Xi Jinping and The Sino – Latin American Relations in The 21st Century: Facing The Beginning of A New Phase?

Diego Leiva Van de Maele

Abstract: Sino-Latin American relations experienced an extraordinary “intensification process” throughout the first sixteen years of the 21st century. The present article analyses Sino-Latin American relations in the 21st century and proposes three major ideas. First, Sino-Latin American relations experienced an inflection point in 2001, which initiated an unprecedented process that intensified the relationship. Second, since the inflection point in 2001, the relationship established its foundations by transiting through an economic phase between 2001 and 2008, and a soft power phase between 2008 and 2013. Finally, since Xi Jinping took office in 2013, Sino-Latin American relations might be entering a comprehensive new phase that goes beyond trade and soft power, including the political and military-strategic dimensions. The article will be structured as follows: 1) it provides an overview of Sino-Latin American relations in the 21st century; 2) then it describes how the foundations of the relationship were established in its first two phases; 3) finally, this article provides a proposal of a new phase of Sino-Latin American relations since 2013.

Keywords: Sino-Latin American relations, Chinese Foreign Policy, Xi Jinping, China-Celac Forum.

Introduction

Despite the large geographic distance dividing China and Latin America, they have both shared a similar position in the international system post-World War II. From Mao Zedong’s perspective, both Latin America and the People’s Republic of China were considered to be part of the “third world” (Jiang, 2008), being aware of their shared peripheral position in the international system and dependent on the developed western “centres.” To avoid isolation in such disadvantaged position, China and the Latin American countries supported each other throughout the Cold War. They established diplomatic relations and recognised their common and uncomfortable situation in between the United States and the Soviet Union.

However, the paths of Latin America and China diverged completely after the end of the Cold War in 1989-91. China started to consolidate a major economic reform driven by Deng

---

1 For practical reasons, most of the time, we will use the term “Latin America” instead of “Latin America and the Caribbean”, making explicit reference to the Caribbean each time we consider it necessary to underline a point, or to highlight a particularity of the relations between this sub-region and China.

2 Diego Leiva Van de Maele is a PhD Candidate at Griffith University, Australia. E-mail: dileiva.vdm@gmail.com; diego.leiva@griffithuni.edu.au
Xiaoping in the late 1970s, and to experience the beginning of a large process of economic growth, which enabled China to rise to the top positions within the international system’s hierarchy. China moved away from Mao’s economic system to a new focus on production and exports of manufactured and high technology goods, products with a higher added value. Latin America, however, did not succeed in such effort. In the 1950s and 1960s, many Latin American governments tried to industrialise their economies through the implementation of the import-substituting industrialisation, also known as the ISI Model (Zarate, 2010).

Despite some initial success of the ISI model in Latin America, the experiment ended in the 1970s and 1980s due to both internal and external problems. Internally, the Latin American countries had problems with fiscal imbalance, public debt, and the state’s incapacity to absorb enough workers to the industry sector (Bonfati, 2015). The external problems included the vulnerability of Latin American economies to external shocks (Bárcena, 2014), the dynamics and constrains of the Cold War system, crystallised in the actions and influence\(^3\) of the United States in the region, and later establishment of neoliberal economic systems in almost every country in South America (Martínez Rangel & Soto, 2012).

Without industrialisation, Latin America and the Caribbean remained in a peripheral and dependent position within the international system and with a limited capacity of insertion in the global value chains (ECLAC, 2013). This outcome was both a curse and a blessing for the region. On the one hand, the position was a curse because the Latin American and Caribbean economies remained vulnerable to external shocks, as it became clear in the 1980s Debt Crisis and the 1990s Asian financial crisis. On the other hand, the position was a blessing because it made them attractive to a growing China that needed raw materials and energy resources to sustain its “pacific rise/development,” especially since the beginning of its “going out” strategy in the late 1990s (Cui, 2016). Ironically, the failure in the industrialisation experience gave Latin America the opportunity to become a strategic asset to the now awoken dragon of Asia.

\(^3\) Sometimes intervening directly, as in the case of the U.S. actions against Cuba in 1961 (Bahia Cochinos), Guatemala and Chile with the CIA-sponsored coup d’état against the Arbenz government in 1954, and Allende’s in 1973, respectively, among others in the Cold War period (Paz, 2012).
The present article analyses Sino-Latin American relations in the 21st century and proposes three major ideas. First, Sino-Latin American relations experienced an inflection point in 2001, which initiated an unprecedented process that intensified the relationship. Second, since this inflection point in 2001, the relationship established its foundations by transiting through an economic phase between 2001 and 2008, and a soft power phase between 2008 and 2013. Finally, since Xi Jinping took office in 2013, Sino-Latin American relations might be entering a comprehensive new phase that goes beyond trade and soft power, including the political and military-strategic dimensions.

The article will be structured as follows: 1) it provides an overview of Sino-Latin American relations in the 21st century; 2) then it describes how the foundations of the relationship were established in its first two phases; 3) finally, this article provides a proposal of a new phase of Sino-Latin American relations since 2013.

1. Sino – Latin American Relations in the 21st Century: An Overview

There is no consensus about the first contact between China and Latin America. One very interesting hypothesis, but extremely hard to verify, goes back to before the Spanish colonisation of the continent, with the Chinese sailor Zheng He and his expedition to the West in 1421 (Jiang, 2015). Nonetheless, if we put aside this more anecdotic hypothesis, we can track the beginnings of the current Sino-Latin American relations to the early years of the People’s Republic of China, particularly since 1960 when Beijing established the China – Latin America and the Caribbean Friendship Association (CHILAC) as a part of its people-to-people diplomacy (Jiang, 2006).

As previously mentioned, throughout the Cold War both China and Latin America supported each other to avoid international isolation, especially since the success of the Cuban revolution of 1959 and the establishment of diplomatic relations with La Habana in 1961, nine years later with Chile, and after that with most of the region during the 1970s and 1980s. During that period, both parties backed each other on important political matters, such as the vote for granting Beijing’s entrance to the United Nations, and the Latin American claim for 200-mile territorial sea limits in the Law of the Sea negotiations (Salinas de Dosch & Dosch, 2015).
 Nonetheless, Sino-Latin American political and economic interactions were rather limited until the beginning of the 21st century, restricted to some political and cultural exchanges between politicians and scholars (Jiang, 2006) and an almost irrelevant bilateral trade that represented only 1% of Latin America’s exports and less than 1% of its imports in the 1990s (Kotschwar, 2014). Another key characteristic of the relations between China and Latin America between the 1970s and the beginning of the 21st century was its pragmatism. The pragmatic approach of the relations enabling China to keep the political and economic ties uninterrupted even after the emergence of several dictatorships in Latin America (Domínguez, 2006), even with those that were openly Anti-Marxist as was the case with Pinochet’s dictatorship in Chile.

The first and most important inflection point of the current Sino-Latin American relations came with the advent of the 21st century. During Jiang Zemin’s presidential term (1993 – 2003), China started to consolidate the economic reforms driven by Deng Xiaoping which extended the market system and the openness of the economy (Tisdell, 2009). A major achievement of these efforts was China’s accession to the World Trade Organisation (WTO) in 2001; the negotiation process began in 1986. This accession is one of the main landmarks of “Jiang’s era”, leading to a large trend of trade and exchange rate expansion, as seen in Table 1:

| Table 1: |

<table>
<thead>
<tr>
<th>China: Exports of goods and services (current US$) in billions of dollars</th>
</tr>
</thead>
</table>

To sustain this impressive progress, China needed to secure raw materials and energy resources and both were available in Latin America. The fact that China had increasingly become a major consumer of natural resources and commodities benefited the region directly (Fernández & Hogenboom, 2010) because it initiated a new phase in Sino-Latin American economic relations. As we can see in Table 3, the trade between China and Latin America was almost irrelevant until the beginning of the 21st century.

The rise of the Chinese economy and the international “commodities boom” put Latin America on China’s radar, especially after the beginning of the Chinese “going out” strategy in the late 1990s (Cui, 2016). As Zheng et al. show using ECLAC statistics, China’s demand for primary resources increased rapidly from 2000 to 2007, and ultimately occupied 1/2 of the global bean oil consumption growth, 1/3 of soybean, 1/2 of refined copper, 3/4 of refined aluminium and zinc spelter, 1/3 of steel products, and over 1/3 of petroleum (Zheng, Sun & Yue, 2012). This demand raised the primary product prices in Latin American enormously (Zheng, Sun & Yue, 2012).

The appearance of this huge market for Latin American exports had a significant “game changing effect” on bilateral relations (Hardy, 2013). In addition, Beijing’s accession to the WTO made things easier and “safer” for Latin American countries, especially considering that it now allowed them to trade under the WTO rules and act against China through its
mechanisms if necessary. In fact, Argentina, Brazil, Chile, Colombia, Mexico, Peru, and Venezuela instituted 204 anti-dumping investigation cases against Chinese products, and they placed 140 anti-dumping measures against Chinese commodities between 1995 and 2010 (Lu, 2012).

In spite of these investigations, Sino-Latin American trade remained stable even during and after the global financial crisis of 2008 and 2009. During the global financial crisis, China’s exports to the region dropped by 20%. Its imports from Latin America dropped as well, by 10%, rapidly recovering to the pre-crisis level of both exports and imports by 2010 (Lu, 2012). Between 2000 and 2013 Sino-Latin American trade increased by 22%, going from US $12 billion in 2000 to nearly US $275 billion in 2013 (ECLAC, 2015), decreasing 11% between 2013 and 2015 as a consequence of both the Chinese and Latin American economy deceleration processes, reaching US$ 247 billion (ECLAC, 2016).

In the next sections, I will propose a new way of organising the Sino-Latin American relations since 2001 that includes three distinct phases. It is important to clarify that these phases are not independent from each other. On the contrary, every phase sets the foundations for the next phase and in this manner, each time period should not be considered a “zero starting point” separated from the preceding period, but should instead be regarded as a gradual and incremental process.

2. Establishing the Foundations of the Relationship: First Two Phases
The economy (and more specifically, trade) was the first and most important dimension developed between China and Latin America in the first phase of their relationship. I label this time period the Economic Phase (2001 – 2008). I consider 2001 as the first inflection point4 of Sino-Latin American relations, even though some authors prefer 2004 due to the relevance of Hu Jintao’s trip to the region (Dosch & Jacob, 2010; Jenkins, 2015; Salinas de Dosch & Dosch, 2015). I use 2001 in order to be more accurate in the analysis by highlighting Jiang Zemin’s contributions to breaking the inertia of the relationship after 30 years of diplomatic relations with limited advances.

---

4 Several scholars agree that the current state of the relationship began in the 2000s (Domínguez, 2006; Arès, Deblock & Lin, 2011; Lu, 2012; Zheng, Sun & Yue, 2012; Rodríguez & Leiva, 2013; Kotschwar, 2014; Cypher & Wilson, 2015).
Sino-Latin American trade began to increase rapidly after the very first years of the new century. This was especially true after 2001 because of the “commodities boom” and the entrance of China in the WTO, surpassing the 10 billion dollars of bilateral trade mark in 2000 and beginning with the “super cycle” of growth that endured until 2009:

**Graph 1: China, Latin America and the Caribbean trade 1985 – 2009**

![Graph showing China, Latin America, and the Caribbean trade 1985-2009](source: ECLAC (2011)).

As Domínguez suggests, the 2001 visit of Jiang Zemin to the region should be considered as a major milestone for the new relations between Beijing and Latin America, because it “sparked a wave of subsequent visits by senior officials and business leaders between China and Latin America to discuss political, economic, and military concerns” (Domínguez, 2006: 2). Visits that yielded positive results in terms of agreements and improved mutual understanding.

Although the latter was of great significance in the beginning of the process, the main milestone of this first phase was Hu Jintao’s 2004 trip to the region to attend the APEC summit in Chile. He spent fourteen days in several countries in order to foster the long-term construction of China’s policy towards Latin America (Domínguez, 2006). After the summit, Hu Jintao returned to Beijing after having started the negotiations with Chile to consolidate
the first Free Trade Agreement (FTA) in Latin America—the agreement was consolidated in 2005 and in force in 2006. The foundations of the relations were established, but remained within the economic dimension.

The second phase, or the **Soft Power Phase (2008 – 2013)**, started with the release of the 2008 Chinese White Paper “Documento sobre la Política de China hacia América Latina y el Caribe” (Document on China’s Policy towards Latin America and the Caribbean). This document made a major effort to clarify, in Spanish, what China was doing in the region and how it intended to continue doing it. The document became a significant soft power tool to counter the “Chinese threat” theories emerging in the West and Japan. The document also represents the addition of the political dimension into the Sino-Latin American relations.

Hu Jintao was the first Chinese president who explicitly strived for the expansion of the Chinese soft power in the world. He incorporated the idea in official speeches and assigned resources to public diplomacy to fulfil that task. He also established a new foreign policy strategy under the concept of “China’s peaceful development” (he changed the original name, pacific “rise”, to avoid misunderstandings). In 2005, he released a White Paper entitled “China’s Path to Peaceful Development”, explaining China’s new foreign policy objectives (Cho & Jeong, 2008; Glaser & Murphy, 2009).

The expansion of the Chinese soft power in the region included efforts to increase political, economic, cultural and even military cooperation (Rodríguez & Leiva, 2013). It also included fundraising for cultural and artistic exchanges, expanding its media coverage to the region (Xinhua and CCTV started to broadcast in Spanish) and establishing more than 30 Confucius Institutes in Latin America (Hanban, 2016). The image of China had to be enhanced, and as regards that task, Hu Jintao seems to have succeeded, at least by maintaining a stable favourable image of China in the region. China’s efforts to maintain a favourable image can be seen on the following graphs:

---

5 The document includes an introduction about Sino – Latin American relations, a characterization of the Chinese policy towards the region (goals and ways to achieve them), and it describes the economic, political, cultural and security dimensions of it.
Table 10: How the world sees China

Black squares were added to the original tables by the author.

As clarified before, each phase builds upon the bases of the previous one, and that is exactly what Hu Jintao’s government did in the economic dimension. In order to sustain the
“economic momentum” and overcome the global crisis of 2008 and 2009, the Chinese government strove to push the relationship one step forward. The government established “strategic partnerships” with Peru (2008) and Chile (2012), signed the FTAs with Peru in 2008 (in force in 2010) and with Costa Rica in 2010 (in force in 2011). The government also increased investment in the region, doubling the Chinese stock in the region until 2009 by spending 14 billion dollars in 2010 (ECLAC, 2016).

Another factor worth considering is the fact that China helped Latin America overcome the global finance crisis (Vadell, 2013). This is in sharp contrast with the efforts of the United States, which decided not to come to the rescue of the region (Chávez, 2015). This decision contributed to the positive image that China managed to maintain during Hu’s term. As we can observe in the following graph on the goods trade between 2000 and 2014, all these efforts helped sustain the stable and growing Sino-Latin American economic relations, reaching the bilateral trade value (imports plus exports) of US$ 275 billion in 2013 (ECLAC, 2015).

Graph 2: Goods Trade between China and Latin America 2000 – 2013 (millions of dollars)


Hu’s government also succeeded, after a long diplomatic effort, in getting Costa Rica to have a recognition “flip” from Taiwan to Beijing in 2007. It would have been an even greater success if it had started a “Domino effect” of recognition in the region, however, this never happened.
Along with the economic success and the enhancement of the Chinese soft power in the region, Hu Jintao’s government incorporated the political and military dimensions to the Sino-Latin American relations equation, increasing the number of bilateral official visits. Hu Jintao visited the region to discuss these matters four times—in 2004, 2005, 2008 and 2010—and Jiang Zemin only visited once in 2001. China expanded its soft power in the region and incorporated political and military issues by developing and releasing the 2008 White Paper on China’s policy towards the region and opening the cooperation in the military dimension through high ranked bilateral visits. China also held an incipient conventional arms sales, participated in the UN Stabilisation Mission in Haiti (MINUSTAH) from 2004 to 2012, and participated in the 2010 joint humanitarian exercise held with Peru among other activities (Rodríguez & Leiva, 2013).

3. The Arrival of Xi Jinping: Entering A New Phase in Sino - Latin American Relations?

In the previous section, I presented the first two steps of an ongoing process of deepening and intensifying Sino-Latin American relations. As we observed, since 2001 the relationship has gradually incorporated different dimensions, though it focused predominantly on the economic realm between 2001 and 2013.

Since the arrival to office of Xi Jinping in 2013, the Chinese foreign policy seems to be experiencing some significant changes. These changes are characterised by a transition from a low profile strategy to a more active and assertive one (Ríos, 2013; Zhao, 2013; Yan, 2014; Cook, 2015; Szczudlik-Tatar, 2015; Zheng & Gore, 2015). Either directly or indirectly related to this foreign policy shift, as of 2013 we can observe some evidence of changes in the Chinese approach towards the region, signs that might suggest the beginning of a new phase in Sino-Latin American relations, here labelled the Comprehensive phase (since 2013).

Political Dimension

The first hints of change can be found in the political dimension. Building on the advances made by Hu Jintao in the political realm, Xi Jinping seems to be willing to strengthen the relationship with Latin America and the Caribbean as a whole and go beyond bilateralism. He also has a different discourse and approach from the one presented and projected by Hu and the 2008’s White Paper. With only three years in office, Xi Jinping has already visited the region on three occasions. In 2013, he visited Mexico, Costa Rica, Trinidad and Tobago and
arranged high level meetings with officials in Antigua, Barbuda, the Bahamas, and Jamaica. In 2014, he visited Brazil, Argentina, Venezuela, and Cuba. Then in 2016, he visited Peru, Ecuador and Chile. Overall, Xi Jinping has already made almost the same number of trips that Hu Jintao made in his entire governmental term.

As in the case of Hu Jintao, every trip Xi Jinping took to the region had a specific purpose; it was either to sign agreements or to push forward particular projects or initiatives. The difference with Hu relies on the character of those purposes; while he still focused on economic matters, he also had a much stronger political dimension. The two examples that illustrate this point are the foundation of the China-CELAC Forum in 2014 and the release of a new Chinese White Paper on China’s policy towards Latin America and the Caribbean in 2016.

Established in 2011 the “Community of Latin American and Caribbean States” (Comunidad de Estados Latinoamericanos y Caribeños, CELAC, in Spanish) represents the most recent Latin American effort to achieve a higher level of autonomy. It includes all 33 members of the region and, contrary to the Organisation of American States (OAS), it excludes the United States and Canada. Thus, CELAC is gradually replacing the OAS as the main Latin American arena to discuss and resolve regional issues and conflicts. The appeal of the new organisation is hard to overlook, considering the fact that for the first time in history Latin America and the Caribbean managed to establish a proper regional organisation without the presence of the northern hegemon.

Xi Jinping’s government quickly understood the relevance and opportunities behind the creation of CELAC and pushed forward a process to institutionalise China’s relation with the organisation in 2014. This assertive move was noticed by one of the most relevant U.S. specialists on Sino-Latin American relations, Evan Ellis, stating that,

the “China-CELAC Forum” is strategically important for the P.R.C. because it allows it to engage with the region as a whole, in a way that excludes the United States and Canada. The action highlights the boldness of Chinese President Xi Jinping and the new 5th generation of P.R.C. leadership in not refraining from an action simply because it might be seen as a threat by some parties within the United States (Ellis, 2014: 1).
The outcomes of that first summit were the Beijing Declaration, the institutional arrangements of the forum, and the “China-Latin America and the Caribbean Cooperation Plan 2015-2019”. This declaration and plan crystallise Xi’s new initiative, the “1+3+6” cooperation framework, which consists of “one” plan; “three” engines to promote the comprehensive development of the cooperation (trade, investment and financial cooperation); and “six” fields that has to be prioritised (energy and resources, infrastructure construction, agriculture, manufacturing, scientific and technological innovation, and information technologies) (Inter-American Dialogue, 2015). The Cooperation Plan aims to increase Sino-Latin American trade by 500 billion dollars and to invest 250 billion dollars into the region (Xinhua, 2015).

It is extremely ambitious and it goes from economics (trade, investment, infrastructure, etc.) to sociocultural, political, and even security matters (including cyber-security). If it is actually implemented, this would represent a significant effort to push the relationship one step further. Moreover, the plan includes all 33 members of CELAC, this is a relevant fact for two reasons. First, this is a huge potential market. Second, behind Xi Jinping’s approach to the regional organisation we can find a very important political factor directly related to one of the most complex issues on Chinese politics: the international recognition of Taiwan.

From the 20 countries that still maintain diplomatic relations with Taipei (21 if we consider the Holy See), 12 are located in Latin America and the Caribbean (Ministry of Foreign Affairs of the Republic of China, 2016). These include Belize, El Salvador, Haiti, Nicaragua, Paraguay, St. Lucia, the Dominican Republic, Guatemala, Honduras, Panama, the Federation of Saint Christopher and Nevis, and Saint Vincent and the Grenadines. As mentioned before, Hu Jintao’s efforts to start a “Domino effect” of recognition in the region after the Costa Rican flip in 2007 did not succeed. The status quo remains untouched, especially after the commencement of the diplomatic truce between Beijing and Taiwan in 2008.

However, the truce may be coming to an end. Since Gambia, Sao Tome and Principe flipped recognitions to Beijing in March and December 2016, respectively, the Taiwan issue in Latin America and the Caribbean could become important again. Although it is too soon to affirm this claim with certainty, there are some signs that Xi Jinping is interested in tackling the issue by strengthening China’s relation with the Caribbean. As Antonio Hsiang suggests, Xi Jinping’s trip to Trinidad and Tobago in 2013 had a strategic purpose of increasing China’s
influence in that sub-region, taking advantage of the United States’ continuous withdrawal in Central America and the Caribbean (Hsiang, 2016).

Moreover, it was the first visit of a Chinese leader to a Caribbean country different from Cuba, a traditional destination chosen by Jiang Zemin and Hu Jintao as well. During that trip, Xi Jinping had the opportunity to hold high level meetings with officials of Antigua and Barbuda, Bahamas, and Jamaica. That was the starting point of an unprecedented intensification process of Chinese cooperation in the Caribbean. This cooperation included 3 billion dollars in loans to the Caribbean in 2013 (Goodman, 2013) and a military agreement between China and Trinidad and Tobago worth 4.7 million dollars (Caribbean News Now, 2014). It also includes Chinese funding and construction of Jamaica’s North South Highway Project—the largest development project on the island that began in 2014, with an investment of 600 million dollars in loans (Cann, 2016). China also helped with the construction of a 40 billion dollars stadium in Grenada, commenced in 2014 and finished in 2016 (Niland, 2016); and the funding and construction of a 40 billion dollars hospital in Dominica (Dominica Vibes News, 2016), among several other projects in the region.

Even though most of the cases before presented are countries that recognise Beijing as the legitimate government of China, this unprecedented flow of cooperation could eventually attract some of the Taiwan allies to Beijing’s side. The second major example of the rising political character of Xi Jinping’s government approach towards Latin America and the Caribbean was the release of a new White Paper titled “China’s Policy Paper on Latin America and the Caribbean”6 in November 2016. It was published in Spanish and English (covering the languages of the 33 countries of Latin America and the Caribbean). Similar to the 2008 version, the White Paper of 2016 builds on the documents elaborated within the first China-CELAC Forum summit of 2015. Unlike the White Paper of 2008, which focused mainly on the economic and sociocultural dimensions of the relationship, Xi Jinping’s paper has a strong political and ideological approach.

The 2016 White Paper starts summarising everything that has been done up until 2016, and

---

mentions the 2008 White Paper and the achievements of the new China-CELAC Forum. The White Paper explicitly states that,

since 2013, the Chinese leadership has set forth a series of major initiatives and measures on strengthening China’s relations and cooperation with Latin America and the Caribbean in a wide range of areas, which has provided new development goals and new driving forces for the relations (Ministry of Foreign Affairs of the People’s Republic of China, 2016: 1).

Thus reaffirming the idea of the beginning of a new phase in Sino – Latin American relations by explicitly stating that, “the relations have entered a new stage of comprehensive cooperation” (Ibid.).

One of the most significant changes from the previous version is the new emphasis given to international collaboration and peace/security issues. The White papers focus on more than just economic multilateral coordination, they specifically mention the importance of the Sino-Latin American cooperation on “international political affairs,” and strive to promote

multi-polarization and democracy in international relations, enhance the voice of developing countries in international affairs, and safeguard common interests of both sides as well as other developing countries (Ibid.)

- especially in the United Nations.

Furthermore, the 2016 document addresses the security/military dimension in a different more assertive manner than the previous one. The 2016 document explicitly mentions the need for collaboration in Cyber Security and a willingness to,

expand pragmatic cooperation in humanitarian relief, counter-terrorism and other non-traditional security fields, and enhance cooperation in military trade and military technology (Ibid.).

If everything presented is developed, this will signal the beginning of a new comprehensive phase in Sino-Latin American relations.

As it is only a document, and a very recent one, I cannot state with certainty that it will guide the Sino-Latin American relations in that comprehensive direction. However, it is worthwhile
to highlight that it could eventually become a significant factor in China’s foreign policy towards the region. After all, this happened with the 2008 version. This new 2016 version was perceived positively in Latin America and its approval crystallised in the Beijing Declaration. This 2016 document has received more support than the previous document which only had the official support of Mexico, Chile and Brazil (Creutzfeldt, 2013).

The recent establishment of the BRICS New Development Bank and the implication that it has on the strengthening of the South-South cooperation framework can be considered as another political factor that might have an indirect effect on the current Sino-Latin American relations. The involvement of Brazil, the main Latin American regional power, as founding member of the New Developing Bank and the Asian Infrastructure Investment Bank (AIIB), could eventually help to increase the influence of the region in the global system, and to attract more funding and investment to the region. This is part of a broader process to strengthen South-South relations as pushed forward by Xi Jinping (Ministry of Foreign Affairs of the People’s Republic of China, 2016).

**Military/Strategic Dimension**

Since 2013, the military/strategic dimension has also developed significantly, reaffirming the idea of a new comprehensive phase in Sino-Latin American relations. The first evidence of this deepening process can be observed in the Chinese arms sales to the region, which was mostly limited during the first fifteen years of the 21st century with the exception of the Sino-Venezuelan case. The slow pace of arms sales was understandable considering Beijing’s low profile strategy and the unwillingness of Jiang Zemin and Hu Jintao’s governments to raise concerns in Washington about its presence in Latin America, a situation that may be changing with Xi Jinping.

In the following graph, we can see patterns of the value of arms imports from China by country:
Although not exclusively, left wing ALBA (Alternativa Bolivariana para los Pueblos de nuestra América) countries of South America, such as Venezuela, Ecuador and Bolivia have had the most arms imports. They have imported K-8 combat airplanes and JYL-1 radars, MA-60 transport airplanes, WMZ-551 Armoured Personnel Carriers (APCs), AK-47 assault rifles and boats, artillery, and infantry ammunition and trucks, among several other items (Malena, 2012). The value of those arms sales and exchanges bordered the 100 million dollars per year between 2000 and 2015 (Piccone, 2016). This limited trade allowed China to develop its military cooperation relations with the region without raising concerns in the United States.

Nevertheless, as Jordan Wilson suggests, the Sino-Argentinean military agreement of 2015 might represent an inflection point in this dimension (Wilson, 2015). The agreement is valued in 500 million to one billion dollars, it contains a wide range of items including aircrafts, naval vessels, amphibious APCs, military to military exchanges (exchange programs between the People’s Liberation Army and the Argentinean Army), space cooperation, among other dimensions within the military/strategic field.

If implemented, it would,
alter the scope of China’s military exports to the region, representing a new level of volume, competitiveness, and technological sophistication and potentially creating inroads to other regional markets (Wilson, 2015: 3).

Just by looking at the numbers it would represent a significant “leap forward” from the nearly 130 million dollars of Chinese military sales to the region in 2014 (Piccone, 2016). It also represents an expression of the increasing credibility of the Chinese technology quality in the military field within Latin America.

Even though some analysts have some doubts about the actual crystallisation of the agreement after the triumph of the right wing candidate Mauricio Macri (Fiegel, 2016; Piccone, 2016), the more recent signals of the Argentinean government seem to confirm that the agreements with China will be honoured, beginning with the space and nuclear cooperation. This is especially the case after and partly due to Donald Trump’s election as president of the United States (Tomás, 2017).

The second and third domains in which we can find some evidence of deepening relations between China and Latin America are the satellite and nuclear cooperation. The cooperation process for the satellite began in Brazil during the late 1990s and during Hu Jintao’s government (2003 – 2012) for Venezuela and Bolivia. The cooperation continued with Xi Jinping and Bolivia successfully launching the first Bolivian “Tupac Katari” Satellite in 2013 (Salvacion, 2015). Brazil also successfully launched a satellite in 2013 and 2014 (CBERS-3 and CBERS-4, respectively) (Satélite Sino-Brasileiro de Recursos terrestres, 2017). In addition, in 2016, Venezuela announced its third satellite called “Sucre”, which is intended to be launched in September 2017 (La Radio del Sur, 2016).

However, in the case of arms sales, Argentina is the country that is breaking new ground as regards the Sino-Latin American relations. Argentina is allowing China to increase and deepen its cooperation dimensions by agreeing to let China construct its first Space-Monitoring station outside its territory, which will be located in Neuquén, Patagonia. As I will explain below, it has a significant strategic importance, and it represents an unprecedented

---

7 The satellite launches were in 1999, 2003 and 2007 for Brazil, and 2008 and 2012 for Venezuela, starting the process with Bolivia in 2010 (Ellis, 2012; Quinones, 2012; Satélite Sino-Brasileiro de Recursos terrestres, 2017).
milestone in the Chinese physical presence in the region as the station is controlled by the PLA. The construction continued even after the elections of President Mauricio Macri and it is in its final stage, awaiting the approval to operate by the Argentinean government (INFOBAE, 2017).

Buenos Aires has also broken new ground in the nuclear field. Once again, Argentina is the country that seems to be most willing to trust and cooperate with China in the military/strategic field and has been working with and allowing Beijing to develop and use its own technology. In 2015, both countries signed an agreement for the construction of the fourth and fifth nuclear power plants (INFOBAE, 2015), the first one with Canadian technology (CANDU reactor) and the second one with Chinese technology (Clarín, 2016). As I have explained before, despite the doubts about the new Argentinean government’s willingness to honour the agreements with China, Argentina reaffirmed most of them when Donald Trump was elected president of the United States.

In this case, Mauricio Macri explicitly said “Por suerte tenemos las centrales” (“Luckily we have the nuclear power plants”) referring to the Chinese projects and his determination to push them through (Tomás, 2017). Brazil also seems to be willing to follow that path of joint cooperation in the nuclear domain and started negotiations in 2016 to construct the ANGRA – 3 nuclear power plant with China (Globo, 2016). These significant projects lead us to the last set of evidence of the changing character of Sino-Latin American relations as of 2013, one characterised by strategic infrastructure projects.

The first enormous infrastructure project was the Nicaraguan Canal. It was approved in 2013 after extensive negotiations between the Nicaraguan government and the Chinese consortium Hong Kong Nicaragua Development (HKND). The project involves an investment of 50 billion dollars and a 50-year concession to HKND in order to build a 278 km Canal, three times longer than the Panama Canal, and two times wider and deeper (Fuente, 2016).

The project began in December 2014 and it is supposed to be finished by 2020, with a promise of generating 200,000 jobs (BBC Mundo, 2014). However, it has experienced a lot of problems, especially due to the resistance from the local community (Ray, Gallagher & Sarmiento, 2016), who are worried about the environmental damage that it will bring (BBC,
2015). The construction stopped in order to undergo more social and environmental impact studies. However, the HKND Chairman Wang Jing announced that the project should restart between 2016 and 2017 as he congratulated the re-election of Daniel Ortega as president of Nicaragua (La Gente, 2016).

Figure 1: Nicaraguan Canal Project


The relevance of the Nicaraguan Canal is not just economic, although it will be a major game changer in terms of trade considering the fact that it could replace the monopoly of the Panama Canal on that route. It is also a strategic project, because it will enable China to obtain control of a key route of the world’s commerce, as the United States did with the Panama Canal a century ago. Moreover, the massive investment could help to reinforce the Chinese relationship with the Nicaraguan government, who still maintains diplomatic relations with Taiwan.

The second infrastructure megaproject on the list is the Trans-Oceanic Railroad connecting Brazil and Peru (and possibly Bolivia as well), with an estimated cost of 10 billion dollars (Lissardy, 2015). The negotiations started in 2013 and by 2014, the first agreement was signed in order to create a working group on railway development (Inter-American Dialogue, 2016). However, the negotiations are still ongoing. Bolivia has manifested its intention to become a part of the project (Ibid.), Europe has presented an alternative project (El Comercio,

---

8 China has already started to increase its participation in the Panama Canal by investing 110 million dollars to expand Panama’s Balboa Port, a port controlled by Panama Ports Company, a unit of Hong Kong-based conglomerate Hutchison Whamooa Ltd (Reuters, 2014).
2016), and there are several environmental and social obstacles involving more than 600 indigenous communities that could slow down the development of this project (Ortiz, 2015).

Figure 2: Trans-Oceanic Railroad Project

[Image: Proposed route of railway connecting Peru, Brazil, and Argentina.]


This project has also enormous economic and strategic relevance. It would not only significantly facilitate trade between China and Latin America, but it would “add points” and increase Beijing’s influence in the region by helping it to tackle one of the main historic economic problems of Latin America, the lack of proper transport infrastructure connectivity (ECLAC, 2014).

The last project on the list is probably the most polemic one of the three: the Space-Monitoring Chinese Base in Neuquén, Argentinean Patagonia. In April 2014, the Argentinean government of Cristina Kirchner signed a 50-year contract with Xi Jinping’s government for the construction and use of the first Chinese Space-Monitoring Base outside their territory, including steerable parabolic antennas 13.5 and 35 meters in diameter, computer and engineering facilities, lodgings for technical staff, and a 10 million dollars electric power plant, with the intention of becoming operational in March 2017 (Robert Lee, 2016).
The base will be controlled by the People’s Liberation Army, raising concerns not only in Argentina but also in the United States, especially considering the fact that the Argentinean government will be able to use up to 10% of the station antenna time (Wilson, 2015), a very limited access despite being located on Argentine territory (Ellis, 2015). Evan Ellis (2013) goes a little bit further, raising concerns about the potential strategic significance of the base, and the Chinese telecommunications network in Latin America in general, considering the fact that these assets could eventually be used against the U.S. government and industries, stating that cyber-warfare is a real possibility.
The base is extremely relevant for Beijing in strategic terms, not only because it will facilitate the realisation of future missions to the moon and Mars\textsuperscript{9}, but also because it will provide China with a southern hemisphere node to communicate immediately with its satellites and spacecraft when they are positioned over the region. This will make it possible to download images or conduct orbital adjustments without waiting for them to fly over Chinese territory (Wilson, 2015).

Officially, the base will not be used for military purposes, though this position was not clearly defined in the first agreement and is raising the already mentioned concerns. In order to dissipate those concerns, in September 2016, the Chinese and Argentine governments signed an addendum to the original agreement, stating explicitly that the base will not be used for military purposes, but for pacific ones (Dinatale, 2016). As I mentioned before, the base is already in its final phase, only awaiting the approval of the Argentinean government to operate.

**Economic Dimension**

I have already presented the two major dimensions that have been incorporated into the Sino-Latin American relationship as of 2013. These include the political and military/strategic domains. There is enough evidence to suggest that we might be seeing the beginning of a new comprehensive phase of Sino-Latin American relations. However, it is worth mentioning two factors that could eventually reshape the character of the Sino – Latin American economic dimension as well. The first one is the decision of the Chinese government to move from upstream to downstream investment in the region, contributing to the development of supply chains within Latin America (Ray and Gallagher, 2017).

As Pérez states, one of the factors that could explain these changes is the slowdown of the Chinese economy and the impact that it has had on Chinese companies, which are more willing to invest outside of the country (Pérez Ludeña, 2017). In 2015, only 1/3 of the Chinese investment in the region has been on the primary sector (Ibid.), but it is still not enough evidence of a concrete diversification process.

\textsuperscript{9} The Chinese government hopes to use the base to support an upcoming lunar mission in 2017 (Ray and Gallagher, 2017).
However, if it was actually happening it would be consistent with the 2016 White Paper, in which the Chinese government explicitly states that,

efforts will be made to bring cooperation to upstream business such as exploration and development, so as to consolidate the foundation for cooperation and expand resources potentials; and at the same time, cooperation will be extended to downstream and supporting industries such as smelting, processing, logistics trade and equipment manufacturing, so as to improve added value of products (Ministry of Foreign Affairs of the People’s Republic of China, 2016: 1).

Ray and Gallagher noticed some early signs, which suggest that China is taking the initial steps towards downstream industries. In 2016, the top five Chinese FDI (Foreign Direct Investment) projects in Latin America included investment deals on steel and iron mills, an automobile factory, and a prefabricated house factory. These are indicative of China’s willingness to collaborate with Latin America on a new approach to the region’s historical goal of industrialisation (Ray and Gallagher, 2017).

The second sign of change in the economic dimension of the cooperation comes from the establishment of the China Construction Bank in Chile in 2016. The approval to operate was granted in May 2016 after an extensive negotiation process that started in 2014. The bank opened with a 2.2 billion dollars currency swap agreement between China and Chile to facilitate the exchanges for three years (Reuters, 2016). It is too soon to make any assessments on its impact on Sino-Latin American relations, but it is safe to state that it could contribute to expand the internationalisation of the Chinese currency (renminbi). Both cases are too recent to be taken as concrete evidence of changes in the character of Sino-Latin American economic relations, but it is worth highlighting and keeping track of them as they have the potential to become relevant components of the new comprehensive phase.

Conclusion: More than Just Economics
Sino-Latin American relations experienced an extraordinary intensification process throughout the first sixteen years of the 21st century. Until now, the majority of the analysis on the subject has focused on the economic complementarity of the relationship, being the most noticeable developed aspect since 2001. Nevertheless, as I suggest in the present article, the economic dimension is not the only one that has developed since 2001. In fact, I state that
the relationship has evolved from the economic and soft power dimensions to the political, military, and strategic dimensions.

This article processes three phases; this diverts from most of the literature on Sino-Latin American relations, which highlights only two major moments: one in 2004 with Hu Jintao’s trip to the region, and the other one in 2008 with the release of the Chinese Paper about its policy towards Latin America. By highlighting the arrival to office of Xi Jinping as an inflection point both for China’s politics (internal and foreign policy) and Sino-Latin American relations, I present evidence of the beginning of a new comprehensive phase that started in 2013 and focuses on political and military/strategic fields, along with the still relevant economic field.

In the political dimension, I highlighted the increasing influence of Xi Jinping on the Caribbean as a relevant factor related to the Taiwan issue, along with the establishment of the China-CELAC forum and the China-CELAC cooperation plan for 2015-2019. I also presented evidence of changes in the military dimension. For instance, there has been an increase in arms sales values after the 2015 Sino-Argentinean agreement, an emerging cooperation with satellites and nuclear energy, and a new focus on strategic infrastructure projects in the Nicaraguan Canal, the Trans-Oceanic Railroad Project, and the Space Monitoring Base in Neuquén, Argentinean Patagonia.

Moreover, I highlighted some signs of changes in the economic character of the relationship, both in investment (from upstream to downstream industries) and in the expansion of the Yuan in the region. However, these last trends are too recent to be considered at the same level as the political and military ones. Nevertheless, they are changes worth highlighting so as to keep track of them, as they could potentially become important components of the economic relation.

As a recent article published by The Economist suggests, the election of Donald Trump as president of the United States could eventually consolidate the changes presented in this article, as there are signs of the lack of willingness of Washington to re-fill the political vacuum left by George W. Bush and Barack Obama in the region. This allows China to present itself as “a stabiliser” of the region (The Economist, 2017).
Considering this potentially crucial external factor, along with all the previously presented factors, I can safely suggest that our main hypothesis is confirmed as we are experiencing significant changes in the dynamics and character of Sino-Latin American relations, which are still focused on economic relations, but are also going beyond the economic realm and incorporating the political and military/strategic dimensions; thus, consolidating a comprehensive relationship. Nonetheless, we will have to wait and see if China will seize the opportunity to consolidate the new comprehensive phase in Sino-Latin American relations in the following years.
References


Bárcena, Alicia. 2014. “La crisis de la deuda latinoamericana: 30 años después”. In ECLAC. *La crisis latinoamericana de la deuda desde la perspectiva histórica*. ECLAC.


ECLAC. 2013. *América Latina y el Caribe en las cadenas internacionales de valor*. Santiago de Chile: ECLAC.


Fernández, Alex and Hogenboom, Barbara. 2010. “Latin America and China: South - South
Relations in a New Era”. In Fernández, Alex and Hogenboom, Barbara, eds. Latin America Facing China: South-South Relations beyond the Washington Consensus. New York: Berghahn Books.


