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## Promote China-Latin American Relations in the 21<sup>st</sup> Century

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*Promoción de las relaciones entre China y Latinoamérica en el siglo XXI*  
*Promover as Relações entre China e América Latina no Século XXI*

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*With the unfolding of globalization and economic interdependence in the 21<sup>st</sup> century, China and Latin American countries, though geographically and culturally distant, have increased their exchanges and contacts in a wider range of areas. China envisions its relationship with Latin American countries from strategic perspectives and stresses the importance of win-win games and mutual reciprocity. While developing further their cooperative relationship, China and Latin American countries face common challenges and need to find ways to resolve them.*

*En el siglo XXI, con el despliegue de la globalización y la interdependencia económica, China y los países latinoamericanos, aunque geográfica y culturalmente distantes, han incrementado sus intercambios y contactos en una gama de áreas más amplia. China aborda su relación con los países latinoamericanos desde perspectivas estratégicas y pone de relieve la importancia de estrategias beneficiosas para ambas partes y de la reciprocidad mutua. Mientras desarrollan más exhaustivamente su relación cooperativa, China y los países latinoamericanos se enfrentan a retos comunes y necesitan hallar maneras de resolverlos.*

*Com o desenvolvimento da globalização e da interdependência econômica no século XXI, a China e os países latino-americanos, embora geográfica e culturalmente distantes, aumentaram os seus intercâmbios e contactos numa ampla série de áreas. A China planeia as suas relações com os países da América Latina a partir de perspectivas estratégicas, e destaca a importância de jogos em que todos ganham e de reciprocidade mútua. Ao mesmo tempo que desenvolvem ainda mais as suas relações de cooperação, os países da China e da América Latina enfrentam desafios comuns e precisam de encontrar formas de os resolver.*

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## 1. Introduction

China and Latin American countries are geographically and culturally distant and they differ in their social systems and distributions of natural resources. However, China and many Latin American countries have similar historical experiences, have the same demand for economic and social development, and have common attitudes and similar views on international affairs.

Indeed, the China-Latin America relationship has developed quickly in recent years. The two sides have been expanding their contacts and exchanges through increasingly multidimensional, comprehensive, and broad cooperation and coordination, which are founded on the shared ideas of win-win games and mutual reciprocity. China is attaching greater importance to developing its relationship with Latin America, and includes that relationship as an integral part of its overall foreign policy and strategy in the 21<sup>st</sup> century. The quickening process of globalization in today's world provides greater opportunities and prospects for promoting sound relationship between China and the countries in Latin America.

This paper consists of three major parts. The first part highlights the historical evolution of the relationship between China and Latin America and argues that, despite various vicissitudes, the relationship can survive the past and has developed quickly in recent decades. The second part provides an account of the increasing demands for improving China-Latin America relations in the 21<sup>st</sup> century, contending that a changing world and the quest of both China and Latin American countries for sustainable developments call for closer and more comprehensive cooperation and exchanges between them. The Chinese foreign policy position towards Latin America and the Caribbean in the 21<sup>st</sup> century reflects the fact that China is attaching greater strategic importance to the region. The third part of the paper analyses empirically how the idea of win-win games and mutual reciprocity has facilitated economic and social relations between China and Latin American countries, as well as the potential challenges that may affect the development of the China-Latin America relationship.

### KEY WORDS

**China-Latin America relations, cooperation, win-win game, mutual reciprocity**

### PALABRAS CLAVE

**Relaciones China-Latinoamérica; colaboración; estrategias mutuamente beneficiosas; reciprocidad mutua**

### PALAVRAS-CHAVE

**Relações China-América Latina; cooperação; jogo em que todos ganham; reciprocidade mútua**

## 2. History as Prologue: The China-Latin America Relationship

Despite the distances between them, Chinese and Latin American people have enjoyed a time-honored friendship. The contacts and exchanges between China and Latin America can be traced back to as early as the mid-16<sup>th</sup> century, when a trade route across the Pacific Ocean – later known as “the Sea Silk Road” – was opened between them via the Philippines (Xu, 1999). Chinese merchants took commodities such as silk, porcelain, clothes, spices, and powders to the New World and brought back materials like silver, maize, and tobacco from countries like Mexico and Peru. At one point, due to the intense silk trade the Mexican silver coins were so popular in China that they were circulated as currency along with Chinese coins.

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After the Opium War in 1840, many Chinese laborers went to Latin America and, despite hardships and difficulties, contributed to local economic and cultural developments and the fights for national independence. For generations, these laborers and their descendents played a critical role in connecting Chinese and Latin American economic relations and people-to-people friendships. Prior to the establishment of the People's Republic of China (PRC) in 1949, 13 countries in Latin America had established diplomatic ties with the Government of Republic China in Nanjing (Xu, 1999).

That said, Latin America has traditionally been regarded as the "backyard" of the United States in the Western Hemisphere, and the (re)initiation of diplomatic relations between the PRC and Latin American countries has been a comparatively recent phenomenon. Due to the US sphere of influence and other historical reasons, much of the Cold War witnessed little contact between China and Latin American countries except for Cuba, a socialist country that achieved its political independence and recognized the PRC in 1960. Many countries in Latin America, restrained by the bipolar structure of the Cold War, followed the United States and maintained their diplomatic ties with Taiwanese authority. The relationships between the PRC and these countries were thus at a standstill. It was not until the early 1970s, when the PRC and the United States decided to normalize their bilateral relations, that the biggest obstacle restraining the development of a China-Latin America relationship was removed. By the end of the 1970s, the PRC had established diplomatic relations with nearly a dozen Latin American countries, including Chile, Peru, Mexico, Argentina, Guyana, Jamaica, Trinidad and Tobago, Venezuela, Brazil, Surinam, and Barbados.

Since 1978, when it decided to open itself to the outside world and conducted its economic reform, China has taken a more cooperative approach in its foreign policy toward developing countries. For example, in its relations with Latin American countries, China proposed four major principles that were intended to guide the China-Latin America relationship. First, China should establish and develop its cooperative relationship with all Latin American countries on the basis of the Five Principles of Peaceful Co-existence. Second, in terms of expanding trade and business and economic cooperation, the China-Latin America relationship should both focus on the present footing and look forward to the future. Third, both China and Latin American countries should respect each other's cultural traditions and social values. And finally, the two sides should increase their cooperation and coordination in world affairs with mutual support and close consultation. In the 1980s, Chinese and Latin American relations witnessed a renewed development and cooperation through more channels, broader fields, and wider dimensions.

With the end of the Cold War, the process of globalization has quickened in an unprecedented way and made economic factors more prominent and significant in international relations. It has created a broad context in which both China and Latin America aspire to draw their relationship closer in order to face collectively an ever changing and uncertain world. For example, political exchanges between China and Latin America in the 1990s were promoted and strengthened through mutual visits by their leaders. In the economic aspect, China and Latin American countries increased the amounts of their mutual exports and imports, with mixed scenarios of trade surplus and deficits among them (Dong and Callejas, 2008:65).

### 3. Demands for Improving China-Latin American Relationships

The 21<sup>st</sup> century provides prospects for both China and Latin America to materialize their relationship. A changing global context, domestic changes in China and Latin American countries, and China's foreign policy position towards Latin America and the Caribbean in the 21<sup>st</sup> century contribute to the demand for the improvement of the China-Latin America relationship in the new millennium.

The 21<sup>st</sup> -century world continues its major transformations in several fundamental ways. Some basic features can be observed as they are unfolding in the new millennium. First, with the changes and adjustments of the world underway, peace and development continue to be mainstreams of this present age, though there are still regional/local conflicts and violence that occur around the world. Second, a trend toward multipolarity in the world is irreversible, and economic globalization is gaining momentum. And third, it is in the fundamental interests of all nations to share in the historical moment of development by addressing their common challenges while promoting the noble cause of constructing a harmonious world of human peace and stability. It can be reasonably argued that global peace and economic development in the 21<sup>st</sup> century offer both opportunities and challenges, which demand that developing countries like China and the Latin American countries to cooperate and coordinate more closely.

Domestic development in both China and Latin American countries encourages the desire for improving the China-Latin America relationship. China has repeated its determination to stick to the direction of its economic, social, and political reforms. This implies that China has chosen the route of development as its national agenda. Many countries in Latin America also seek to push forward their economic growth and social progresses. China and many Latin American countries have made national development a top priority. Other shared identities also encourage both China and Latin American countries to seek closer relationships with each other. As one commenter puts it, the shared developing country identities, similar historical experiences, and common desires for peace are the "political bases" of improving China-Latin America relations (Cheng, 2006:3).

In terms of its foreign policy in the new millennium, China maintains and pursues cooperative approaches to international affairs. As one of the ascendant powers in the world, China reiterates its commitment to the path of peaceful development and the win-win strategy in continuing its path of opening up to the outside world. It also reaffirms its cooperation and friendship with all countries on the basis of the Five Principles of Peaceful Coexistence, in the hope that the social construction of a harmonious world of durable peace and common prosperity can be made possible.

Within this context, China's foreign policy in the early 21<sup>st</sup> century has begun to attach greater importance to, and seek closer relationships with, the Latin American countries. Latin America has a long history of splendid civilizations with vast territories and abundant resources, and enjoys a good foundation for economic growth and social progress as well as huge development potentials. For Chinese foreign policy decisionmakers, Latin American countries constitute important parts of the developing world and major forces that are playing increasingly important roles in regional and international affairs, contributing signifi-

cantly to world peace and global development. Meanwhile, many Latin American countries have been actively seeking models of national development that are suitable to their actual conditions. Latin America has witnessed political stability, sustainable economic growth, and social development, with peoples' livelihood steadily improving over the past decades.

On November 5, 2008, China issued its *Policy Paper on Latin America and the Caribbean* (PPLAC). This paper is one of the few regional policy papers issued by the Chinese government and the first one for the region of Latin America and the Caribbean; it delineates an overall blueprint for further cooperation between China and Latin America and the Caribbean, clarifies the goals of China's policy in this region, and outlines guiding principles for improving the relationship between the two sides in various fields, including politics, economics, social and cultural dimensions, agriculture, science and technology, and the environment.

Given its contents and rhetoric, the PPLAC represents several characteristics. First, it appreciates the increasingly important role that Latin American and Caribbean countries are playing in regional and international affairs. Second, it stresses the bilateral trade and economic relationships with Latin American and Caribbean countries. Third, it confirms cooperation in a wide range of fields, including international affairs. Fourth, it expresses the idea that China views its relations with Latin America and the Caribbean from strategic perspectives. It also reiterates that the one-China policy is the political foundation for the establishment and development of relations between China and the Latin American and Caribbean countries. It can be seen that developing friendly relations with developing countries, including those in Latin America and the Caribbean, is the basic stance of China's foreign policy in the early 21<sup>st</sup> century.

#### 4. Win-Win Games in Cooperation and Challenges

When China entered the World Trade Organization (WTO) in 2001, it marked a watershed in China-Latin America relations. In terms of its trade relations with Latin America, as some commenters put it, China has undergone two stages: the stage prior to China's entering the WTO and the stage after it (Dong and Callejas, 2008:67). Before China becoming a member of the WTO, the trade relationship between China and Latin America was growing slowly. In this stage, both primary and end products were main staples in their trade and business. Having entered the WTO, China was able to quickly expand its trade business in the world market, and its relations with Latin America began "moving into a new stage" (Dong and Callejas, 2008:67). Brazil, Mexico, Chile, Argentina, and Panama become China's first five trade partners in Latin America, while a variety of Latin American countries have increased their exports to China (Inter American Development Bank, Mauricio Mesquita, 2005).

As a matter of fact, a closer China-Latin America relationship in the 21<sup>st</sup> century brings benefits to both sides, because they share similar pictures in the field of economic development. Economic reciprocity has been the most stable basis for the development of China-Latin America relations. To further promote these relations, it is necessary to rethink and redefine the ties of the two sides strategically. There are at least three interrelated aspects that can

be addressed in the analysis of mutual benefits. First, China now has an increasing demand in its domestic market for food, energy, metals, and minerals for its social and economic development in sustainable ways. This domestic demand in China benefits export-oriented countries in Latin America, which will in turn boost their economic growth and social development through their exports. Second, China has been arguably one of the few economies that have been relatively unaffected by the global financial crisis that broke out in the late 2000s, as its economy has maintained growth at the rate of 8 percent since the 1980s. And third, China's population of more than 1.3 billion people provides a huge market and great opportunities for Latin American and Caribbean countries in terms of trade and investment. China is now the main market for exports from Brazil, Chile, Argentina, Costa Rica, Cuba, and Peru. In other words, China's increasing demand for imported products from Latin America helps balance out the reduction of exports in Latin America caused by the current global financial crisis and its aftermath.

China-Latin America relations in the 21<sup>st</sup> century have shown some new features. On the one hand, the interdependence between China and Latin America has accelerated with the increase in their trade and business. China has signed agreements with Brazil, Argentina, and Chile for developing and investing in natural resources of ore, oil, and copper, and has increased its trade cooperation with oil-exporting countries like Peru. Besides being one of the most important trade partners for Brazil, Mexico, Argentina, Chile, and Peru, China has risen to be the second largest customer shipping through the Panama Canal.

In addition, the fields and scope of China-Latin America cooperation have been broadened from natural resources to high technology. China and Brazil have started cooperating in the peaceful use of atomic energy and outer space, conducting collective research on programs like earth resources exploration satellite techniques. China has conducted scientific exploration in Antarctica with Chile and Argentina; the latter has also signed an accord with China on the peaceful use of atomic energy.

Investment is another feature in the development of the China-Latin America relationship. Latin American and Caribbean countries may (re)examine the production and integration taking place in Asian countries, finding ways to join the value chains being formed there so as to boost the Asian investment in Latin America and the Caribbean. Latin America is one of the main destinations of Chinese investment abroad, but it is not enough for intended investments to be made only in traditional sectors such as mining, oil, transportations, and telecommunications. New programs and items need to be actively and creatively thought out in order to attract more investment from China and other Asian countries.

That said, there are still challenges in China-Latin America relations. Two are related to political aspect: Latin American economies have relied conventionally and heavily on the United States for a long time, and there are "uneven levels of economic development and capability between China and Latin America" (Xu, 2002:10). This gives rise to complaints about China and the United States struggling for influence in Latin America, and China's rising economic power posing "threats" to Latin America. In fact, the United States does not necessarily need to be a factor in China-Latin America relations, since they are based on reciprocity and mutual respect without targeting any third parties. As some commenters argue, China and the Latin American countries broadened their "reciprocal cooperation" without aiming



to threaten any third party's interests (Zhang, 2007:48), and "it is not necessary or likely for China to reduce U.S. influence in the West Hemisphere through elevating China-Latin American relations" (Jiang, 2005:10).

In addition, with the increasing development of China-Latin America relations, trade frictions emerge and "get prominent" (Sun and Zhang, 2007:71). One cause for the frictions, among others, is that China and the Latin American countries have similar export structures. Specifically, the low technology-valued products that China exports to Latin America, like textiles, clothes, and electronic gadgets, are similar to the products that Latin American countries export to China. Consequently there is competition for markets in Latin America, China, and possibly other countries where they intend to export their goods. As one commenter puts it, China poses a challenge to Latin America "in terms of the strategy of economic development and the elevation of industrial structure" (Cao, 2005:75). To deal with the frictions, equal dialogues, friendly consultations, and related policymaking and readjustment are needed.

The third challenge is the constant need for both Chinese and Latin American people to "deepen their mutual understandings" of each other's civilizations, cultures, political systems, and social values and beliefs (Zhang, 1994:41). As mentioned above, China and the Latin American countries are geographically and culturally distant. Progress has been made in cultural exchanges between China and Latin America in recent years, but much remains to be done (Zhu and Liu, 2008:40). The lack of deep and proper understandings of each other may give rise to negative effects on economic and political relations. Mutual understanding is a long-term endeavor that can be achieved through various programs such as university courses on Chinese and Latin American languages, history, politics, economics, culture, and diplomacy, and film, art, or music festivals organized through official and civil channels to help people on both sides to know and appreciate each other.

## 5. Concluding Remarks

With the process of globalization, the increasing demand for national development in both China and Latin America, and China's foreign policy and strategy, China is determined to embrace the international community and further involve itself in the process of global economic integration. Accordingly, the overall relationship between China and Latin America is bound to expand in the 21<sup>st</sup> century.

Indeed, new progress has been made in China-Latin America relations in many ways, at various levels, and across a broad spectrum of areas in recent years. The two sides have enjoyed more frequently high-level exchanges, stronger political trust, closer cooperation in areas such as economy, trade, science and technology, culture, and education, and mutual support and close coordination in international affairs. The friendly cooperation between the two sides serves the fundamental interests of their peoples. Future growth of the relationship enjoys great potential and broad prospects, and will contribute more significantly to peace and the development of mankind.



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