

Jochen Kleining: China and Latin America. A New Transpacific Partnership?

When China's president, Hu Jintao, visited several Latin American countries in 2004, it was the temporary climax of China's rapprochement with the region which started after the end of the Cold War, causing Beijing's influence in Latin America to grow constantly. Mr Hu's visit was marked by mutual compliments but also by the conclusion of strategic partnerships and numerous trade and investment agreements.

In fact, relations between China and Latin America have intensified, their main focus being on business. Relations are based on trade and cooperation agreements in science and technology, direct investments, and national joint ventures designed to make commercial exchanges more enduring. To bring together opinion leaders and players of both sides, Beijing has by now institutionalised the meetings. One characteristic of China's strategy is to integrate the country into international regimes, a step launched by Beijing to nip any fear of Chinese dominance in the bud.

With its insatiable hunger for raw materials, China is always anxious to secure its supplies. And Latin America with its rich natural resources gives the answer to that question. In this context, Beijing pays no attention to issues such as human rights, democracy, and corruption. However, the number of critical voices is growing: With its 'south-south cooperation' rhetoric, so they say, China disguises the fact that it basically regards Latin America merely as a supplier of raw materials and a sales market for its own products. Moreover, the question arises whether the USA would see China's engagement in Latin America as a threat. While it is true that China has not yet become a crucial player in the region, it is also true that trade is increasing markedly.

Among the squad of Latin American partners – which China separates into strategic, cooperative, and friendly-cooperative – Brazil is accorded special importance. With 42 percent of the entire Sino-Latin American trade, Brazil is Beijing's third biggest trade partner worldwide. And these bilateral relations also carry a special geostrategic importance. Thus, both countries frequently stood out as representatives of the G20 in the WTO Trade Round. Nevertheless, Brazil also perceives China as a threat, and it was only recently that Brasilia felt impelled to take anti-dumping measures against Chinese imports.

Argentina also plays an important role as it covers almost one third of China's soybean demand. At the moment, Buenos Aires describes the trade balance with China as positive, but Argentina's processing sector is feeling increasingly threatened, a circumstance which limits any further diversification of trade. Instead, the two countries have increasingly been cooperating in the fields of aviation, health, agriculture, science, and technology since 2004.

Sino-Chilean relations have a long tradition. At the end of 2005, Santiago and Beijing agreed on establishing a free trade area, and by now, 92 percent of Chilean and 50 percent of Chinese goods are free of import duties. As there is no great danger of a market which has so far been protected being flooded by Chinese goods, trade is developing positively for both sides. One reason why the exchange of goods between the two countries runs so smoothly lies in the fact that both countries are members of the APEC.

Since its economic structure is not primarily based on the export of raw materials and agricultural products, which fosters competition between the two countries, Mexico plays a special role in Sino-Latin American relations. However, with an import/export ratio of 31 to 1, the trade balance shows a huge deficit for Mexico. Especially in the traditional textile and

electronics sectors, Chinese products are increasingly driving Mexican goods out of the market. In response, Mexico now intends to invest in higher technologies and to intensify cooperation on expanding its oil extraction. Even though there is an imbalance between the two countries in foreign trade, their political relations are undimmed: When China's prime minister, Wen Jiabao, assumed office, Mexico was the first country he officially visited, giving it a diplomatic boost.

As China endeavours to diversify its own sources of energy and to end its dependence on oil from the Middle East, Venezuela is of particular importance to Beijing. To Venezuela, led by left-wing populist and US enemy Hugo Chávez, the Asian country's hunger for energy is a welcome opportunity to reduce its own dependence on the USA. Ever since Jiang Zemin visited Caracas in 2001, Sino-Venezuelan diplomacy has been expanding, and Caracas now endeavours to double its oil production, especially with regard to China. However, these two countries are linked not only by oil: The Chávez government has also bought a Chinese satellite and intends to modernise its air force with the aid of Beijing in the near future.

The magazine *Foreign Affairs* recently published an article which said that because of China's economic and foreign-policy activities, the USA might be threatened by the loss of Latin America. Many things indicate that China's engagement is guided mostly by economic interests. Seen from the American point of view, there are at least three different threat levels: On the political plane, it may be said that Hugo Chávez, Evo Morales, and Daniel Ortega – three persons who not only enjoy the friendship of Fidel Castro but are also highly esteemed by Beijing – number among the declared enemies of the USA in Latin America. On the security-policy plane, Washington is concerned about China's presence in the Canal Zone, especially as two thirds of all ships that pass the Panama canal go to or come from the USA and a Chinese port operator is currently busy in Panama City. On the economic plane, finally, Washington had to notice that numerous Latin American states are actively addressing themselves to trading with China so as to free themselves from their dependence on the USA.

However, China's engagement in Latin America is linked to yet another aspect with a global political dimension. Beijing's conflict with Taiwan and its One China policy are opposed especially by countries in the Central American and Caribbean region. Half of the states which have recognised the Republic of China (Taiwan) are situated in this region; together, they wield considerable influence in the United Nations. Beijing endeavours to consolidate its own position especially in these countries, and its endeavours show the first signs of success: According to estimates, we may expect all countries in the region to terminate their relations with Taiwan within the next ten years.

China's growing engagement in Latin America has raised fears not only the region itself but also in other parts of the world. And concerns about an increasing economic and, consequently, political dominance of Beijing are certainly justified. Yet the countries of Latin America have also benefited from China. Argentina's economy would hardly have been able to recover in 2001 had it not been for China's direct investments.

However, China's success in Latin America should alert the countries in the region and prompt them to strengthen their own positions. What they need to do now is to implement reforms, especially in the area of infrastructure, and to step up investments in facilities for processing their own raw materials. Finally, one thing should not be overlooked: For a long time now, China has not been the only player in the region whose power is on the rise and whose energy demand needs to be met. India also needs energy and raw materials, nor did India begin its activities in Latin America only yesterday.

Oliver Ernst: The Foreign Policy Record of the Ahmadinejad Government to Date: Iran Banks on Confrontation with the West

With the election victory of Mahmoud Ahmadinejad in August 2005, a person unknown in foreign policy so far took over the office of president of the Islamic Republic of Iran. Even in the election campaign, it became apparent that Mr Ahmadinejad supported neither the course of his predecessor, Mr Khatami, who was willing to compromise in the negotiations about the Iranian nuclear programme, nor a rapprochement with the USA, which was advocated both by Mr Khatami and Mr Rafsanjani, another competitor for the office of president. However, it was then questionable whether Mr Ahmadinejad would really follow up the noise and clatter of his campaign with a foreign policy based on confrontation.

Despite difficult coordinates, Iran's relations with Europe had improved considerably under president Khatami: The West predominantly regarded him as the person on whom to pin its hopes as he intended to open the Islamic Republic further to the West and actively sought a dialogue with the 'Great Satan', the USA. Although the domestic-policy reforms the Khatami government aimed at met with great internal resistance, the charismatic president symbolically represented the reformability of the system and a foreign policy that aimed for mutual understanding, already initiated by his predecessor, Mr Rafsanjani.

The hardliners around Mr Ahmadinejad, however, dismissed this foreign policy based on the willingness to compromise because it did not have any positive influence on America's policy of containment and isolation towards Iran, which indicated that the USA would not recognise the regime even in the future, nor on the nuclear negotiations which were marked by the West's great distrust towards Iran and, from the Iranian point of view, remained without success.

It quickly became apparent that Mr Ahmadinejad sought refuge in re-ideologising Iran's foreign policy, which then slipped from the foreign-policy pragmatism of his predecessors down to foreign-policy populism and relied especially on anti-Western attitudes.

The change in foreign policy under Mr Ahmadinejad has caused great damage to Iran and its foreign-policy relations with the West:

The hope that, through its influence on Iraq's Shiites, for example, Iran might play a constructive role in the region has given way to concerns that Iran might even fan the fighting there, consciously hampering the country's stabilisation. Moreover, it is feared that, under the motto 'the enemy of my enemy is my friend', Iran might by now have gone so far as to cooperate with its former opponents, Al-Qaeda and the Taliban in Afghanistan.

Moreover, Mr Ahmadinejad's anti-Israeli rhetoric, a deliberate provocation, as well as Iran's support of the Hamas in the Palestinian territories and its cooperation with Hizbollah in Lebanon has shown that Iran is blockading any settlement or peaceful solution in the Middle East.

This behaviour has intensified the distrust towards Iran's nuclear programme that is felt not only by Europeans: As Iran appears less and less predictable, the entire region fears that it could become a hegemon with nuclear power potential so that, at several meetings of the Security Council, even Russia and China agreed to impose increasingly stringent sanctions on Teheran to bring Iran back to the negotiating table for discussions about its nuclear programme.

The Ahmadinejad government appears hardly bothered:

At the moment, Iran is trying to cover up its increasing international isolation by concluding energy partnerships and alliances with anti-Western states. However, Iran needs the West not only to secure its economic development, and the West needs Iran not only because of the country's oil and gas resources. If Iran continues its confrontation strategy in its foreign policy, the entire region will enter into a new arms race, so that military conflicts become more and more likely. Therefore, the West must renew its offer of constructive engagement in Iran again and again: American-Iranian talks about Iraq constitute a great step in the right direction even when viewed unemotionally, as they show that, despite their apparently insurmountable ideological conflicts, a common constructive engagement is both needful and possible. This pragmatic political approach towards Iran which the West is following remains necessary to prompt important strategic partners, such as Russia and China, to harmonise their actions vis-a-vis Iran. In this context, Europe plays an important role as mediator. What is even more important is that the USA, which endorses a diplomatic solution to the nuclear conflict, becomes part of this solution. In 2009 at the latest when, after 30 years of existence, the Islamic Republic of Iran elects a new parliament and a new president, the USA should resume its diplomatic relations with Iran which have been interrupted for three decades. Merely announcing such an intention should make a considerable contribution towards easing the current confrontation and the associated danger of a military conflict.