s administration has given to national investors. The private sector’s position in relation to


\textsuperscript{16} See, for example, the national secretary of the First Justice party, Tomás Guanipa, who directly suggests that the Venezuelan government is offering the country to “Chinese imperialism” in spite of its incisive rhetoric against “US imperialism”. In “Guanipa critica endeudamiento de Venezuela con el Fondo Chino”, El Universal, July 21, 2014. (http://www.eluniversal.com/nacional-y-politica/140721/guanipa-critica-endeudamiento-de-venezuela-con-el-fondo-chino). [Accessed on 5 June 2015]

China seems to follow its prevailing opposition during Chávez’s administrations. Recent statements of the vice-president of the organization, Carlos Larrazábal, also raise frontal criticisms of the relations with China, especially the compensated trade attached to the Chinese loans.

On the other side, some opposition leaders and newspaper columnists recognize that China’s loans-for-oil scheme is not evil per se, given the current fiscal crisis and provided that it is conducted in a transparent way (Santos, 2012). This leaves the following question: would the growing presence of China not be interrupted by an eventual electoral transition of power in Venezuela? The positive answer is reinforced by the apparent structural dependency of the Venezuelan state – not only the current Venezuelan administration (Chavez-Maduro).

Notwithstanding, there are some issues in the China-Venezuela bilateral relations that are less politicized. For example, military cooperation, oil-related joint ventures, technical and agricultural cooperation, etc. For these issues, our research has found less evidence of oppositional criticism. In conclusion, this difference in the political behavior of opposition forces suggests that the nature of the issue impacts on its greater/lower political contest.

3.3 The Brazilian case: complex economy and sector-specific mobilization

In the case of Brazil, we see a much less public mobilization on China-related issues and mostly concentrated in economic sectors. In our observations, what we have found is predominantly a sector-oriented pattern of collective organization, instead of the patterns we have observed in the previous cases, in which the issue is contested in the political arena. In relation to China’s growing economic presence in Brazil, Brazilian social actors such as entrepreneurship, by far the more organized social sector in terms of Brazil-China relations, seem to be following the suggestion implied in the formula repeatedly uttered by Chinese authorities; namely that China’s presence in Latin America is to be treated as “business only”.

It seems that Brazilian economic sectors have learned from recent experiences, mainly in the negotiations that intended to create a Free Trade Area for Americas (FTAA, 1995-2005) and, to a lesser extent, in the earlier successful creation of the Southern Cone Common Market (MERCOSUR, 1990-1994). In addition, they present a de-centralized politicization

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dynamics probably due to the much more complex economic structure that we encounter in the Nicaragua and Venezuela cases.

Notwithstanding, we are still exploring the possible spaces through which the private sectors are advancing their own interests in terms of favorable foreign relations with the Asian giant. We are quite curious to find this hypothesized pattern in Brazil, as long as a great amount of our analytical concern with politicization comes from relatively well established literature produced on the Brazilian foreign policy politicization. According to these researches, the simultaneous processes of globalization, economic opening and democratization have exposed Brazil’s foreign policy to more assertive postures from a plurality of social actors (Lima, 2000), which, consequently, have eroded the traditional centrality of the Ministry of Foreign Affairs in the decision-making process (Milani and Pinheiro, 2013). As a result, this literature points to the need for understanding foreign policy as a public policy like any other (Salomón and Pinheiro, 2013).

Would China-Brazil expanding economic relations not be included in this broadly alleged process of increasing domestic politicization of the Brazil’s foreign policy? Or do they occur but the existing politicization follows a more informal and maybe direct path until the Brazilian authorities? Although we still do not have a simple answer to these intriguing questions, we will suggest some topics related to the phenomenon that we are interested in through this research in progress.

The government-entrepreneurships relations in Brazil deserve special attention as they have a long-established pattern of complex sectoral dialogue. In this country, we find an uncommon strength of employers’ organizations – namely the federation’s states industrial organizations, such as FIESP, FIERGS, FIESC, FIE/PR and FIE/MG or the Industries’ National Confederation (CNI), in the industrial sector, and the Agriculture’s National Confederation (CNA), Agribusiness Brazilian Association (ABAG) and the Brazilian Cooperative’s Organization (OCB).

The entrepreneurships’ abovementioned political learning of the private sector, to which we referred above, comes especially from the FTAA negotiations. One good example is the fact that the private sector founded new mechanisms of coordination, as the Brazilian Entrepreneurships’ Coalition (CEB). It was created and supported by the CNI after the Cartagena Second Ministerial Summit of the Americas in 1996, when the industrial sector perceived the high costs of non-mobilizing around the FTAA negotiations, once in the
America’s Entrepreneurships’ Forum the US private sector had showed notable activism and high convergence with the United States government (Santana, 2001).

By creating CEB, the private sector intended to react against the governmental centralization of the access of them to the FTAA negotiation. In order to participate in the America’s Entrepreneurships’ Forum, they even depended on a discretionary invitation made by Brazil’s Ministry of Foreign Relations (Jatobá, 2011). Since then, CEB has gained institutional stability and is actually an important coalition space for the industrial sector, gathering more than 170 members among companies, associations, federations, and other representatives of the industrial sector linked to CNI. Their main role is to follow international negotiations, exert pressure, though not necessarily by fully transparent means, over the Brazilian authorities and decision-makers. A similar sectoral organization is found in the agriculture sector: the three sectoral organizations (CNA, ABAG and OCB) created, in February of 1999, the Permanent Forum of Agricola International Negotiations, also in the context of the FTAA negotiations (Carvalho, 2003).

This complex sectoral organization style is also present in a more specific example, directly related to the economic relations of Brazil and China. In 2004, the Brazil-China Entrepreneurship Council (Conselho Empresarial Brasil-China) was created, gathering about 70 of the most important companies of the two countries. The council has a strong actuation in what relates to the bilateral economic relations, promoting entrepreneurs’ meetings and thematic seminars, elaborating reports and sharing economic data, and, most importantly, advancing the private sector’s interests vis-à-vis Brazilian and Chinese authorities. Their main strategies are to represent the associates’ interests and increase their internal coalition, besides promoting their research and information policies. It therefore makes sense that the Council has central companies involved in Brazil-China trade and investment relationships in its portfolio.

It seems important to stress that it was only after China’s entrance to the World Trade Organization (WTO) in December of 2001 that a trade boom between the two countries started. According to Albuquerque (2014: 108), despite the fact that the bilateral relation was classified by the successive administrations of the presidents Itamar Franco (1992-1994) and Fernando Henrique Cardoso (1995-2002), it was only during the Lula government (2003-2010) that bilateral relations gained momentum, following a significant growth of trade and investment in a context of diplomatic emphasis on South-South relations.
During that president’s mandate, however, a good moment to analyze would be in 2004 when Brazil recognized China as a state-market – a decision with many concrete consequences that was made by the president without any broad public circulation of the issue. When it was publicly announced by the Ministry of Development, Industry, and Commerce, and the Ministry of Agriculture, these two authorities revealed that China’s authorities wanted Brazil to take this stance, but it was only made possible after new trade and investments agreements were established. The decision made in 2004 is still to be regulated, and for this reason it is possible to find some questioning – or politicizing actions, we should say – mainly by the industrial sector, fearful of negative impacts of low-cost Chinese manufactured goods in the Brazilian market. In 2004, the private sector protested, especially one of the strongest industrial organizations, the FIESP. Since then, FIESP has repeatedly put pressure on Brazil’s government to review the decision of accepting China as a market economy. Since the protests of the private sector did not produce concrete results during the Lula administration, the FIESP tried to improve their opposition in the beginning of President Dilma Rousseff’s first term.

Meanwhile, however, even such an important decision by the government, made inside the governmental cabinets, did neither generate public reactions as we perhaps could have expected among political parties nor any parliamentary coalition, as we could expect, at least in the political opposition. The by far most questioning move we found was a technical consultation inside the Chamber of Deputies, about the procedural correctness of the measure – that is, it was mainly of a technical character and, moreover, had no higher public visibility at all.

Nevertheless, the Brazilian case seems to reinforce the idea that the strong and growing economic presence of China in the continent had indirect political effects, as long as it helped

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22 The technical consult was promoted in November 18, 2004, by the representative Carlos Melles (of then Liberal Front Party, PFL, now Democrats’ Party, DEM) in the Deputy’s Chamber’s Foreign Relations Commission. Actually, we think that his action does not deserve much more than a footnote. The consult and the public servant’s response, concluding for the procedural correctness of the measure as it was taken by government, may be found at the Commission’s website.
to maintain favorable conjuncture conditions for Brazil to reach important, though not so high, levels of economic growth during the 2000s and elevate levels of social policies’ expenditures. Nonetheless, this possible supportive role of China in Brazil’s growth and social expenditures has not left us with any evidence in the other two cases, in the sense that even though China was important to the Lula’s and Dilma’s administrations public policies, this fact did not motivate the opposition to politicize the issue.

Final Remarks
This text was intended to present an exploratory study of the different domestic political reactions to the growing economic presence of China in three differently sized countries of Latin America – Brazil, Nicaragua and Venezuela. In our search for evidence of the politicization of China-related issues in the foreign policy agendas of the three analyzed countries, we also 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. It is generating a broad social coalition against the mega construction of the Canal. Therefore, it is an interesting case of how a massive, although singular, presence of a China-funded investment may have cross-societal impacts in terms of its domestic politicization.

In Venezuela, the already existing strong political cleavage between government and opposition incorporates China more as another issue of their political clashes. The highly polarized Venezuelan political arena phagocytizes the economic presence of China, as long as it became an important source of foreign capital inflows which otherwise could be very difficult for the Maduro government to attract.

In Brazil, the presence of China is apparently diluted into specific sectoral effects. Their respective politicization movements, which are formed and conducted by the private sector along the axis defensive-offensive commercial interests, are deepening the already existing organizational structure. It becomes clear that these traditionally strong business groups are even more conscious of the need to advance their interests not only by making business, but also through permanent contact with government authorities and decision-makers.

Beyond the pure identification of the politics resulting from the intersection between Chinese interests and Latin American foreign policy agendas, questions arise about the consequences of this politicization for the future of the China - Latin America agenda in more
general terms and whether the political dynamics observed in Brazil, Venezuela and Nicaragua are to be seen in similar settings in other cases. Naturally, we are not able to offer a complete answer here, but it is at least essential to begin by recognizing the phenomenon as it manifests itself in three very different situations. Are the modalities of politicization founded in these three cases to be characterized as three specific patterns for further research on how China’s presence in Latin America interacts with domestic political arenas? To what extent are these domestic-level dimension disputes to be considered as an important factor in explaining successes and failures of the now highly diversified agenda of China - Latin America relations? We hope to have settled initial steps in that direction.

References


