

# China's Policy Paper on Latin America and the Caribbean: Ten Years After

Written by Andres Aguilera-Castillo and Juan M. Gil-Barragan

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ANDRES AGUILERA-CASTILLO AND JUAN M. GIL-BARRAGAN, NOV 5 2018

Since the foundation of the People's Republic of China (PRC) in 1949 the country has had several sociopolitical and economical challenges that have been addressed by the country's leadership. During the tenure of Chairman Deng Xiaoping, China grew faster and opened up to the world. The structural reforms implemented during the leadership of Deng in 1980s led to three decades of double-digit economic growth (Huang, 2017). After the victory of the Chinese Communist Party in the mainland, Chiang Kai Shek and the leaders of the nationalist party known as the Kuomintang (KMT) were forced to seek haven in the island of Formosa and established a regime, known as Taiwan or Republic of China (ROC), this situation has become one of the most difficult issues in contemporary world politics and the tension in the Cross-Strait relations. One of the key aspects to understand the expansion of Chinese influence in Latin America is the Cross-Strait dispute, basically the People's Republic of China aims to reduce the number of political allies of Taiwan, which is seen by the PRC as a "separatist" region. In this sense Latin America is an important player in the Cross-Strait dynamics given that several countries in the region acknowledge Taiwan as a sovereign nation-state.

From the Chinese Communist Party Perspective, Taiwan should become a part of PRC and agree to reunification known in the mainland as the "One China" principle. However, the ROC-Taiwan has had a different political trajectory and it has turned into a modern democratic regime with several political parties and a vibrant economy. It is worth mentioning that the ROC has powerful military allies such as the United States which adds more complexity to the Cross-Strait issue.

China's increasing influence has challenged the political and economic landscape across the regions of the world. Despite the geographical distance, Latin America has become an area of interest for China since its opening to the world and more precisely since 2001 after joining World Trade Organization, WTO (Huang, 2017). It is relevant to acknowledge that Latin America and the Caribbean are rich in natural resources and a key supplier of agricultural and mineral commodities for the manufacturing and industrial demands of China. Nonetheless, this relationship between China and Latin America has many implications in terms of geopolitics and it is often seen by the United States as meddling in its backyard (Livingstone, 2009).

It is not precise to consider China a direct threat to U.S. influence in the region, from the PRC's perspective the approach to the region is pragmatic, securing the supply of key primary goods such as agricultural and mineral commodities, also to expand the markets for their manufacturing sector. As an additional issue comes the geopolitical factor, most countries in Latin America have had political and diplomatic links with the People's Republic of China since the 1980's. It is since only a few years ago that the PRC has shown a precise guiding principle – The White Paper(s) – to develop a partnership with the region.

The Chinese government published the first official policy paper on Latin America and the Caribbean in 2008. This document known as the "White Paper" highlights the key areas and the approach of the Chinese government towards the region. It points out that the world is in a multi-polarity trend that needs to be recognized and that the PRC seeks a peaceful development across the regions.

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The Chinese government adheres to the Five Principles of Peaceful Coexistence, which consist of the following: mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence. On the basis of these principles, China has strived to develop relations of cooperation with other countries.

In order to elevate and assert its global stance and reach out to distant regions such as Latin America one of the key components of the Chinese government foreign policy is to engage with nations that support and recognize the "One China" principle as the political basis for the development of diplomatic relations between China and Latin American countries.

The Cross-Strait issue between China (People's Republic) and Taiwan (Republic of China) could be a challenge for countries in the region that would not like to pick one over the other. However, in order to revitalize the trade flows and attract financial resources and entry to the massive Chinese market; several governments in Central America and the Caribbean have surrendered to China's Charm Offensive that includes hefty economic aid for energy, logistics and infrastructure projects (Huang, 2017).

This matter has created a dilemma especially in Central American countries that have previously recognized Taiwan as an independent nation-state. For most Latin American countries China's increasing economic and trade presence is an opportunity to create stronger ties with Mainland China and create dynamism in the growth of the region, and be able to secure financial and technical resources for critical infrastructure projects that are needed.

In the Central American region several countries that used to have diplomatic relations with Taiwan (Republic of China) have cut ties in order to favor the People's Republic of China, and secure a plethora of resources and financial support available to them. This shift in politics may be seen from the U.S. perspective as a definite blow to its longstanding influence in the region.

For countries such as El Salvador, Nicaragua, and Panama forgoing the relationship with Taiwan and preferring China, is considered a pragmatic and economic decision. In addition, there is a lack of understanding and knowledge about the political aspects that led to the creation of the PRC in mainland China governed by the Communist Party, and on the other hand, the creation of the Republic of China-Taiwan led originally by the Kuomintang KMT Party.

China's outward strategy seeks to secure resources in Latin America for its domestic needs, according to the latest update of the PRC White Paper on Latin America and the Caribbean, published in 2016, the Chinese government seeks to create a "Comprehensive and Cooperative Partnership" with the region and establish frequent high-level exchanges. Besides, the PRC is striving for the consolidation of its position as a key partner and use its economic clout in order to enhance the logistics, energy, and infrastructure sectors which are mutually beneficial. Accordingly, China seeks to actively participate in bilateral cooperation frameworks that are flexible and pragmatic in wide ranging areas that include industrial cooperation, multilateral cooperation, and also social and cultural aspects.

Comparing between the first White Paper from 2008 and the 2016 version there are certain aspects that remain and new features that have been added and updated. One thing that remains is the recognition of the strategic importance of Latin America and the Caribbean for the Chinese development process and the economic boost and aid that is necessary for most Latin American economies, seen as a win-win cooperation. An indicator of this interest is that China since 2009 is an official donor of the Inter-American Development Bank.

Under the premise of the Second White Paper, China is fostering a new kind of international relations that embrace multipolarity and creates alliances that are evolving and support commercial strategic outcomes. The Chinese government approach towards Latin America and the Caribbean aims to improve its international power projection capabilities not by military means but by economic terms, collaboration, and cooperation. The official platform by which China will relate to Latin American counterparts is the China-CELAC Forum, which is a high-level institutional framework of cooperation, operating since 2015 when the first ministerial meeting was held in Beijing (Ministry of Foreign Affairs of China, 2016).

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A matter that is considered in the second policy paper, that is evidently missing in the first one, is the U.S. factor given the historical link with the region. In the second policy paper, China addresses the importance of third parties making a reference to the U.S. influence quoting "*It does not target or exclude any third party*".

The economic relationship between the United States and Latin America was affected by the global financial crisis of 2008. In this sense China became a strategic country to help boost the regional economy, in a way, Latin America considered China as an alternative from Washington in order to foster economic growth. Furthermore, Latin America has a lot to gain from properly leveraging the cooperation by strengthening competitiveness, especially in science, technology and infrastructure, and the establishment of Industrial and Technological parks in the same manner China has engaged the African continent.

Another novel feature of the 2016 White Paper is that it includes aspects of Sustainable Development and joint responses to climate change. As of matters of security the specifications go beyond the traditional realm and include cybersecurity, a contentious issue between the United States and China, and seeks that Latin America participates in the Internet Governance System.

China is actively approaching other regions of the world due to its economic power and natural resources requirements. However, it will engage Latin America not as a dominant hegemon but as a supporter and collaborator with pragmatic solutions and a comprehensive scope. The White Paper will elaborate further on this aspect referring to it as a Trilateral Cooperation; acknowledging the role of relevant countries in the region, making a reference to the United States.

Since the publication of the first White Paper, China's influence in Latin America has been mostly framed by three reasons. First, China's need to secure the supply of key primary goods and expand the markets for their manufacturing sector. Second, China's aims to reduce the number of political allies of Taiwan. Third, Latin America's need for access to financial support in order to foster its economic growth. This triad provokes some Latin American countries to forgo the relationship with Taiwan, giving China the opportunity to increase its influence in the region, and preparing the ground for a multipolar region. The challenge for Latin America is to properly navigate the simultaneous relationship with China and the United States alike instead of picking one over the other. It will be a delicate political maneuver, given the fact that some Latin American countries want to lessen years of political and economic exchange with the United States and diversify their foreign policy with other regions (Gallagher, 2016).

Despite the geographical distance that separates China and Taiwan of Latin American countries, the Cross-Strait dispute and its recent developments could have deep implications in the regional geopolitical arena. One thing is undeniable, it is evident the clout that the PRC has shown in recent months regarding the stance of some Latin American countries on the diplomatic relations with Taiwan. The question that lingers is, will the remaining countries that recognize Taiwan succumb to the PRC's charm offensive?

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## About the author:

**Andres Aguilera-Castillo** is currently Associate Professor at Universidad EAN, more than 8 years working in the Education Sector. His research interests gravitate towards technology and business, business education and cybersecurity. He has a Master's in International Commerce from Korea University, Seoul, South Korea and a Bachelor's Degree Major in Political Science from Universidad Nacional de Colombia, Bogotá. He has worked in Korean companies such as Pumyang Construction Ltd. in the international business section. Additionally, he worked in International Marketing for Latin America at LG Electronics Inc, and as a product manager at LG Electronics Colombia.

**Juan M. Gil-Barragan** is currently Associate Professor of International Business at EAN University. He is doing his PhD in Business Management and Administration at Universitat Politècnica de València (Spain). He holds a Master in International Relations from University of Bristol (UK) and a Major in International Trade (Colombia). His B.S.E is in Finance and International Trade (Colombia). Prior to pursuing his doctorate, he worked for over 7 years as consultant in different public and private companies, such as the Foreign Ministry of Trade, the Office of the Mayor of Bogotá, the Chamber of Commerce and Prime Business School. His research focuses on the areas of International Business and International Entrepreneurship.