China-Latin America Cooperation: An Alternative for Autonomy and Development?

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China's growing involvement in Latin America – through trade, investments, loans, and infrastructure financing – has generated a vast debate about its consequences, both in academic literature and policymaking. Chinese leaders affirm that the relationship is based on 'mutual benefits,' 'common development,' and 'South-South cooperation,' implying symmetric relations and joint gains. Conversely, U.S. decision-makers have highlighted a new form of imperialism and affirmed the Chinese contempt for governance and democracy agendas. At the same time, relations with China became a theme for political debate in Latin America, being criticized by contenders, for example, during election periods in Argentina in 2015 and Brazil in 2018, when Maurício Macri and Jair Bolsonaro questioned partnerships with the Asian power.

In academia, one branch of scholars points out that China-Latin American relations are different from US-Latin American relations because of i) South-South principles, such as non-involvement in internal affairs and sovereignty, ii) China's alternative development model, and iii) the absence of policy conditionalities when it comes to loans (Nolte, 2013; Vadell, 2019). Consequently, China promotes alternatives to the Bretton Woods system, resulting in increased Latin American autonomy. Such authors argue that improving relations with China will contribute to Latin American countries' development and a multipolar world order (Visentini, 2014; Vadell, 2019).

On the contrary, other scholars point out the reproduction of center-periphery dynamics, the reproduction of Latin America international insertion as an exporter of commodities and an importer of manufacture. They highlight i) the asymmetrical trade relationship, resulting in new types of dependence (Jenkins, 2012; Svampa and Slipak, 2015); and ii) the formation of a new hegemony (Li, 2019). Moreover, they argue that extractivism – chiefly through mining, oil extraction, and monoculture farming – generates wealth concentration and does not lead to development. China does not promote an agenda to change the world, and the competition with the United States is of an inter-capitalist nature (Taylor, 2016), even if it is among different types of capitalism (Xing and Shaw, 2013).

Considering the debate, it is worth asking: is China an alternative for Latin America? Does the expansion of Chinese financing and cooperation contribute to Latin American development? This article intends to explore this question through a problematization of two areas where China's presence was perceived as an alternative to Western organizations: loans and space cooperation.

Loans and Investments

China's loans to Latin America became relevant starting from 2004 when Hu Jintao made a trip to the region, and Argentina, Brazil, and Chile recognized the country as a market economy (Jenkins, 2012). According to the China-Latin American Finance Database, developed by the Inter-American Dialogue, China's loans to Latin America come from two institutions, the China Development Bank (CDB) and China Import-Exports Bank. They are primarily directed to Venezuela, Brazil, Ecuador, and Argentina. In aggregate, China has provided "more than $136 billion in loan commitments to Latin American and Caribbean (LAC) countries and state-owned firms".

Initially, China's loans to Latin America represented a new source of financing to the region and were celebrated for not being attached to political conditions. It created alternatives that substantially differ from the International Monetary Fund (IMF) and World Bank conventional loans and aid packages. The importance of options is sharp when we single out the major recipients from Latin America: three of the four, except Brazil, had trouble accessing global-market financing.

Venezuela experienced strained relations with the United States since 2002, which led to sanctions. Argentina and Ecuador both defaulted their debts recently – the former in 2001, (technically in) 2014 and in 2020, and the latter in 2008 and 2020. Nevertheless, the prevalence of such governments as the primary recipients of investments does not imply a Chinese preference to relations with left-leaning regimes; on the contrary, the Asian power has signed free trade deals with Chile (2005), Peru (2008), and Costa Rica (2011) (Svampa and Slipak, 2015).

As resumed by Kaplan (2016, p. 10), "Chinese institutions are thus willing to extend financing arrangements and direct investment to countries whose governments have been shunned from global markets for their non-compliance with Western governance standards." Conversely, those loans were secured by future commodities delivers or contracts for Chinese state-owned enterprises.

China's capital was fundamentally different from Western loans and aid because it was not attached to a neoliberal economic policy (Vadell 2019). According to Kaplan (2016), when directed to national governments, China's capital improved financial autonomy and capacity to invest in social programs since Chinese lenders consider a long-term horizon and do not insist on austerity policies.

Nevertheless, Chinese loans perpetuate a condition that exists since the construction of the Latin American nation-states: the dependence on external financing. According to Centeno (2002), reliance on external financing characterizes the states in the region and historically meant that the government avoided confronting the elites to increase taxation. As a result, Latin American states are weak, meaning that they have difficulties implementing decisions (Centeno, 2002). In this perspective, Chinese loans are not different from European or American loans – it perpetuates a structure, which reproduces the fragility of Latin American states.

Additionally, Chinese direct investments are centered on natural resources and, when it comes to infrastructure, they concentrate on geographical areas which export raw materials to China. The aim is to improve the ease and costs of exportation. (Svampa and Slipak, 2015; Kaplan, 2016). Consequently, they do not challenge Latin America's position in the world economy and are not fundamentally different from Western loans and aid.

Moreover, despite not demanding austerity, Chinese loans are not thoroughly free of conditionalities. First of all, the Chinese government requires the recognition and maintenance of diplomatic relations with China – and not Taiwan – which led to a change in ambassadorial relations in El Salvador, the Dominican Republic, and Panama. Furthermore, in Argentina, deals are sometimes connected: an agreement to build hydroelectric dams was connected to another one, destined to improve the Belgrano railway line. In 2016, Macri criticized the hydropower project but could not terminate it due to a cross-default clause – to stop the dams would mean discontinuing the railway line investment, which was less advantageous from the Argentine perspective.

Most loans also provide opportunities for the supply of Chinese goods and services or are commodity-backed, implying the continuity in exporting commodities (Kaplan, 2016). Chinese investments reproduce dependence and natural resources exploitation through such mechanisms, not creating real alternatives for development and aggravating the environmental crisis. Therefore, despite having differences in comparison to Western loans and their effects in amplifying Latin American room of maneuver in a given moment, those are not structural dissimilarities.

Space Cooperation

China and Latin American countries have improved cooperation in different sectors – from electricity to agriculture or even from infrastructure to culture. Space issues are one of the most strategic sectors for two reasons: i) it evolves dual-use, meaning that it has civilian and military applications, and ii) it involves highly advanced technologies. Technological national production is considered crucial for development, both by dependence theory and by the Latin

American national development literature (Jaguaribe, 1979; Santos, 2011).

Space partnerships with China may be relevant for Latin American countries since it is an alternative to the U.S. and European technology and data. China made possible the acquisition and launch of satellites for the countries in the region and maintained bilateral projects for the construction and launch of satellites with Bolivia, Venezuela, and Brazil, and developed a partnership with Argentina related to its moon exploration program.

China has financed and produced the first Bolivian satellite and launched three Venezuelan satellites into orbit. Despite the national publicity disseminated by both countries, the satellites were built by Chinese companies, and there were no technological transfers beyond a training program for Venezuelan engineers and technicians (Frenkel and Blinder, 2020)

Cooperation between the Brazilian and the Chinese space agencies is more complex and less one-handed. It went back to 1988 when both countries signed an agreement to produce a remote sensing satellite, originating the China-Brazil Earth Resources Satellite program (CBERS). The countries have jointly built four generations of satellites designed to reduce dependence on satellite images generated by developed countries. Nevertheless, all launches were made in China's territory by Chinese rockets.

Therefore, at least with Brazil, space cooperation equals satellite development, but there are no technology transfers for space launch vehicles. This characteristic is expected since certain space launching technologies transfers are controlled by the Missile Technology Control Regime (MTCR), of which Brazil is a member. However, Brazil's space strategy aims to achieve space autonomy. It declares the intention of getting the ability to nationally "produce complete space systems, involving satellites, as well as launch vehicles capable of placing these satellites in orbit from a launch center in the national territory".

North-South space cooperation is less common but also centers around satellite development. Argentina's space agency (CONAE) has a partnership with NASA, through which they develop satellites designed to observe sea surface salinity from space. As part of the project, four Argentinean-developed satellites were launched into space by U.S. rockets. However, U.S.-Argentine space relations are challenging: during the 1980s, the United States has pressed Argentinean leaders to cease its national program to develop a launch vehicle, called Condor II, and has required the destruction of the prototype (Busso, 1999).

Conversely, China also maintains space-related projects with Argentina. The Asian power has installed a control station in the deserts of Atacama, in the Argentinean province of Neuquén. It has built a giant antenna that integrates the China Deep Space Network and is responsible for receiving data and supporting the moon exploration program. The treaty is valid for fifty years and can be renewed.

As a result of allowing Chinese activities in its sovereign soil, Argentina's space agency can only make use of ten percent of the time the antenna operates a year, being obliged to inform in advance its intentions of making use of this prerogative. The project generated fears among U.S. policymakers, distrusting Chinese intentions and highlighting possible dual-use (Frenkel and Blinder, 2020). The antenna was built by the Chinese military, but according to Argentine authorities, they agreed to use it only for civilian purposes.

The examples show that China-Latin American space cooperation is highly asymmetric since the Asian power is responsible and can get equipment into space. Latin American countries aim to reduce their data dependence, as in Bolivia and Venezuela, and strive to develop a national space program, as in the Brazilian case. Notwithstanding its so-called South-South characteristic, such cooperation is not much different from North-South: China is responsible for the most advanced research and the launch of satellites, while Latin American countries develop parts of the satellites and host Chinese activities. It certainly can diminish dependence on Washington's data and technology, but only by generating a dependence on China.

Final Remarks

China's development and world expansion created new possibilities for Latin America, decreasing Washington's regional domination. At the beginning of the century, commodity exports to China helped heat the markets and increased regional growth. Its loans were also a meaningful facilitator of the social-driven policies implemented by the center-of-the-left governments that were in power in that period. In trade, finance, and strategic cooperation, China's growth meant new opportunities for Latin American countries and reduced dependence on the United States. In such a scenario, even the countries which suffered from U.S. sanctions or isolation from the world market could find credit opportunities and were not compelled to change policies and resort to the IMF.

However, Chinese investments and imports from Latin America do not impact the region's international peripheral position. China buys raw materials and sells cheap manufactured products, reproducing the long-term dependence of such countries and leading to deindustrialization. When it comes to technical cooperation and technology transfers, China appears to be more open to national autonomy discourses. However, space cooperation practices show that it also perpetuates the position of Latin America as a consumer – but not a producer – of highly advanced technologies., China does not press for limited research into launch vehicles, as the United States does, but neither does it offer technological transfers.

China's partnership is essential to Latin America and can lead to win-win deals, but the relationship is asymmetrical and should be perceived as such. It can be seen as a short-term alternative, but it is not essentially different from North-South cooperation. China's offers of financing and collaboration do not promote Latin American development but can lead to little wins. In the end, the quest for autonomy and development is contingent on national strategies, and Latin American countries should rely on home-grown abilities and sub-regional integration. Partnership with China can bring short-term wins, but it does not offer opportunities to overcome dependence or underdevelopment.

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