

## **Political obstacles and challenges for the rise of China's soft power in Latin America**

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*Since the profound transformation encouraged by Deng Xiaping, we have been eyewitness of the sustained augment of the Chinese presence on Latin America and the sharp growth of Chinese investments and bilateral trade with the region due to its shortage of natural resources and raw materials. This increasing development of China in Latin America can be also explained by the way that the American foreign policy orientation has impacted the region. The U.S. anti-terror policy of George W. Bush deployed around the globe left Latin America to a second place, leaving a great vacuum of leadership in the region that China has attempted to fill. Nevertheless, since 2009 we are in front of a new American government, headed by Barak Obama, who has reformulated the foreign policy toward Latin America through the promotion of a "New Chapter of Engagement". In the light of this, this paper will try to answer which political-diplomatic challenges do new changes in Latin American context and the irruption of United States present to the relation between China and Latin America? In this paper, it is argued that the diplomacy of Chinese soft power will have to, if not surpass, at least equal the American diplomatic strategy towards Latin America encouraged currently by Barack Obama's administration; and overcome an array of political obstacles, resulting from the competence for regional natural resources.*

**KEYWORDS: China's foreign policy, US-Latin America foreign policy, soft power, New Public Diplomacy and political challenges**

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After the end of Cold War, Chinese foreign policy underwent a profound transformation encouraged by Deng Xiaoping in order to increase the leadership People's Republic of China around the world. Since then, the so-called "Asian Giant" has made an important progress in its foreign relations: it has established strategic association with several countries, has sent peacekeeping missions, has established diplomatic relations with more than 40 states, has joined the World Trade Organization (WTO) in 2001, and has achieved to defend its own sovereignty and that of other developing countries within United Nations and other international fore.

The reposition of China in the international political system has improved the international profile of this country in front of world powers, as well as in front of developing countries. Likewise, we have been eyewitness of the sustained augment of the Chinese presence on Latin America since 1990 and the sharp growth of Chinese investments and bilateral trade with the region due to its shortage of natural resources and raw materials and notable population growth.

The increasing development of China in Latin America can be also explained by the way that the American foreign policy orientation has impacted the region. During George W. Bush's administration and, above all, since 2001 after the attack to Twin Towers, the U.S. anti-terror policy deployed around the globe left Latin America to a second place, leaving a great vacuum of leadership in the region that China, beside the other world powers, has attempted to fill, by means of a diplomacy based on wielding soft power. Nevertheless, since 2009 we are in front of a new American government, headed by Barak Obama, who has reformulated the foreign policy toward Latin America through the promotion of a New Chapter of Engagement, which is envisaged as a new American leadership and the repositioning of the world superpower in the region, which represent an important challenge to be equalled or surpassed by Chinese soft power and public diplomacy.

In the light of this, this paper will try to answer the following question: Which political-diplomatic challenges do new changes in Latin American context and the irruption of United States present to the relation between China and Latin America? In this paper, it is argued that the diplomacy of Chinese soft power will have to, if not surpass, at least equal the American diplomatic strategy towards Latin America encouraged currently by Barack Obama's administration; and overcome an array of political obstacles, resulting from the competence for regional natural resources.

Hereto, this paper is organized into four parts. The first part gives the details of the basis and guidelines of Chinese foreign policy during post-Cold War. The second part describes the Chinese strategy in Latin America since the beginning of the new century, economic and political objectives, and analyses the triangular relation between China, Latin America and the United States. Finally, the third part establishes the political-diplomatic challenges presented by the new changes in the Latin American context and the irruption of an extra-regional actor in the region –the United States- for China.

## **I- Soft power and harmony in China's foreign policy**

### **1.1 Confucianism and the concept of "harmonious world" as the basis of China's foreign policy**

Although contacts between China and Latin American states can be traced back to the decade of 1570, the uncountable cultural, political and geographic barriers had made

this region to be rather unknown for people of China and the mutual relations quite restricted until recently. The huge distance between Latin American and the Popular Republic of China (PRC) has been considerably reduced since some decades ago, thanks to the increasing foreign commerce and investment of China in the region, and social and cultural interchange, in a sort of invasion of its products and people throughout the Latin American region. This Chinese boom has been called the rediscovering that China has propelled in Latin America to satisfy the enormous economic needs of its people. This rediscovering of Latin America started at the beginning of the 21<sup>st</sup> century, when President Hu Jintao and Vice President Zeng Qinghong each visited the region in 2004 y 2005, respectively, and met with key political authorities.

The foreign policy of PRC went through an important evolution during the second half of the 20<sup>th</sup> century, that prepared the track for the so-called “China’s rise” and the transformation in China’s role in the international political system. During the Cold War period, on one hand, China had the task of breaking the economic embargo imposed against China by the Western powers; and, on the other hand, after the its foundation in 1949, the PRC was unable to establish diplomatic relations with Latin American governments due in part to U.S. pressure on its backyard to avoid ties with communist countries. Ten years after, the Cuban Revolution in 1959 offered a valuable opportunity to start ties with Latin American states and got the recognition of Cuban government of Raúl Castro, being the first in the region. During this decade, China supported many Latin American counties to face American’s influence and pressure, and establish a new order as advocated by Latin America; from the point of view of China, developing regions -and Latin America- were the battlegrounds of the United States and the Soviet Union where they compete for world hegemony. In turn, China received wide support from Latin American governments for returning to the United Nations in 1971. Chile established diplomatic relations with China in 1970, and therefrom many Latin American countries began to express interest in developing relations with China. From this moment, the rhetoric of China’s foreign policy was centred on the idea that China “would join the forces with fellow developing countries to engage members of the second world in the quest to counter the imperialist tendencies of the first world countries, in particular the Soviet Union”<sup>1</sup>.

During the post Cold War era, the economic liberalization and market forces began to play a critical role in the dynamic development and the rising of living standards of China. Since then, the economic development depends to a greater degree on a peaceful and stable international context, so China understood that its foreign policy should adjust to pursue that objective and deploy an international profile. The post-Cold War era show four central trends in front of China’s eyes. “First, peace and development – nor revolution and war- would increasingly become the norm. Second, with the collapse of the Soviet Union, the bipolar international world order would be replaced by a multipolar one, with China acting as one of five poles. Third, hegemonic tendencies would continue among the most powerful nations, in particular the United States. This largely explains why today the word has one superpower –the United States- and a small group of other strong nations. And forth, China and other developing countries would seek to unite in the struggle against an unjust world order in which the rules of

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<sup>1</sup> Jiang Shinxue, “The Chinese Foreign policy perspective,” in *China’s Expansion into Western Hemisphere: Implications for Latin America and the United States*, ed. Riordan Roett and Guadalupe Paz (Washington DC: Brookings Institution Press, 2008), 30.

the game are determined by the developed nations”<sup>2</sup>. This period was inaugurated by the Tiananmen Square incident in May and June of 1989 and by the disappearance of the Soviet Union, a complex situation that China sought to face by means of new set of principles. These so-called “guiding principle of twenty-four characters” proposed by Deng Xiaoping was based on the following recommendations: observe world events with a calm mind, stand firmly, confront difficulties with confidence, keep a low profile, never assume a leadership role and take action. All of them not only represented the priorities of the China’s foreign policy for new period in the international relations, but also are drawn out from the Confucian philosophy, the foundation of the Chinese culture and civilization.<sup>3</sup>

Confucianism, the ancient Chinese philosophy that has been its dominant ideology during more than two thousand years, has been considered in the realm of International Relations the foundation of the soft power of China’s foreign policy. Confucius, who lived between 551 and 479 B.C, laid the basis of the current principles of the Chinese foreign policy since that time. After the Chinese Cultural Revolution (1966-1976), the Confucian philosophy re-emerged in late of nineties when the Christian sects, Falun Gong, and extreme forms of nationalism that filled the moral vacuum was considered by the Chinese government to “threaten the hard-won peace and stability that underpins the country’s development, so it has encouraged the revival of China’s most venerable political tradition: Confucianism”.<sup>4</sup>

On Confucianism laid the principles and guidelines of China’s foreign policy, forasmuch this philosophy settles the harmony at the center of the human being lives and the political system. Confucius established, by means of his teachings, the limitation and the regulation of the exercise of power, for instance, through the golden rule he advises to behave towards people as you would like to have them behave towards you.<sup>5</sup> Echoing Confucius themes, in 2005, President Hu Jintao instructed Chinese parties to build a “harmonious society”; in his words, China should promote the “values of honesty and unity, as well as forge a closer relationship between the people and the government”<sup>6</sup>; the cultural tradition of China also stresses “love and humanity, community, harmony among different viewpoints and sharing the world in common (*tian xia wei gong*)”<sup>7</sup>. As it was stated by the Communist Party of China in 2006, “social harmony is the intrinsic nature of the socialism with Chinese Characteristics and an important guarantee of the country’s prosperity, the nation’s rejuvenation, and the people’s happiness”.<sup>8</sup>

The idea of a world shared in community by all represents the utopian cosmopolitanism that Confucianism emphasizes and becomes an ideal that refers to a

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<sup>2</sup> Ibid, 31.

<sup>3</sup> Ibid.

<sup>4</sup> Daniel Bell, *China’s New Confucianism: Politics and Everyday Life in Changing Society*, (Princeton and Oxford: Princeton University Press, 2008), 8.

<sup>5</sup> Confucius, *The Analects*, translated by Raymond Stanley Dawson (Oxford, New York: Oxford University Press, 2008).

<sup>6</sup> Bell, *China’s New Confucianism*, 9.

<sup>7</sup> Ibid.

<sup>8</sup> Communist Party of China, communiqué of the Sixth Plenum of the 16th CPC Central Committee, October 11, 2006, cited in Jiang Shinxue, “The Chinese Foreign policy perspective,” in *China’s Expansion into Western Hemisphere: Implications for Latin America and the United States*, ed. Riordan Roett and Guadalupe Paz (Washington DC: Brookings Institution Press, 2008), 33.

golden age -the age of Great Harmony-, taken from the Confucius highest ideal of the social order. The Confucian reformer Kan Youwei divided the world's development into three stages: an "uncivilized stage", followed by an intermediate stage -moderate prosperity, similar to capitalist democracy- and finally Great Harmony or Global Peace, in which this author includes the notion of freedom since he describes this state as the ideal society in which people are freed from attachments and all goods are shared in common. In these normative thoughts, some Chinese scholars have introduced a new concept of the mission of PRC in the international system: according to Zhao Tingyang, "China has the potential to become a power that is responsible to the world, a power that is different from various empires in the world history".<sup>9</sup> To be responsible of the world is a perspective of Chinese philosophy and a possibility to understand the world from the point of view of *tian xia*. This implies that the problems must be analysed considering "the world as the unit of thinking, going beyond the Western mode of thinking in terms of nation-state, to take responsibility to the world as one's own responsibility, and to create a new world idea and a new world institution".<sup>10</sup> At present, the Chinese ideal of a world transcending the state-centric international system is hard or impossible to attain and also it is difficult to imagine that one global ruler or political institution would be able to secure legitimacy for all the different cultures, world concepts and points of view. For this reason, the Chinese state, and due to the need of becoming a great power, is "viewed as the carrier of cosmopolitan values that will spread throughout the rest of the world",<sup>11</sup> and rather than promoting cosmopolitan political institutions, it is argued that China must promote in the international concert a soft power based on Confucianism values such as modesty, tolerance and willingness to learn.<sup>12</sup> From the point of view of Confucianism, the Chinese state must concern about the well-being of outsiders and offer a common solution to global problems, and its foreign policy must make room for the different world cultures and kind of societies since it enhances the China's soft power abroad.<sup>13</sup>

Another key idea of the Confucian philosophy is the order that must be offered by the state both at the national and international spheres. To bring order to the state and thereby to spread peace all around the world is an important and ideal aim of the Confucianism, that is, "a harmonious political order of global peace".<sup>14</sup> In this sense, "the Confucian ideal of Great Harmony would mean a foreign policy that promotes international peace while allowing for legitimate national self-interest that can sometimes outweigh cosmopolitan ideals".<sup>15</sup> In the international realm, Confucianism argued that peaceful and cooperative relations among states are possible since human nature is not evil and morality and law can form the foundations for relations among them. For Confucian thinkers, conflicts must be resolved by peaceful means and there is not a war that can be considered 'just'. As Mencius stated "a benevolent king had no rivals in the world and could easily win the support of the masses",<sup>16</sup> and he established a distinction between the 'hegemon' -who is aggressive- and 'true king' -who prefers peace- saying that "a true king uses virtue and humanity, a hegemon uses force under

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<sup>9</sup> Bell, *China's New Confucianism*, 24.

<sup>10</sup> *Ibid.*

<sup>11</sup> *Ibid.*, 25.

<sup>12</sup> *Ibid.*

<sup>13</sup> *Ibid.*, 27.

<sup>14</sup> *Ibid.*, 26.

<sup>15</sup> *Ibid.*, 27.

<sup>16</sup> Mencius and D C Lau, *Mencius*, (Harmondsworth: Penguin, 1970).

the pretext of humanity and compassion”<sup>17</sup> In this thoughts, Mencius argued that the rulers should rely on noncoercive means in order to promote the peaceful unification of the world. As it is well cited in Daniel Bell’s work, to win the world it is necessary to gain first the people: “There is a way to gain the whole world. It is to gain the people, and having gained them one gains the whole world. There is a way to gain the people. Gain their hearts and minds, and then you gain them”<sup>18</sup>. One example of the influence of these thoughts in the Chinese government action is the fact that ancient China’s strategies give priority to resolve international conflicts in the basis of diplomatic means over military confrontation, and emphasize the cultural winning over an enemy and winning a battle before it is fought. In effect, for Sun Zi -an ancient military strategist of China- the highest excellence is to subjugate the enemy’s army without doing battle, as well as it is better to attack his mind than his walled cities. As Ding explains, in Sun Zi’s thoughts we can find the sources of the current foreign policy, since his concept of ‘highest excellence’ is similar to what are at present defined as soft power resources, such as people’s rationality, morality values and aspirations, which have embedded in Chinese culture and traditions.<sup>19</sup>

Having said this, we can establish a direct relation among the ideals of “harmonious world”, soft power and the Chinese Confucian philosophy. In addition to this, the concept of soft power that forms the basis of the foreign policy of China enables this country to deploy a new category of diplomacy called New Public Diplomacy, based on values, dialogue, universalism and the participation of civil society, among others components.

## 1.2 Soft power and New Public Diplomacy in International Relations

In this section, we will clarify and review briefly the concept of soft power and New Public Diplomacy in the International Relations discipline so as to better understand the exercise of the Chinese soft power.

Joseph Nye has been the scholar that first popularized the term soft power in 1990 and has analysed the American foreign policy, in which he has emphasized the importance of sources of power other than related to military means. In the current context of “war on terrorism”, Nye illustrate the core of the concept of soft power: “the United States will win the war on terrorism only if moderate Muslims win, and the United States’ ability to attract moderates is critical to victory”<sup>20</sup>. This statement contains the idea that soft power is the ability of one state to obtain “the outcomes it wants in world politics because other countries want to follow it, admiring its values, emulating its example, aspiring to its level of prosperity and openness”<sup>21</sup>. In a like manner as for the Confucian philosophy, soft power, accordingly to Nye, rest on the attractiveness of the culture of a country, as well as its political ideals and policy.

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<sup>17</sup> Bell, *China’s New Confucianism*, 27.

<sup>18</sup> *Ibid*, 29.

<sup>19</sup> See Sheng Ding, “To Guild a ‘Harmonius World’: China’s Soft Power Wielding in the Global South,” *Journal of Chinese Political Science* 13, no. 2 (2008): 197.

<sup>20</sup> Joseph Nye, “The Velvet Hegemon”, *Foreign Policy*, no. 136 (May-June 2003): 75.

<sup>21</sup> Joseph Nye, “Limits of American Power”, *Political Science Quarterly* 117, no. 4 (Winter 2002-2003): 552.

In comparison to hard power -that means to get what one wants by an active control and the ability to force someone to do what one want-, resources of soft power are the attraction, not the coercion, and the accomplishment of one's objective by peaceful means. Therefore, hard power is based on coercion, a material reality, military and economic means used by government institutions, whereas soft power is based on persuasion and ideology, images and symbols, culture and values, credibility and prestige, all means used by the society as a whole.<sup>22</sup>

Thus Nye defines soft power as the ability of getting others to want what you want by co-opting people rather than coercing them,<sup>23</sup> that is to say the "ability of a country to structure a situation so that other countries develop preferences or define their interests in ways consistent with its own"<sup>24</sup>.

In accordance with the notion of soft power resting on the ability to set the political agenda in a way that shapes the preferences of other states -in which the transference of ideas becomes one of the most important sources of soft power-, the classical distinction between the paradigms of *realpolitik* and liberalism is unclear. As Nye states: "the realist who focuses only on the balance of hard power will miss the power of transnational ideas".<sup>25</sup> Currently, the so-called *noopolitik* emphasize the role of international soft power in the expression of ideas, values and rules. On the contrary, *realpolitik* rests on the most visible feature of power, the hard power and the material. The *noopolitik* rests on the diffusion of information and knowledge, which is developed into the noosphere. As Noya explains, the tendencies announcing the arrival of the noosphere invite us to change from the paradigm of *realpolitik* to *noopolitik* in the International Relations discipline. These tendencies are related to, in the first place, the emergence of the global civil society and a closely-knit net of non governmental organizations that disseminate rapidly new ideas and values. And in the second place, we can find the increase of the interdependency, the growth of capital, labour and technology flows, multilateral institutions, multinational enterprises and the simultaneous transaction among them. In short, the *noopolitik* is the transition to a global society based on the knowledge, which is becoming the most significant source of power and strategy.<sup>26</sup> The noosphere is the combination among the information and a set of ideas, beliefs and attitudes obtained by the analyse of data, producing a feedback effect whose product is the knowledge that will influence in decision making processes and determine probabilities of a state, organization or enterprise's success.<sup>27</sup>

In comparative terms, we can establish a set of differences between *noopolitik* and *realpolitik*. In *noopolitik*, the units of analysis are nodes, nets and non state actors; soft power is the core; power politics is a win-win or loser-looser game; international system is based on a harmony of interest and cooperation; the ally webs are vital to security; interests are shared; politics is a quest for *telos*; ethics is critical; actor share common goals; information is shared; and responsibilities are balanced and power is a

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<sup>22</sup> See Javier Noya, *Diplomacia Pública para el Siglo XXI: la Gestión de la Imagen Exterior y la Opinión Pública Internacional* (Barcelona: Editorial Ariel, 2007), 133.

<sup>23</sup> See Nye, "Limits of American Power", 552.

<sup>24</sup> Nye, "Soft Power", 168.

<sup>25</sup> *Ibid*, 170.

<sup>26</sup> See Noya. *Diplomacia Pública para el Siglo XXI*, 105.

<sup>27</sup> Molina Rabadán, David, and Marcela Iglesias Onofrio. "Noopolitik, Diplomacia Pública y Soft Power en la Sociedad Informacional." *Working Paper 2* (2006): 1-14. Centro Argentino de Estudios Internacionales, <http://www.caei.com.ar/es/programas/teoria/22.pdf> (Date of access: 2 July 2009).

“global fabric”. On the contrary, in *realpolitik*, the units of analysis are the states; hard power is the core; power politics is a zero-sum game; system is anarchic and highly conflictive; alliances are conditional and oriented to threat; there is a primacy of national self-interest; politics is considered as unending quest for advantage; ethos is amoral, if not immoral; behaviour is driven by threat and power; information flows are very guarded; the balance of power is considered as the “steady-state”; and power is embedded in nation-states.<sup>28</sup>

In order to compete in the current information age and global interdependency, the ability to manage the information flows becomes a key tool to boost a specific international political agenda. For that reason, it is important not only to access to data, but also to have the ability to work strategically with these information channels, manage actors’ perceptions, interpret messages, process knowledge and recognize valuable ideas and lead them through means having a high reputation and credibility for ideas to be considered as legitimate and attractive.<sup>29</sup> Thus we can notice another difference between *noopolitik* and *realpolitik*: *noopolitik* seeks a “balance of knowledge” rather than the classical balance of power of *realpolitik*, because the former is based on the ability to lead the interactions by means of an information strategy. In this manner, international relations have acquired the dual nature stated by Jano, the two-faced deity, about which Hoffmann speaks. But we can not speak anymore in terms of peace and war, but reality and ideas, the material and immaterial.<sup>30</sup>

In short, Nye argues that soft power can be based on three types of resources: the culture in a wide sense, insofar as it is attractive for other people; the culture and political values, inasmuch as they are universal and are able to seduce other persons; and the legitimacy and moral authority of foreign policy.<sup>31</sup> In this idea, we can find the relation between soft power and the New Public Diplomacy.

New Public Diplomacy rests on cultural diplomacy -that is, the inclusion of the culture into international exchanges-, but a cultural diplomacy inserted in a new environment, characterized by the dissemination of democracy around the world and the governments’ imperative need of guaranteeing the support of public opinion; the need of countries to export its products and attract investments; the need states have to obtain the validity of their foreign policy; and the revolution of technology of information mass media.<sup>32</sup>

In comparison to the traditional public diplomacy, New Public Diplomacy rests on dialogue, values, civil society participation, universalism (related to the promotion of democracy, human rights and rule of law); works on the basis of nets at micro level; and looks for the change. On the contrary, the traditional public diplomacy is built on the publicity, information, particularism (related to national interest); it has only one issuer, the state; it works on the basis of hierarchies at macro level; and looks for the status quo and stability.<sup>33</sup> The objective of traditional public diplomacy is to influence on the

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<sup>28</sup> The distinction between *realpolitik* and *noopolitik* was established by Arquilla y Ronfeldt. See John Arquilla and David Ronfeldt, *The Emergency of Noopolitik* (California: Rand Corporation, 1999), 47.

<sup>29</sup> See Rabadán, “Noopolitik, Diplomacia Pública y Soft Power”.

<sup>30</sup> Ibid.

<sup>31</sup> For this type of resources of soft power established by Joseph Nye, see Noya. *Diplomacia Pública para el Siglo XXI*, 134.

<sup>32</sup> Ibid, 121.

<sup>33</sup> Ibid, 125.



foreign government behaviour in a direct way, exercising influence on its citizens' attitudes and by means of policies in the information, education and culture fields. The New Public Diplomacy is polycentric and heterarchical, and its objective is to promote the communication and trust among actors, supposing to change the approach of strategic communication to structural building of relationships. Thus, New Public Diplomacy is based on actions on the social nets, relationship between people and organization.<sup>34</sup>

Two key elements of the New Public Diplomacy are mutual trust relations and reciprocity, which represents the only valid strategic in the new diplomatic environment characterized by the extension of democracy, the explosion of mass media and the rise of a global public opinion in which NGOs have attained a great prominence. The factors that influence on trust among nations are: essential ties- physical and cultural-, social and cultural learning, and economic development.

Accordingly to this concept, New Public Diplomacy seeks to improve the image of a country. The factors that determine the perception of other states are tourism, trademarks, political and international politics of a state –that is, whether a country contributes to international peace and security or has a democratic and effective domestic political system-, investment and migration, culture and patrimony, and, finally, the human quality of country's people.<sup>35</sup>

The action of public diplomacy pursues to project an image at the service of foreign policy interests, and as it is maintained by the literature, country's images are compound by stereotypes and prejudice in relation to their people, trust and reliability among peoples and governments; institutional reputation, and cultural prestige. This latter element is basic component of soft power. For the cultural prestige, the language is a central feature, and together with globalization effects new cosmopolitan citizens and transnational social classes emerge. The cultural diplomacy is at service of the cultural prestige. The cultural diplomacy –the inclusion of culture in international exchanges- is extended into literature, films, music and education fields. It contributes significantly to the exercise of soft power, because of the facts that: it helps to build the foundations to political, economic and military relations on the basis of a solid trust; it creates stable relations with other peoples; it gets to influent citizens of other societies; it identify possibilities of cooperation with others countries, instead of disagreement points; and serves as counterweigh to the hate, incomprehension and terrorism.<sup>36</sup>

In sum, we have seen the main components of soft power and understood how soft power is the main component of New Public Diplomacy. But, above all, we have noticed that we can find the essential elements of Confucian thought of the ancient Chinese culture into the soft power concepts and *noopolitk* of current international relations.

## **II- China's strategy in Latin America during the 21<sup>st</sup> century**

In this second chapter, we will tackle with the Chinese strategy toward Latin America in the political and economic fields. Specifically, we will analyse how Chinese soft power has been applied to Sino-Latin American ties in order to achieve the

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<sup>34</sup> Ibid, 93 and 126.

<sup>35</sup> Ibid, 47 and 48.

<sup>36</sup> Ibid, 117 and 118.

Beijing's foreign policy goals. Additionally, we will include in the analysis the key influence of United States' foreign policy on Sino-Latin American that determines at the same time the Chinese strategy in the region.

## 2.1 China's strategic association with Latin America: soft power and pragmatism

Since the disappearance of Soviet Union that marked the end of the Cold War, Sino-Latin America ties have a character more pragmatic than ideological -despite they have an anti-hegemony tone. Beijing has strengthened political and economic contacts; has fostered commercial agreements, political mutual trust, and cooperation in economy, trade, science and technology, culture and education; has encouraged closest people-to-people relations and high level-exchanges, all which has targeted at promoting a strategic association with Latin American states through soft power means.

As we have already said, Beijing's new global strategy has been relying on soft power so that it could face the hard power of other major world powers like United States, Europe Union, Japan and Russia. In this context, Chinese foreign policy toward developing countries, such as those from Latin America, are increasingly more pragmatic. Ding, explains this rapprochement:

“On the one hand, Beijing has not only paid attention to the developing world in both economic and political perspectives, but also made a series of new efforts to re-establish its comprehensive relationship with both ‘old friends’ and ‘new partners’ in Asia, Africa and Latin America. On the other hand, many developing countries, especially those alienated by the American foreign policies or marginalized by the existing international system, have looked at the rise of China as an ‘opportunity’, and attracted by the idea that a powerful China will contribute to a multipolar world”.<sup>37</sup>

China's presence in Latin America has been growing steadily since nineties thanks to a “moderate, non-confrontational and in favour of the status quo”<sup>38</sup> policy. Even further, scholars speak of a Sino-Latin America new age, due to the multifaceted diplomacy that Beijing has encouraged during last years.<sup>39</sup> This new era is characterized by the establishment of a systematic strategic association with Latin American countries in the long term.<sup>40</sup> Thus China has labelled its relations as “strategic partner”, “cooperative partner”, or “friendly cooperative relations”, on the basis of three criteria: “the importance of a country and its bilateral relationship to China, the depth of

<sup>37</sup> Ding, “To Guild a ‘Harmonious World’ ”, 198.

<sup>38</sup> Juan Gabriel Tokatlian, “A view from Latin America”, in *China's Expansion into Western Hemisphere: Implications for Latin America and the United States*, ed. Riordan Roett and Guadalupe Paz (Washington DC: Brookings Institution Press, 2008), 60.

<sup>39</sup> Gustavo Cardozo, “China y ALC: Planteamiento estratégico y cooperación”, *Observatorio de la Economía y la Sociedad de China* no. 1, (enero 2007). <http://www.eumed.net/rev/china/01/gac-02.htm>. (Date of access: 2 July 2009).

<sup>40</sup> Although the key category that Beijing sets up for its Latin American countries, it does not mean that China is going to enlarge the topics than those related to trading, and securing raw materials and energy resources. As it is explained by Barbara Stallings, “the term strategic is much narrower in the Chinese than in the Latin American perception and refers primarily to economic and energy interest. This point reinforces the argument that, despite the attempts of some Latin American leaders to broaden the agenda, China's main interest in Latin America is trade”. Barbara Stallings, “The US-China-Latin American Triangle”, in *China's Expansion into Western Hemisphere: Implications for Latin America and the United States*, ed. Riordan Roett and Guadalupe Paz (Washington DC: Brookings Institution Press, 2008), 247 and 248).

collaboration in the relationship, and China's decision to accord status to a partner"<sup>41</sup>. As a result, as Dominguez argues, at present China considers as strategic partners Brazil, Venezuela, Argentine and México; as cooperative partner China, and as friendly cooperative relations Cuba.<sup>42</sup>

In accordance with the Ministry of Foreign Affairs of the People's Republic of China, Beijing sees "its relation with Latin America and Caribbean countries from a strategic place and seeks to build and develop a comprehensive and cooperative partnership featuring equality, mutual benefit and common development with Latin American and Caribbean countries".<sup>43</sup> In this sense, the Chinese government has pursued the following goals in relation with its foreign policy toward Latin America:

- Promote mutual respect and mutual trust and expand common ground. In other words, this objective means to exhibit Chinese political values, based on Confucian philosophy, "strengthen dialogue and communication, enhance political mutual trust, expand strategic common ground, and continue to show understanding and support on issues involving each other's core interests and major concerns".<sup>44</sup>
- Build a new economic and political order, opposing hegemonism, imperialism and monopolies of world powers, and achieving a multipolar world. China seeks to challenge the American unipolar leadership and stand alongside Latin America to struggle for the establishment of a new international economic and political order. Uphold multilateralism and play a leading role in the Third World. For many years, China has acted independently in its relationship with industrialized states on behalf of developing countries, and has long held that it belongs to the so-called Third World. Again, China sees Latin America as a tool to challenge American Hegemony as well as Latin America uses China against United States interests. In order to advocate the multilateralism in the international political system, China requires the backing and cooperation of Latin American governments<sup>45</sup>.
- Deepen cooperation and achieve win-win results. Beijing wants to project a positive image of a Chinese capitalism and become an alternative pole of cooperation in comparison to United States, for which China needs the support from the main Latin American states, by means of a win-win diplomacy in which there is not Chinese political interference. In fact, it is already spoken about "Beijing Consensus" opposed to the traditional and so criticized "Washington Consensus", considered as the policy that intensified social and economic inequalities in the world.
- Foster the one China principle of a peaceful reunification. "China maintains that, as part of its traditional territory, Taiwan has no right of representation as an independent entity in international forums, nor can it establish diplomatic ties or

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<sup>41</sup> Jorge I. Dominguez, "China's Relations with Latin America: Shared Gains, Asymmetric Hopes", *Working Paper* no. 2008-0023 Weatherhead Center for International Affairs, Harvard University, (June 2006): 23.

<sup>42</sup> *Ibid.*

<sup>43</sup> Ministry of Foreign Affairs of People's Republic of China, "China's Policy Paper on Latin America and the Caribbean", <http://www.fmprc.gov.cn/eng/zxxx/t521025.htm>. (Date of access: July of 2009).

<sup>44</sup> *Ibid.*

<sup>45</sup> See He Li, "China's growing interest in Latin America and its implications", *Journal of Strategic Studies* 30, no 4 (2007): 835.

enter into relations of an official nature with foreign countries”.<sup>46</sup> This is the political basis for the establishment and development of relations with Latin America countries and regional organizations.

- Draw on each other’s strengths to boost common progress and intensify people-to-people exchanges in the cultural and touristic fields.

- Consolidate geopolitical interest. All this antecedents demonstrate that Beijing is currently seeking to attain more than strong economic ties with Latin American states; rather China is looking for consolidate its geopolitics interest concerning to gain the support of these countries to oppose to American Hegemonism, impede the recognition of Taiwan by Latin American countries, and secure the provision of energy resources.

Chinese foreign policy toward Latin America involves a set of actions that target to strengthen China’s ‘comprehensive cooperation’ with this region in the political, economic, cultural and security fields.<sup>47</sup> The Sino-Latin American relationships in the political and economic sphere are explained as bellow.

### **2.1.1 China’s policy in the political field**

In the political sphere, China has deployed an assertive and effective soft power strategy including a set of actions that have enabled it to improve significantly its relationships with Latin American countries. Among them, we will focus on high-levels contacts, exchanges between political parties and cooperation in international affairs.<sup>48</sup>

#### **2.1.1.1 High-level Sino-Latin American contacts**

China has undertaken a huge effort to tighten its ties with Latin American governments and leaders to increase mutual understanding and trust, and increase the recognition of China. Chinese government started diplomatic relations with this region between 1870 and the beginnings of 20<sup>th</sup> century, specifically with Peru, Brazil, Mexico, Cuba and Panamá, with the objective of protect Chinese workers rights in those countries and promote trade. Later, and after the foundation of RPC, Cuba, under the leadership of Raúl Castro, was turned into the first country in Latin America in establishing diplomatic relations with China in 1960. Ten years after, in 1970, Chile, under the “Unidad Popular” government of Salvador Allende, became the first South American country that established relations with RPC. Between 1971 and 1980, 12 states of the region established diplomatic relations with Beijing upto attaining at present the number of 21 Latin American countries that represents the major part of geographic surface, population and economic production of the region.<sup>49</sup>

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<sup>46</sup> Shinxue, “The Chinese Foreign policy perspective”, 36.

<sup>47</sup> In the cultural and security field, China develops a set of external actions concerning the military exchanges, cooperation in judicial and police affairs, among others in the security and judicial affaires area. And people-to-people exchanges, and cooperation in many areas such as: science, technology, education, environmental protection, in combating climate change, disaster reduction, disaster relief and humanitarian assistance and in poverty alleviation, among many others.

<sup>48</sup> For a detail of the set of political actions of China’s government in Latin America, see <http://www.fmprc.gov.cl>.

<sup>49</sup> Jiang Shixue, “Una mirada china a las relaciones con América Latina”, *Nueva Sociedad*, no. 203 (2006): 64 and 66.

**Table 1: Latin American countries with diplomatic relations with China**

Country	Date of beginning of diplomatic relations
Antigua and Barbuda	1 January 1983
Argentina	19 February 1972
Bahamas	23 May 1997
Barbados	30 May 1977
Bolivia	9 July 1985
Brazil	15 August 1974
Costa Rica	1 June 2007
Chile	15 December 1970
Colombia	7 February 1980
Cuba	28 September 1960
Dominica	23 March 2004
Ecuador	2 January 1980
Grenada	1 October 1985 and then in 20 January 2005
Guyana	27 June 1972
Jamaica	21 November 1972
Mexico	14 February 1972
Peru	2 November 1971
Suriname	28 May 1976
Trinidad and Tobago	20 June 1974
Uruguay	3 February 1988
Venezuela	28 June 1974

Source: Ministry of Foreign Affairs of People's Republic of China.

This strategic is reinforced by the official visits of Chinese high authorities to leaders of Latin America at key junctures. At the same time, China makes big efforts to gain the recognition of Latin American states by establishing diplomatic relations, China has encouraged contacts between Sino-Latin American leaders at the political and business fields. The examples are several recorded chiefly during the last decade. During the decade of 1990, Chinese President Yang Shankun visited five Latin American countries; moreover lower-level Chinese official visits deepened the relationships with Latin America. Then President Jian Zemin travelled to the region in 1993, 1997 and 2001, and participated in the APEC Summit and visited four countries. During the current decade, in November 2004, President Hu Jintao carried out a fourteen-day tour through four Latin American countries and attended the APEC Summit in Chile in 2004 and in September 2005 visited Mexico again.<sup>50</sup>

As we have been able to see, China has developed a strong strategic of a face-to-face relation with certain countries in Latin America, namely Brazil and Mexico. In particular, China has stimulated relationships with Brazilian President Luiz Inacio Lula da Silva and with Mexican President Felipe Calderón either in bilateral or multilateral meetings the last two years, as we can see in the tables 2 and 3.

<sup>50</sup> Hu's visits have tackled with two broad themes. The first one is about the emergence of a new era in Sino-Latin American relations, their historic and qualitative change, and the support for the "one China policy", that is, that Taiwan belongs to China. The second one is related to obtaining formal recognition of China as a "market economy" in advance of the conclusion of WTO Doha Round negotiations. See Dominguez, "China's Relations with Latin America: Shared Gains, Asymmetric Hopes", 22 and 23.

**Table 2: Chinese and Brazilian high level meetings 2008-2009**

<b>Chinese and Brazilian high level contacts</b>	<b>Date of meeting</b>
Hu Jintao holds talks with Brazilian President Lula	19 May 2009
Wen Jiabao meets with Brazilian President Lula	19 May 2009
Chinese President Hu Jintao meets with his Brazilian counterpart Lula	3 April 2009
Brazilian President Lula meets with Chinese Foreign Minister Yang Jiechi	20 January 2009
Chinese President Hu Jintao meets with his Brazilian counterpart Lula	16 November 2008
Assistant Foreign Minister Liu Jieyi meets with Director General of the Department of International Organizations of the Ministry of Foreign Affairs of Brazil	23 July 2008
Hu Jintao holds group meeting with leaders of India, Brazil, South Africa and Mexico	9 July 2008
President Hu Jintao meets with his Brazilian counterpart Lula	9 July 2008
Yang Jiechi meets with his Indian and Brazilian counterparts	16 May 2008
Chinese Foreign Minister Yang Jiechi attends the meeting of the Foreign Ministers of China, Russia, India and of Brazil	16 May 2008
Vice Foreign Minister Li Jinzhang meets with Brazilian Deputy Foreign Minister	23 April 2008

Source: Ministry of Foreign Affairs of People's Republic of China

**Table 3: Chinese and Mexican high level meetings 2008-2009**

<b>Chinese and Mexican high level contacts</b>	<b>Date of meeting</b>
Vice Foreign Minister Li Jinzhang meets with Mexican Foreign Minister Espinosa	19 August 2009
State Councilor Dai Bingguo meets with Mexican President Calderon	9 July 2009
Dai Bingguo attends the group meeting of leaders of five developing countries (O-5)	9 July 2009
Yang Jiechi attends "Developing-Five" gathering, meets Russian, British Counterparts	28 September 2008
Vice Foreign Minister Li Jinzhang meets with Fidel Herrera Beltrán, Governor of the Mexican State of Veracruz	10 November 2008
Foreign Minister Yang Jiechi and his Mexican Counterpart Espinosa co-host the Third Meeting of the China-Mexico Permanent Bi-national Commission	11 July 2008
Wen Jiabao meets with Mexican President Calderon	11 July 2008
Hu Jintao holds talks with Mexican President Calderon	11 July 2008
Hu Jintao holds group meeting with leaders of India, Brazil, South Africa and Mexico	9 July 2008
Vice Foreign Minister Li Jinzhang and Mexican Deputy Foreign Minister Aranda hold political session of the preliminary session of the Third Meeting of the China-Mexico Permanent Bi-national Commission	23 May 2008
Assistant Foreign Minister Liu Jieyi meets with Mexican Deputy Foreign Minister Aranda	22 May 2008
Vice Foreign Minister Li Jinzhang Meets with Mexican Deputy Foreign Minister Maria de Lourdes Aranda Bezaury	22 April 2008

Assistant Foreign Minister Wu Hongbo Meets with Cecilia Romero, Head of Mexico's National Institute of Migration | 22 February 2008  
 Source: Ministry of Foreign Affairs of People's Republic of China

From the high levels contacts between Chinese and Latin American authorities carried out during this decade, we can highlight the constancy and regularity of contacts with Argentina, Chile, Cuba, Ecuador, Uruguay, Colombia, Dominica, Peru and Venezuela.

### **2.1.1.2 Exchanges between Sino-Latin American political parties**

In the international sphere, the CPC seeks to carry out friendly relationships with Latin American political parties from different political tendencies, from the left to right, in accordance with -as the Chinese Ministry of Foreign Affairs states it- "independence, full equality, mutual respect and non-interference in each other's internal affairs to learn from each other, increase mutual understanding and friendship, and strengthen mutual trust and cooperation"<sup>51</sup>. This so-called party-to-party diplomacy, under the leadership of the Communist Party, has been deployed to stimulate relations with more than ninety parties of varied ideological preferences that have set up relations with the CPC. These ties date back to the decade of 1950 when the Communist Party of Brazil sent a delegation to China in 1953; three years after, leaders from 12 Latin American countries were invited by the CPC to attend the 8<sup>th</sup> congress of this party realized in Beijing.<sup>52</sup> Currently, the CPC maintains ties with more than 90 Latin American political forces from varied ideological orientations, and has ties with more than 20 political parties in 10 of the 12 countries that have established diplomatic relations with Taiwan; even since 2001, the Chinese Communist Party has sent delegations to nine of those states to progress its diplomatic interest in relation with the Republic of China.<sup>53</sup> These party-to-party relations have been promoted by the exchange of delegations, the organization of seminars and conferences, attending in every party's congress and ceremonies and inviting Latin American political leaders to visit China.<sup>54</sup>

The Communist Party also maintains relations with the four most important multilateral organizations for political parties in the region, such as: the Socialist International Committee for Latin America and the Caribbean, the Sao Paulo Forum, the Christian Democrat Organization of America, and the Permanent Conference of Latin American Political Parties.<sup>55</sup>

### **2.1.1.3 Cooperation in international affairs**

The Chinese government seeks to strengthen and maintain its coordination and cooperation with Latin American and Caribbean countries on major international and regional issues concerning sovereignty and territorial integrity, the role of the United Nations, the realizing of an international political and economic order fairer and more equitable, the promotion of democracy in international relations and the uphold of the legitimate rights and interests of developing countries.<sup>56</sup>

<sup>51</sup> Ministry of Foreign Affairs of People's Republic of China, "China's Policy Paper on Latin America".

<sup>52</sup> Shixue, "Una mirada china a las relaciones con América Latina", 66.

<sup>53</sup> Ibid, 67, and Shinxue, "The Chinese Foreign policy perspective", 36.

<sup>54</sup> Shixue, "Una mirada china a las relaciones con América Latina", 67.

<sup>55</sup> Shinxue, "The Chinese Foreign policy perspective", 35.

<sup>56</sup> See Ministry of Foreign Affairs of People's Republic of China, "China's Policy Paper on Latin America".

This goal is sought by China through strengthening its ties with Latin American institutionalized multilateral fora and has incorporated into organizations such as Rio Group, Mercosur, OAS, ECLAC, ALADI and IADB, besides the Latin American Parliaments, as we can see in the table 4.

**Table 4: China's presence in Latin American multilateral organizations**

Multilateral organizations of Latin America	Status of participation of China
Rio Group	Observer
OAS	Permanent Observer
Mercosur	Consultative relations
ECLAC	Observer
ALADI	Observer
IADB	Observer
Andean Community	Consultative relations
Caribbean Community (Caricom)	Consultative relations
Caribbean Development Bank	Member (Chinese People's Bank)

Sources: Jiang Shinxue, "The Chinese Foreign policy perspective," in *China's Expansion into Western Hemisphere: Implications for Latin America and the United States*, ed. Riordan Roett and Guadalupe Paz (Washington DC: Brookings Institution Press, 2008), 35; Jorge I. Domínguez, "China's Relations with Latin America: Shared Gains, Asymmetric Hopes", *Working Paper* no. 2008-0023 Weatherhead Center for International Affairs, Harvard University, (June 2006): 25; and Cheng, Joseph Y.S., "Latin America in China's Contemporary Foreign Policy", *Journal of Contemporary Asia* 36, no. 4 (2006): 513.

### 2.1.2 China's policy in the economic field

In the economic arena, foreign policy of China comprehends a series of actions that show how China has developed and improved its ties with Latin America, thanks to a successful wielding of its soft power strategy in this region. Among them, we will underlie trade; and investment and cooperation in resources, energy and infrastructure construction.<sup>57</sup>

#### 2.1.2.1 Sino-Latin American trade

Due to its increasing population, China has the needful to carry out commercial exchanges with the developing world, especially with Latin America, on the basis of mutual benefit and win-win cooperation. By means of this, Beijing wants to achieve three goals: to gain recognition of its full market status; to secure the raw materials and energy resources; to diversify the sources so that it can reduce the country's vulnerability; and to maintain a high level of access to the market in order to assure the exports of its dynamic manufactured products.<sup>58</sup> For these objectives, Latin America plays a significant role because it possesses the raw materials and energy resources China needs and provides a huge market with a population of 582 millions of people<sup>59</sup> for Chinese products. At the same time, in the long run, China hopes to have access to the American market via Latin America.

After the foundation of the PRC in 1949, China sought to encourage stronger economic relations with Latin America; three years later it signed with Chile the so-

<sup>57</sup> For a detail of the set of economic and commercial actions of China's government in Latin America, see <http://www.fmprc.gov.cn>.

<sup>58</sup> Li, "China's growing interest in Latin America and its implications", 840 and 841.

<sup>59</sup> In accordance with *Cepalstat's* data from ECLAC.



considered the first Sino-Latin American commerce treaty in 1952, although commercial exchanges were rather reduced until the decade of 1970 when China began its reformist policies in 1978.<sup>60</sup> The modernization strategy carried out by Deng Xiaping has produced an explosive growth of China's trade with Latin America and the rest of the world as well, on the basis of a wide range of economic agreements and FTA. China has signed FTA with Chile in 2005 and with Peru in May 2009, and currently is in FTA negotiations with Costa Rica. The next table N° 5 shows the sharp and sustained growth of this economic exchange.

**Table 5: Sino-Latin American commerce (millions of dollars)**

Year	Commerce
1950	1.9
1955	7.3
1960	31.3
1965	343.1
1970	145.8
1995	475.7
1980	1,331
1985	2,572
1990	2,294
1995	6,114
1998	8,312
1999	8,260
2000	12,600
2001	14,938
2002	17,826
2003	26,806
2004	40,027
2005	50,457
2006	70,218
2007	102,611

Source: Regalado Florido, Eduardo. "Current Economic Relations between China and Latin America", *V.R.F. Series* no. 448 (March 2009). <http://www.ide.go.jp> (Date of access: August 2009): 8

With regard to Latin American exports to China, Chinese demand for commodities has fuelled a rapid expansion of Latin American exports to that market, improving the trade balances and terms of trade, especially of South American countries. As it is established by ECLAC in its report "Economic and Trade Relations between Latin America and Asia-Pacific. The Link with China", the growth of Latin American merchandise exports at an annual average rate of 11% in the current decade as the combined result of price effects (5.1%), and quantity effects (6.0%). Among Latin American countries, we can highlight the increase in export volumes achieved by Bolivia, Brazil, Costa Rica, Honduras, Nicaragua, Paraguay and Uruguay. High commodity prices have favoured mainly South American countries and price effects

<sup>60</sup> Shixue, "Una mirada china a las relaciones con América Latina", 69.

have been more pronounced for exporters of mineral and metals and oil and petroleum products, primarily Chile and the Andean countries.<sup>61</sup>

As a result of the significant growth of China's trade with Latin America, China has become a much more significant trade partner for the majority of the countries in Latin America and the Caribbean. As a destination for exports, China gained market share in 21 markets, reaching the top five in 10 countries in 2007: Argentina, Brazil, Chile, Peru, Uruguay, Venezuela, Costa Rica, Mexico, Cuba, and Dominica, as it is shown in the table 6.

**Table 6: Ranking of China in each country's trade of Latin America and the Caribbean, 2000-2007**

	Exports		Imports	
	2000	2007	2000	2007
<b>South America</b>				
Argentina	6	2	4	3
Bolivia	18	10	7	6
Brazil	12	2	11	2
Chile	5	1	4	2
Colombia	35	6	15	4
Ecuador	20	17	12	4
Paraguay	17	19	5	4
Peru	4	2	13	2
Uruguay	4	5	7	4
Venezuela	37	3	18	4
<b>Central America</b>				
Costa Rica	26	2	16	5
El Salvador	43	27	21	4
Guatemala	41	18	8	3
Honduras	59	22	8	6
Mexico	25	5	6	2
Nicaragua	22	28	18	6
Panama	27	31	22	2
<b>Caribbean</b>				
Bahamas		13	24	10
Barbados	40	23	9	6
Belize			17	5
Cuba	5	2	5	2
Dominican Republic	21	10	12	5
Dominica		1	23	2
Grenada		40	16	15
Guyana	17	13	9	3
Haiti	38	9	11	3
Jamaica	13	8	9	4
Saint Kitts and Nevis	8	42	28	20
Saint Lucia	19	19	8	14

<sup>61</sup> See Economic Commission for Latin America and the Caribbean, "Economic and Trade Relations between Latin America and Asia-Pacific. The Link with China" (2008): 55, <http://www.cepal.org> (Date of access: July 2009).

Saint Vincent & the Grenadines			18	5
Suriname	24	22	8	4
Trinidad y Tobago	51	34	10	6

Source: Economic Commission for Latin America and the Caribbean, “Economic and Trade Relations between Latin America and Asia-Pacific. The Link with China” (2008), <http://www.cepal.org> (Date of access: July 2009): 55.

Note: The colour indicates an improvement in the respective country’s ranking 2000 and 2007.

In relation to Latin American and Caribbean countries’ export products, the next table shows that the individual export basket to China remains unfortunately highly concentrated in few primary products. Among those products, we can mention: soybeans, petroleum, cooper, other non-ferrous waste and sugars, as it shown in the table 7.

**Table 7: Latin American and the Caribbean’s leading export products to China, 2004-2006 (in percentages)**

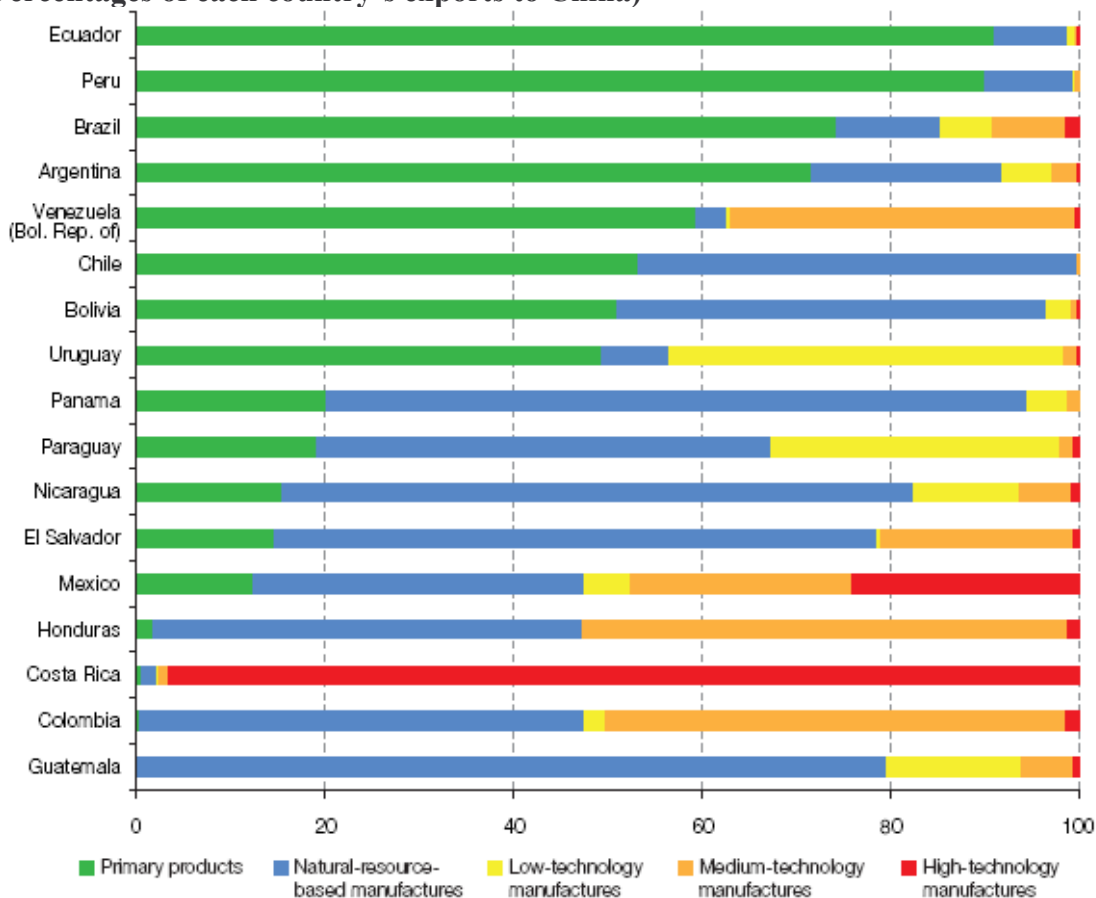
Argentina	Soybeans: 46.2 Soy oil: 23.4 Petroleum: 13.3	82.9
Bolivia	Tin: 32.2 Non-coniferous wood: 14.2 Other non-ferrous ore: 12.6	59.05
Brazil	Soybeans: 27.8 Iron: 20.1 Petroleum: 7.7	55.5
Chile	Copper, refined: 42,1 Copper: 35.2 Chemical wood pulp: 6.6	84.0
Colombia	Other ferro-alloys: 53.0 Other non-ferrous waste: 36.8 Other bovine., equine leather: 2.8	92.7
Ecuador	Petroleum: 89.6 Other non-ferrous waste: 4.5 Bananas: 1.0	95-0
Paraguay	Cotton: 65.6 Other bovine., equine leather: 16.0 Non-coniferous wood: 8.2	89.8
Peru	Copper: 33.7 Flours, unit for human consumption: 26.5 Lead: 9.5	69.7
Uruguay	Wool, animal hair, carded: 26.0 Other bovine., equine leather: 21.9 Wool, greasy: 13.5	61.4
Venezuela	Iron products: 38.7 Petroleum: 24.5 Other non-ferrous waste: 16.2	79.3
Costa Rica	Microcircuits: 76.9	92.7

	Parts for data machines: 11.3 Telecommunication equipment: 4.5	
El Salvador	Other non-ferrous waste: 54.8 Metal wastes: 10.6 Plastic wastes: 6.6	72.0
Guatemala	Sugars: 78.1 Sport footwear: 2.6 Footwear, n.e.s.: 2.4	83.1
Honduras	Switches, apparatus: 2.4 Zinc: 22.7 Sugars: 18.3	65.8
Nicaragua	Sugars: 47.3 Other sugars: 31.1 Other bovine., equine leather: 6.9	85.3
Panama	Other non-ferrous waste: 45.3 Flours, unit for human cons: 22.7 Other ferrous waste: 10.5	78.6
Caribbean	Alumina: 61.3 Sugars: 28.5 Other non-ferrous waste: 3.9	93.7
Mexico	Parts for data machines: 20.8 Other non-ferrous waste: 12.3 Parts for vehicles: 5.9	39.0

Source: Economic Commission for Latin America and the Caribbean, “The Latin American Pacific Basin Initiative and the Asia-Pacific Region” (2008), <http://www.cepal.org> (Date of access: July 2009): 59.

Despite considerable heterogeneity across countries, Latin American’s export basket to China consists mostly of commodities and natural resource-based manufactures. Ecuador, Peru, Brazil, Argentina Venezuela are highlighted by exporting mainly primary products. Chile, Bolivia and Uruguay concentrate their exports in primary products as well in natural-resources based-manufactures. Panama, Paraguay, Nicaragua, Mexico, Honduras, Colombia y Guatemala focus an important share of their exports to China in natural-resources based-manufactures, as we can see in the next chart.

**Chart 1: Composition of China export Basket, by technology intensity, 2006  
(Percentages of each country's exports to China)**



Source: Economic Commission for Latin America and the Caribbean, “Economic and Trade Relations between Latin America and Asia-Pacific. The Link with China” (2008), <http://www.cepal.org> (Date of access: July 2009): 28.

### 2.1.2.2 Chinese investment in Latin America, resources and energy cooperation, and infrastructure construction

Chinese government have developed policies targeted to support qualified Chinese companies to invest in manufacturing, agriculture, forestry, fishing, energy, mineral resources, infrastructure, and service sector in Latin America. Furthermore, China has developed bilateral cooperation frameworks in resources and energy with Latin American countries, and strengthened practical cooperation in transport, information and communications, water conservancy and hydropower, among other areas of infrastructure development in the region.<sup>62</sup>

But at the same time that China tries to satisfy its development requirements, by means of negotiating and ensuring regular raw material and energy suppliers in Latin America in exchange for investment, China uses these commercial ties to generate agreements on political and military cooperation.<sup>63</sup> Here again, “Beijing strategy of investing in raw material sources in South America is a priori comparable to that

<sup>62</sup> Ministry of Foreign Affairs of People's Republic of China, “China's Policy Paper on Latin America”.

<sup>63</sup> Françoise Lafargue, “China's strategies in Latin America”, *Military Review* (May-June, 2006): 80 and 81.

followed in Africa, but acceptance and support of its presence is facilitated by hostilities and resentment in the region against the United States”.<sup>64</sup>

Chinese investment in Latin America has been executed chiefly because it needs to diversify its sources of energy resources, due to instability in its regional environment, characterized by new asymmetric threats (like the terrorism), a greater American presence in Asia-Pacific zone, the latent conflict with Taiwan and the conflict with some countries of ASEAN for the Spratly Islands.<sup>65</sup> The Chinese strategy consists of financing Latin American state projects in public enterprises in order to have a greater guarantee of the Latin American supply to the Chinese market in the long term. In this process, Beijing uses the means of public diplomacy and soft power –meetings and people-to-people contacts- to gain the trust from Latin American authorities, as we can see in the table 8.

**Table 8: Some of Chinese investment in companies in Latin America, 2001-2009**

Latin American company	Chinese public company	Date	Investment
Conoco-Phillips (Ecuador)	China National Chemical (Sinochem)	2003	Purchase of an oilfield
PlusPetro (Peru)	China National Petroleum Corporation (CNPC)	2004	Purchase of subsidiary of PlusPetro
Cubapetroleo (Colombia)	China Petroleum and Chemical Corporation (Sinopec)	2005	Agreement to develop a field
Petrobras (Brazil)	Sinopec	2004	Agreement of cooperation
Petrobras (Brazil)	CNPC	2005	MOU for joint business ventures
Petrobras (Brazil)	Sinopec	2006	Deal to build a natural gas pipeline
AHN (National Hydrocarbons Agency) (Colombia)	China National Oil Development Corporation (CNODC)	2005	MOU for exploration and production
Omimex	Sinopec	2006	Purchase of 50% of Omimex
PlusPetro Norte	CNPC	2004	Purchase of 45% of PlusPetro Norte
PDVSA	CNPC	2001	Agreement to produce Orimulsion
CVP	CNPC	2006	Agreement to develop a heavy crude oil block in the Orinoco belt
Petrobras	Sinopec and China Development Bank	2009	Agreement by which Chinese companies will

<sup>64</sup> Lafargue, “China’s strategies in Latin America”, 80 and 81.

<sup>65</sup> See Gustavo A. Cardozo, “China y América Latina: ¿Un nuevo frente ideológico?”, Instituto Galego de Análise e Documentación Internacional (IGADI), (May 2005). <http://www.igadi.org/index.html> (Date of access: July 2009).

			lend to Petrobras \$10 billion in return for 200,000 (b/d) of crude oil for ten years
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Source: Françoise Lafargue, “China’s strategies in Latin America”, *Military Review* (May-June, 2006): 81, and Luis Palacios, “Latin America as China’s Energy Supplier”, in *China’s Expansion into Western Hemisphere: Implications for Latin America and the United States*, ed. Riordan Roett and Guadalupe Paz (Washington DC: Brookings Institution Press, 2008), 178-184.

Regarding the Chinese companies that are operating or have invested in Latin American, the most favoured areas of investment, accordingly to ECLAC, have been petroleum and gas, minerals and metals, transportation services and telecommunications, and the countries that have more Chinese companies operating in their territories are Brazil, Mexico and Peru, with seven companies (the first one) and six (the last two), as it is shown in the table 9.

**Table 9: Major Chinese companies operating in Latin America by 2006**

Sector	Petroleum and gas				Mining					Fisheries	Telecommunications	IT	Motorcycles	Electronics
	China National Petroleum Corporation	China Petrochemical Corporation	China National Offshore Oil Corporation	Sinochem Corporation	China Minerals Corporation	Shanghai Baosteel Group	Sinosteel Corporation	China Nonferrous Metal Mining & Construction Group	Shougang Group					
Argentina			X							X	X		X	X
Bolivia					X						X			
Brazil		X	X		X	X	X				X			X
Chile					X						X		X	
Colombia	X	X								X	X		X	
Cuba				X							X			
Ecuador	X	X		X							X			
Mexico	X	X	X								X	X		X
Peru	X		X		X		X	X			X			
Venezuela	X	X	X								X			

Source: Economic Commission for Latin America and the Caribbean, “The Latin American Pacific Basin Initiative and the Asia-Pacific Region” (2008), <http://www.cepal.org> (Date of access: July 2009): 61.

In sum, China has taken advantage of the huge commodities production capacity of Latin American countries. At the same time, China not only has reinforced its investments in Latin America but also has targeted this investment to industrial sectors that are central for its own economic development, such as natural resources, raw materials, energy, and infrastructure in these areas, by means of a political and economic diplomacy managed by the state through its most important companies.

## **2.2 Triangular relation between China, Latin American and United States**

For the causes that have been mentioned here, Sino-Latin American relations have a triangular dimension since they involve the United States, in which we can find key geopolitical aspects to understand both Chinese and Latin American strategies in the international field.

As we have stated, China started an active presence in the developing world since 1990, but China changed significantly its strategic view toward the region due to huge strategic importance given by Bush's administration to Middle East and the dramatic change of American foreign policy toward Latin America, leaving it to a second or third place of importance, since the 11/S when the World Trade Center was attacked. The United States image in Latin America was deteriorated. Moreover, during Bush's administration, Latin America underwent an ideological turn toward governments from the left, such as Chile, Argentina and Brazil; the emergence of a revolutionary process in some countries, like Bolivia with Evo Morales, and the beginning of an arm race by Venezuelan President Hugo Chávez, which turned the South American sub-region into an anti-American common front. This is considered a cause of the American "crisis of dominance" in the whole world during Bush's government and the lost of the America leadership in Latin America.

In fact, "the eight-year presidency of George W. Bush marked a period during which Latin American countries increasingly turned to non-traditional players in forming their trade and political relations. The region has enjoyed an economic boom over the past decade, and while the U.S. continues to represent its largest trading partner, Washington with its major distractions in the Middle East, failed to make the most of the area's recent prosperity, and consequently its dominance has slipped".<sup>66</sup>

The foreign policy toward Latin American of George Bush had dramatic effects. For instance, by 2007 after a tour of President George Bush through Latin America, "three-out-of-five Latin Americans distrusted the United States, and only one-in-four members of Latin American elites held a favourable view of President Bush himself"<sup>67</sup>, which not only damaged American credibility but also reduced United States' influence in the region.

For its part, Beijing considered this new adverse juncture for United States and decided to encourage its relation with Latin American governments. Until that time, the president George W. Bush considered China as "strategic rival" and he stated the need

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<sup>66</sup> Council of Hemispheric Affairs, "China's Latest Geopolitical Assault on Latin American Commodities and Bilateral Trade", Council of Hemispheric Affairs (February 2009). [www.coha.org](http://www.coha.org). (Date of access: July 2009).

<sup>67</sup> "Renewing U.S Leadership in the Americas", <http://www.barackobama.com> (Date of access: July 2009).



of creating a new balance in Asia together with his traditional allies, Japan and South Korea.<sup>68</sup> Therefore, Beijing took advantage of the American change of strategic view towards Latin America in order to tighten its ties with Latin American governments by reinforcing its strategic based on people-to-people contacts with Latin American leaders and political authorities described above.

### **III- Challenges to the foreign policy of China toward Latin America**

This section analyses the main challenges that China currently face due to the current Latin American context and the new American leadership that is envisaged, in the political-diplomatic field. These challenges are to deploy an assertive soft power and public diplomacy to compete with Barak Obama's foreign policy toward the region; deal with a region that is vulnerable and with disperse voices; and represent an attractive domestic political model for Latin America.

#### **3.1 Challenges for Chinese political and diplomatic relations with Latin America**

The obstacles for Chinese political and diplomatic relations with Latin America are related with gaining the political support and trust from Latin American governments to attain the economic-commercial agreements and investment, and obtain access to Latin American market and secure the supply of raw materials and energy resources for its own population. As a consequence, Beijing has to deploy an active political diplomacy so that it can guarantee long-lasting and beneficial engagements with Latin American countries. In this manner, through its public diplomacy, soft power and people-to-people contacts, China seeks to secure the legal structures and political institutions, rules and procedures, to support the implementation of those economic agreements and investments.

The challenges that China faces in this field are to deploy an effective and assertive soft power and New Public Diplomacy strategy to compete with the insuperable hard power of United States and Barak Obama's foreign policy toward the region; deal with a region that is vulnerable and with disperse voices; and represent an attractive domestic political model for Latin America.

##### **3.1.1 Deploy an assertive soft power and New Public Diplomacy to compete with American hard power and Barak Obama's foreign policy toward the region**

As we have seen in this paper, soft power as well hard power is an essential component of the power of any state or of its so-called "comprehensive national power". The comprehensive national power is the product –not the sum- of soft power and hard power of a particular state. This concept establishes an equality between both types of power, that is, in political sphere soft power is as equally important as hard power. That is to say, "As both 'soft' and 'hard' powers stand as factors, if one of them is zero, no matter how large the value of the other is, the total value of the comprehensive power will be zero. For instance, if the efficacy of a deterrence strategy equals its military might times its political will, the deterrence strategy will have no efficacy when either factor (military might or political will) is zero".<sup>69</sup>

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<sup>68</sup> Fernando Delage, "La nueva China: La política exterior de China en la era de la globalización", *Revista CIDOB d'Afers Internacionals* no. 63 (2009): 72. [www.cidob.org](http://www.cidob.org) (Date of access: August 2009).

<sup>69</sup> Yan Xuetong, "The Rise of China and its Power Status", *Chinese Journal of International Politics* 1, (2006): 16.

Accordingly to this, a balanced power structure has superiority over an unbalanced power structure. Therefore, “a state with a balanced power structure has advantageous position in comprehensive national power while a state with an unbalanced power structure can only have advantage on certain interests over the others, but it will not have any overall advantage”.<sup>70</sup>

Yan Zuetong estimated that China posses a relatively balanced power structure. He shows even that -in comparison with France, Britain, Russia, Japan, Germany and India- China is the only country that gains overall vantage over the other states in military, political, and economic power, as we can see in the table 10. This means that comprehensive national power of China is stronger that that of the other six states.

**Table 10: Early 21<sup>st</sup> Century State Power Structure for China, France, Britain, Russia, Japan, Germany and India**

	China	France	Britain	Russia	Japan	Germany	India
<b>Military power</b>	Strong	Strong	Strong	Strong	Weak	Weak	Strong
<b>Political power</b>	Strong	Strong	Strong	Strong	Weak	Weak	Weak
<b>Economic power</b>	Strong	Weak	Weak	Weak	Strong	Strong	Weak

Source: Yan Xuetong, “The Rise of China and its Power Status”, *Chinese Journal of International Politics* 1, (2006): 21.

In comparison with United States, China’s comprehensive power is not only inferior as a whole but also in every single aspect of military, political and economic power; in fact, if we compare China’s power component one by one, we can notice that the differences are clearly great, and the most evident disparity in power status remains in military power, although with small difference in economic and political power.<sup>71</sup>

Because of the equality in comprehensive national power between United States and China and the disparities in power status described above, China must reinforce its soft power and public diplomacy not only in Latin American region but in the international system as well, especially now when new U.S. government of Barack Obama is fostering a new engagement with Latin America, have exhibited a new leadership and attractive profile and have awakened greater expectations in Latin American citizens and governments.

As it was considered by Obama’s new government, Bush pursued “a misguided foreign policy with a myopic focus on Iraq”<sup>72</sup>, and that has been negligent toward Latin America neighbours. In response to this, Obama proposed to rebuild the diplomatic links to the region that were weakened during Bush’s government. The new American approach toward Latin America was presented by the President Barack Obama at the 5<sup>th</sup> Summit of the Americas realized in April of 2009 in Trinidad y Tobago, where he demonstrated the leadership he wishes to wield in the region, opining new perspectives and expectations concerning the bi-regional ties. New American foreign policy toward the region has been called the “New Chapter of Engagement with Latin America and the

<sup>70</sup> Ibid, 17.

<sup>71</sup> Ibid, 21 and 22.

<sup>72</sup> “Renewing U.S Leadership in the Americas”.

Caribbean” with a focus on advancing Franklin Roosevelt’s freedom concept based on: political freedom –by increasing democracy and the rule of law-, freedom from want – by addressing common threats like drug trafficking, transnational gangs-, and freedom from fear-by combating poverty, hunger, health problems and global warming.<sup>73</sup>

These three goals focus on three areas in the region. First, the democracy goal - as well as it aims to uphold shared values whenever they are threatened by autocratic practise, coups and human rights abuses- this goal is targeted to empower the Cuban people to become less dependent on the Castro regime; to enable Cuban Americans to foster their connections to their family in the island and grant Cuban Americans unrestricted rights to visit family and send remittances to the island; and to conduct aggressive and principled diplomacy by relaxing the trade embargo and a greater foreign aid in order to encourage change in a post-Fidel government, an important message that Obama send in this way: “if a post-Fidel government takes significant steps toward democracy, beginning with the freeing of all political prisoners, the United States is prepared to take steps to normalize relations and ease the embargo that has governed relations between our relations between pour countries for last five decades”.<sup>74</sup> Second, the security goal is focused on the need of a new security initiative for Mexico that extends beyond Central America so that it can be possible to foster cooperation to combat gangs, trafficking and violent criminal activity. And third, the opportunity goal, aimed to advance opportunity from the bottom-up for the people of the Americas, is focused on the case of Haiti by providing food assistance in the short term and more technical assistance and job training.

The so-called New Chapter of Engagement with the region is an equal partnership to foster cooperation to address common challenges, such as economic development, global warming, energy independence, and drug trafficking and terror. President Obama established the characteristics of this equal partnership at the 5<sup>th</sup> Summit of the Americas in 2009:

“While the United States has done much to promote peace and prosperity in the hemisphere, we have at times been disengaged, and at times we sought to dictate our terms. But I pledge to you that we seek an equal partnership. There is no senior partner and junior partner in our relations; there is simply engagement based on mutual respect and common interests and shared values. So I'm here to launch a new chapter of engagement that will be sustained throughout my administration”.<sup>75</sup>

Since President Obama took office, he started an assertive diplomacy based on official meetings with some Latin American leaders, playing the lead in the 5<sup>th</sup> Summit of the Americas, and responding to the complex political situations that have emerged in the region, through them Obama has taken relevant step toward a new phase of warmer relations with Latin America, showed a new moderated, conciliatory and mediator profile, and apparently has regained the leadership in the region. An example of this is the Obama’s response to the June 28<sup>th</sup> of 2009 Honduran coup, expressing a quick support for Honduran President Manuel Zelaya despite his leftist political stance stressing dialogue, joining Latin American nations in condemning Zelaya’s overthrow,

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<sup>73</sup> For a deeper explanation of Barak Obama’s foreign policy towards Latin America, see “Renewing U.S Leadership in the Americas”.

<sup>74</sup> Ibid.

<sup>75</sup> The White House, “Remarks by the President at the Summit of the Americas Opening Ceremony”, Port of Spain, Trinidad and Tobago, (April 17<sup>th</sup>, 2009). <http://www.whitehouse.gov> (Date access: July 2009).

which is considered as “having drawn the sting from Chavez’s attacks on U.S. ‘imperialist policies in the region’”.<sup>76</sup>

Others examples also show Obama’s listening, moderating and learning position: to shake hands with Venezuelan President Hugo Chavez, build strong ties with the moderate leftist Brazilian President Luiz Inacio Lula da Silva, decide to close the Guantanamo Bay prison for foreign terrorism suspects, accept a compromise to allow Cuba back into the OAS, and pledge to withdraw from Iraq.<sup>77</sup>

In Obama’s last actions in Latin America, we can distinguish the importance given to certain Latin American states by the new U.S. government. These countries are Brazil, Mexico and Chile by means of last official meetings and agreements recently signed in key areas, which can be viewed as strategic allies.

**Table 11: Meetings of Obama’s government with Latin American political authorities**

Latin American governments	U.S. government’s authorities	Date
Brazilian President Lula da Silva	President Barak Obama	July 2009
Mexican President Felipe Calderón	President Barak Obama	April 2009
Summit of Progressive Leaders Brazil, Argentina, Uruguay, Perú and Panamá	Vicepresident Joe Biden Secretary of State Hillary Clinton	March 2009 2009
Central American Leaders Mexico	President Barak Obama Secretary of State Hillary Clinton	2009 2009

At his speech at the 5<sup>th</sup> Summit of Americas, Brazil played a key role by its intermediation for Unites States to dialogue with the most critical block of the region, formed by Venezuela, Bolivia, Nicaragua and Ecuador. The increasingly more relevant role of Brazil in the Latin American context, plus the attitude of Obama of holding out his hands to Latin American governments, darkened the anti-imperialist discourse of those countries.<sup>78</sup> The leading role of Brazil in South America is central for the U.S. strategy in the region, especially in relation with the goal of establishing an Energy Partnership for the Americas, as Brazil and the United States entered into a Biofuels Partnership in 2007. President Obama wants to expand production of renewable energy across Latin America and the Caribbean promoting self-sufficiency and creating more markets for American green energy manufacturers and biofuels producers.

Both the United States and China converge in key industrial sectors, such as energy or mining, and both seek to ensure stable and long-lasting partners and raw materials and energy resources suppliers. Despite of the evident economic competence between them in the Latin American context, nor Beijing nor Washington seek to bother the other in order not to spark any tension situation or conflict. An example of this by

<sup>76</sup> Stuart Grudgings, “New era beckons for U.S.-Latin American ties”, *Reuters*, July 13<sup>th</sup>, 2009, <http://www.reuters.com> (Date of access: July 2009).

<sup>77</sup> Ibid.

<sup>78</sup> See Carlos Malamud and Carola García-Calvo, “La V Cumbre de las Américas: las relaciones entre Cuba y Estados Unidos se juegan en la isla”, *ARI* no. 74 (May 2009): 7, <http://www.realinstitutoelcano.org> (Date of access: July 2009).

U.S. part is the Strategic and Economic Dialogue established by Presidents Obama and Hu Jintao in April 2009. Both heads of state reached this agreement in which they engaged strengthen economic and financial cooperation and enhance bilateral relations by means of a strategic track and an economic track, which included cooperation in a range of areas (economy, trade, military, counterterrorism, law enforcement, science and technology, education, culture, health, energy).

In short, Obama has opened the door for a new relation with Latin America that is a new U.S. policy “with” Latin America and not “for” Latin America, which, at the same time, poses an important challenge for Beijing to exceed.

### 3.1.2 Deal with a region that is vulnerable and with disperse voices

Latin American region is cut across by two trends –political and institutional vulnerability, and fragmentation-, that gives Latin American national political systems the characteristic of uncertainty and unpredictability which China must face and deal to improve its relationships with these states.

In accordance with Latin America’s governance indicators of the World Bank, the table 12 shows the countries that do not reach even the 50% for every indicator. Thus nine countries (Bolivia, Colombia, Ecuador, Guatemala, Honduras, Nicaragua, Paraguay, Peru and Venezuela) present less than the 50 percent in the voice and accountability indicator; seven countries (Argentina, Brazil, El Salvador, Guatemala, Honduras, Nicaragua and Panama), in political stability indicator; four countries (Argentina, Guatemala, Honduras and Peru), in government effectiveness indicator; four countries (Argentina, Honduras, Nicaragua and Peru), in regulatory indicator; six countries (Argentina, Brazil, Colombia, El Salvador, Mexico and Peru), in rule of law indicator; finally, four countries (Argentina, Bolivia, Guatemala and Peru), in control of corruption.

**Table 12: Latin America’s Governance Indicators, 2008**

Country	Voice and Accountability Percentile Rank (0-100)	Political Stability Percentile Rank (0-100)	Government effectiveness Percentile Rank (0-100)	Regulatory Quality Percentile Rank (0-100)	Rule of Law Percentile Rank (0-100)	Control of Corruption Percentile Rank (0-100)
Argentina	57.2	42.1	48.8	28.0	32.1	40.1
Bolivia	48.1	14.8	19.0	15.9	12.0	38.2
Brazil	61.1	38.3	54.5	58.0	46.4	58.5
Chile	76.9	66.0	84.8	92.8	88.0	87.0
Colombia	39.4	8.1	60.2	59.4	37.8	50.2
Costa Rica	77.4	65.1	65.9	65.7	62.7	70.0
Ecuador	40.9	20.1	15.2	14.0	9.1	22.7
El Salvador	50.0	48.3	49.8	60.9	30.6	51.2
Guatemala	39.9	25.4	37.4	49.8	12.9	27.5
Honduras	37.5	32.5	34.1	44.9	20.6	20.8
Mexico	50.5	24.4	61.1	65.2	29.7	49.8
Nicaragua	44.7	31.1	15.6	40.1	21.1	21.3

Panama	64.9	49.3	60.7	71.0	49.8	53.6
Paraguay	37.0	23.4	22.3	33.8	15.3	17.4
Peru	49.0	19.1	46.4	62.3	25.8	49.3
Uruguay	81.3	75.1	68.7	55.1	65.6	83.6
Venezuela	30.3	12.4	17.1	4.8	2.9	9.2
Argentina	57.2	42.1	48.8	28.0	32.1	40.1

Source: Own elaboration from data of The World Bank, “Governance Matters 2009: Worldwide Governance Indicators, 1996-2008”. <http://www.worldbank.org> (Date of access: August 2009).

As a result, we can notice that Venezuela heads this group of countries recording less than 10 percent in three indicators: Regulatory quality, rule of law and control of corruption; Colombia and Ecuador do not either reach the ten percent in political stability and rule of law indicators, respectively. Also we have to stress Bolivia, Ecuador and Paraguay that do not even attain the 25 percent in five governance indicators. Finally, Guatemala and Honduras show less than the 50 percent in five indicators, and Peru and Argentina show less than the 50 percent in six governance indicators.

In Latin America only Chile, Costa Rica and Uruguay are considered as consolidated democracies in terms of Robert Dahl’s definition of *polyarchy* (a much more rigorous than those defining democracy in terms of electoral requisites). The history of Latin America shows recurrent problems of stability and at the beginning of the 21<sup>st</sup> century the rest of Latin American democracies were seen at least as minimalist democracies. As it stated in the study of Luis E. González, during the period 1992-1999 –when occurred the “traditional” crisis, essentially elite-led affaires- there were eight acute crisis in six countries: Venezuela, Peru, Nicaragua, Guatemala, Paraguay, and Ecuador; two of them –Venezuela and Paraguay- underwent two crisis each.<sup>79</sup>

**Table 13: Acute Political Crises in Latin America, 1992–1999**

		Main characteristics of crisis	
Country	Crisis	Focused on	Result*
Venezuela 1	February 1992	President	Did not fall
Peru	April 1992	Legislature	Dissolved
Venezuela 2	November 1992	President	did not fall
Nicaragua	December 1992	Legislature	No change
Guatemala	May 1993	Legislature	No change
Paraguay 1	April 1996	President	Did not fall
Ecuador	February 1997	President	Fell
Paraguay 2	March 1999	President	Fell

Source: Luis E. González, “Political Crisis and Democracy in Latin America since the End of the Cold War”, *Working Paper* 353 (December 2008):10.

<http://nd.edu/~kellogg/publications/workingpapers/WPS/353.pdf> (Date of access: August 2009).

During the period 2000-2007, this study recorded ten acute political crisis “non-traditional” in seven countries: Ecuador, Paraguay, Peru, Argentina, Venezuela, Bolivia,

<sup>79</sup> Luis E. González, “Political Crisis and Democracy in Latin America since the End of the Cold War”, *Working Paper* 353 (December 2008), <http://nd.edu/~kellogg/publications/workingpapers/WPS/353.pdf> (Date of access: August 2009).

Ecuador and Nicaragua; Bolivia had two crisis and Ecuador had three, as we can see in the next 14.

**Table 14: Acute Political Crises in Latin America, 2000–2007**

		Main characteristics of crisis	
Country	Crisis	Focused on	Result*
Ecuador 1	January 2000	President	Fell
Paraguay	May 2000	President	Fell
Peru	November 2000	President	Fell
Argentina	December 2001	President	Fell
Venezuela	April 2002	President	Did not fall
Bolivia 1	October 2003	President	Fell
Ecuador 2	April 2005	President	Fell
Nicaragua	June 2005	President	Did not fall
Bolivia 2	June 2005	President	Fell
Ecuador 3	March 2007	Legislature	57 lawmakers (out of 100) lost their seats

Source: Luis E. González, “Political Crisis and Democracy in Latin America since the End of the Cold War”, *Working Paper* 353 (December 2008): 13.  
<http://nd.edu/~kellogg/publications/workingpapers/WPS/353.pdf> (Date of access: August 2009).

In addition to this characteristic of Latin American national political systems, we have to add the protectionism –especially antidumping measures that some production sectors have attempted to impose–, neopopulism and nationalism in some South American countries, such as Bolivia, Ecuador and Venezuela. Despite the ideological affinity with China, these countries have encouraged an array of nationalization of companies belonging to key industrial sectors, such as in energy, increasing unpredictability to the economic perspective of energy resources exploitation and investment. The nationalization of hydrocarbons enacted by the Bolivian President Evo Morales and Ecuadorian President Rafael Correa produced concern in China and have had some problems with their oil sectors; however, the preference for state-run companies of these governments have benefited Chinese entrepreneurs.<sup>80</sup>

Together with a politically vulnerable and unpredictability region, China’s government must deal with a region fragmented in the political, economic and diplomatic levels. So much so that, even the concept of “Latin America” is becoming gradually diluted, since we can divide the region into three subregions: the “North America” formed by not only from Canada to Mexico, but also to Panama, and including the Caribbean. After the 11/S the Caribbean Basin, which includes the Caribbean Islands, Panama, Central America and Mexico, has become part of United States’ defence perimeter and included in its homeland security. South America, which extends from Colombia to Patagonia, is a distinct geopolitical unit, in which we find two subregions: the Southern Cone and Andean countries, characterized -the latter- by profound domestic turbulence.<sup>81</sup>

<sup>80</sup> See Carlos Malamud, “Los actores extrarregionales en América Latina (I): China”, *Documento de Trabajo* no. 50. (2007): 5 and 7, <http://www.realinstitutoelcano.org> (Date of access: July 2009).

<sup>81</sup> Tokatlian, “A View from Latin America”, 64.

Another sign of the lack a one voice that could represent the region is the series of regional integration intergovernmental organizations that work at present. Here we find: Mercosur, Unasur and Andean Community, for South America; SICA, for Central America; Caricom, for the Caribbean; and SELA and ALADI, for the whole region. Besides, we can find other organisms compounded by Latin American parliamentarians, like: Parlandino, for the Andean countries; Parlamento del Mercosur or Parlasur, for South America; Parlacen, for Central America; and Parlatino, for the whole region. To these politic-commercial institutions we have to add others of functional character specialized in cooperation such as Organization del Tratado de Cooperacion Amazónica and the ACS (Association of Caribbean States). A last integration organization to mention is the ALBA, formed by some countries from South and Central America, and the Plan Puebla Panama, formed by Central America and Mexico.

This set of integration organisms does not have a minimum of coordination and concertation, preventing Latin America from becoming a relevant actor in the international system. This is due to the governments' incompetence to implement certain essential policies to let the region have own voice on some key themes for the whole region.<sup>82</sup>

### 3.1.3 Represent an attractive domestic political model for Latin America

The last political challenge for China in Latin America considered in this work is to represent an attractive domestic political model for these countries, which value the democratic principles.

A considered at times a cultural factor that separate Latin America and China – the domestic political model of the latter- constitutes an important political problem for Chinese government to resolve and an important obstacle for improving bilateral relationships. In spite of difficulties and crisis experienced by Latin American democracies, this region in general satisfies the basic requisites of a democratic political system, it has demonstrated its commitment with human rights respect and the rule of law. Unfortunately, China shows low rates of governance accordingly to the World Bank's governance indicators, as we can see in the table 15.

**Table 15: Governance indicators of China, 1996-2008**

Country indicators	Year	Percentile Rank (0-100)
<b>Voice and Accountability</b>	2008	5.8
	2007	4.8
	2006	5.8
	2005	6.7
	2004	7.2
	2003	8.2
	2002	6.3
	2000	12.5
	1998	9.6
	1996	5.7

<sup>82</sup> Francisco Rojas Aravena, *La Integración Regional: Un Proyecto Político Estratégico*, FLACSO (2007). <http://www.falcso.org> (Date of access: 2008).



<b>Political Stability</b>	2008	33.5
	2007	32.2
	2006	35.6
	2005	38.5
	2004	41.3
	2003	34.1
	2002	39.4
	2000	41.3
	1998	43.3
	1996	38.0
<b>Government Effectiveness</b>	2008	63.5
	2007	61.6
	2006	58.8
	2005	53.1
	2004	55.5
	2003	55.9
	2002	58.3
	2000	55.9
	1998	46.0
	1996	64.5
<b>Regulatory Quality</b>	2008	46.4
	2007	46.1
	2006	42.0
	2005	46.3
	2004	45.4
	2003	38.5
	2002	33.2
	2000	39.0
	1998	40.0
	1996	50.7
<b>Rule of Law</b>	2008	45.0
	2007	42.9
	2006	43.3
	2005	42.4
	2004	43.8
	2003	41.0
	2002	44.3
	2000	39.0
	1998	41.4
	1996	48.6
<b>Control of Corruption</b>	2008	41.1
	2007	33.8
	2006	36.9
	2005	32.5
	2004	34.5
	2003	44.2
	2002	42.7
	2000	47.6

	1998	45.1
	1996	54.4

Source: Own elaboration from data of The World Bank, "Governance Matters 2009: Worldwide Governance Indicators, 1996-2008". <http://www.worldbank.org> (Date of access: August 2009).

With regard to voice and accountability indicator, China barely exceed the ten percent during two years from 1996 to 2008 (in 2000 y 1998); in relation to political stability, regulatory quality, rule of law and control of corruption, China does not even reach the 50 percent (except in 1996). Only respecting government effectiveness this country exceeds the 50 percent (except in 1998).

In front this complex scenery and furthermore the negative connotation that have communist regimes in Latin America, China must seek the support of Latin American governments relying on its external diplomatic model that, as we have stated here, is based on the harmonious word order concept, soft power, public diplomacy, persuasion, collaboration, pragmatism, non-interference, multipolarism and multilateralism, which target at improving the Chinese government image in the world and thus easing its political and economic engagement with Latin America.

### **Conclusions remarks**

In light of the facts narrated in this paper, we can sustain that China has succeeded in establishing tight political and economic relations with many Latin American partners, but it is evident that obstacles remains in the political-diplomatic field, which pose challenges for China regarding the deployment of an assertive soft power and public diplomacy to compete with Barak Obama's foreign policy toward the region, the dealing with a region that is politically and institutionally vulnerable and with disperse voices, and the representation of an attractive domestic political model for Latin America.

In this paper, it is argued that the main current challenge for China is the new foreign policy towards Latin America of U.S President Barak Obama together with its new leadership and moderating, conciliating and tending to dialogue profile showed recently by Obama towards Latin American countries. The Obama profile constitutes a challenge especially for the soft power strategy developed by Chinese government, based on the moderation in the exercise of power, the accomplishment of its objectives by peaceful means and persuasion and by obtaining the admiration of its values and culture by other states, and the projection of an image of credibility and prestige.

Considering the need of China and the United States to obtain access to Latin American markets and to its primary products and natural-resources-based manufactures, Beijing will have to, if not surpass, at least equal the American diplomatic strategy successfully encouraged by Barack Obama's administration during at least the next four years. In addition, it was possible to notice that this Sino-U.S. competition collides specially in Brazil, where both countries find not only the supply of natural resources and raw materials but also the political support of the leading role deployed by this country in South America.

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