



**China's security and
military cooperation
in Latin America
and the Caribbean:
Implications for Europe**

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Table of Content

Executive summary	5
1. Introduction.....	8
2. China's geopolitical strategy for Latin America	10
2.1 Current geopolitical objectives for Latin America	10
2.2 South-South cooperation as China's foreign policy strategy for Latin America and the Caribbean	12
3. China's engagement with Latin America: business over cooperation.....	15
3.1 Economic engagement.....	16
3.2 Political engagement.....	19
4. Latin American position towards China	24
4.1 Brief description of the region's current political economy ...	24
4.2 Different positions towards partnership with China	27
5. The role of Military/Security cooperation	32
6. China's military and security cooperation in Latin America .	37
6.1 Infrastructure and equipment.....	37
6.2 Arms sales and donations	39
6.3 People's Liberation Army cooperation	43
6.4 Humanitarian aid.....	45
6.5 Surveillance materials and radars	45
6.6 Case studies – Argentina, Brazil and Venezuela	46
Argentina	46
Brazil	49
Venezuela	52
7. Balance for Europe	56
8. Policy recommendation	64
Bibliography.....	68
Annex.....	74

Executive summary

China's rise as a world power is taking place at a time of disorder in the international arena. It is now widely accepted that the future of the world order will be significantly shaped by China's rise. On this basis, the current policy paper aims at examining in detail China's engagement in Latin America and the Caribbean (LAC), from a military and security perspective, emphasising the topics of concern for European policy makers.

While China's main interests lie in Asia, Latin America and the Caribbean (LAC) has a specific role in China's foreign policy, and its importance is increasing. Five key current geopolitical interests have been identified in this paper. The first is to secure the necessary resources (minerals, oil and also food) to sustain China's impressive economic growth rates. The second - since the beginning of the new millennium - is the LAC's renewed role as a destination market for China's low- and medium-tech exports. The third is LAC a destination for China's capital, which has resulted in profits in key areas as energy and natural resource extraction. The fourth is the growing tensions with the US in the midst of the tech war, which have made the implementation of 5G networks by Chinese companies a huge priority for China's government. Fifth, based on the above, China also intends counterbalance US power.

China's economic and political presence in LAC has substantially increased in the past two decades, in what has been dubbed "El desembarco Chino [China's arrival]". Governments in the region - regardless of whether they are progressive or conservative, liberal or left-leaning, as well as primary exporters and manufacture producers - have been widely receptive. China's growing economic flows and political ties did not meet resistance. For a deeper analysis, however, countries in the LAC region in this paper have been divided into three groups, according to their willingness to strengthen ties with this Asian giant. The first are the most enthusiastic for conducting relations with China, and is composed of governments that have an anti-imperialist agenda as a key pillar of their foreign policy. The second can be labelled as pragmatic: whereas they have a neutral or even positive position regarding US presence, this does not hinder their openness to strengthen ties with China. The third comprises countries that don't have formal relations with China due to the fact that they still recognise Taiwan over the PRC, but that still maintain relations of some kind.

To analyse China's increased presence in the region over these past two decades, it is important to recognise that its government's intent for the region has mainly been the pursuit of economic objectives. Since 2013, Xi's broad foreign policy has been to leave behind the old 'hide and bide'

principle and pursue China's interests at the international scenario more actively. As a direct result, China's rapid growth has also impacted its security and defence policies. Accordingly, China's incursion in LAC has to be understood in this context. Increasingly, China has to deal with topics that will inevitably clash with other powers' interests. China's arrival in the region has been characterised by its significant increase in commercial and political relations. Nevertheless, despite security and military cooperation being relatively small, the intensification in this area has been not only quantitative, but also qualitative. China's activities in this scope of cooperation have thus been classified into five broad categories in this paper: (1) infrastructure and equipment; (2) arms sales, donations and technology transfers; (3) Peoples' Liberation Army exchanges and exercises; (4) humanitarian and peacekeeping missions; and (5) surveillance materials and radars.

Following an analysis of the magnitude, composition and characteristics, based on secondary information and interviews with experts from the region, the paper presents several conclusions. China's main interest in the region is still economic. Accordingly, military and security cooperation are mainly conducted in pursuit of business goals. China does not have any intention of using cooperation as a means of destabilising the region. At the same time, given the favourable conditions China offered, several LAC governments engaged in purchasing of arms and the possibility to access to loans, given the latter's flexible conditions. Nevertheless, the increase in the volume of sales in this specific area does not constitute a major topic of concern, as 85% of the purchases were made by one country only – Venezuela – and comprises low-tech, heavy industry. The other countries' arms purchases follow a similar line and purchases are mostly in vehicles and equipment. Still, it is noteworthy that with some low-profile, low-budget activities such as exercises, training, exchanges or humanitarian actions, the People's Liberation Army (PLA) is already present in the region and is strengthening its ties. China's strength is its supply of high-tech equipment for a range of purposes that indirectly impact the security agenda and that are not classified as military cooperation. Specifically, the provision of radars, space satellites or surveillance systems is gaining importance in the region.

In face of the foregoing, it is recommended that the European Union change its approach to the region. The importance of Latin America has to be reassessed and the EU should reverse its slow retreat from the region, not only in cooperation funds, but most visibly in several areas of soft-power. Its approach method has to thus be changed from the earlier modernisation vision. China's greatest advantage is the offering of non-hierarchical relations with the possibility of mutual gains, and this is done outside the classical Official Development Assistance (ODA) framework.

1. Introduction

China's rise as a world power is taking place at a time of disorder in the international arena. Leading experts on the topic, such as Robert Haass (2018; 2019), Fareed Zakaria (2008) Amitav Acharya (2014), John Ikenberry (2011a, 2011b, 2018) and Jennifer Lind & William Wohlforth (2019), assert that we are facing a transitional period in international relations with a growing erosion of the current world order, which is facing challenges and reorganisation attempts from different fronts. As a consequence, a problematic world order is evolving in place of the idealistic vision of 'the end of history' (Koivisto & Dunne, 2010) and China's influence cannot be overstated in this context. Among Asian nations, China's rise deserves particular attention, because the outcomes of the current world order crisis and the impact of the latter over the peripheries to a large extent depend on the policies and strategies that this country is applying (Jacques, 2009; Ikenberry, 2008; Mearsheimer, 2014). As Edward N. Luttwack (2012: 12) argues, "It is now widely believed that the future of the world will be shaped by the rise of China, that is, by the continuation of its phenomenally rapid economic growth—even if less rapid eventually—and what comes naturally with such an immense growth in economic capacity, from ever-increasing influence in regional and world affairs, to the further strengthening of China's armed forces."

On this basis, this foreign policy paper intends to elaborate on China's engagement in Latin America and the Caribbean (LAC), from a military and security perspective, emphasising the subjects of relevance for European policy makers. To this end, the paper will first review China's geopolitical objectives and strategy for the region and will briefly describe its economic and political engagement. Second, it will expand on LAC's current political economy for a better understanding of the different positions that exist towards partnerships with China. Third, the paper will address military and security topics, beginning with a brief characterisation of the latter's role in China's engagement with the region. Fourth, China's military and security cooperation with the region will be analysed in depth, drawing a distinction between the types of cooperation and the different partners. As will be demonstrated, three different groups of countries can be identified and, following a general analysis, one country from each group will be described in detail as a case study. Finally, policy recommendations will be offered.



2. China's geopolitical strategy for Latin America

2.1 Current geopolitical objectives for Latin America

While China's main areas of interest are to be found in Asia (Jenkins, 2019; Inkster, 2021; Wang & Su, 2021), it has gradually placed greater emphasis on LAC. Latin America and the Caribbean play a specific role in China's foreign policy and their importance is growing (Fornes & Mendez, 2018). Accordingly, this paper will focus on the geopolitical interests relevant for the LAC region and also on how the resulting geopolitical strategy is being shaped by the rising tensions with the US. To understand China's relation with LAC, the most important aspect to be borne in mind is that, since the ongoing reform process that started in the late 70s, the "leading edge of China's engagement with Latin America has always been economic in nature" (Berg & De Arago, 2021: 1). In fact, "Chinese officials have frequently stated that the main objective of the PRC in the region is strictly economic in nature without any political ambition" (Vadell, 2014: 156).

According to experts as Evan Ellis (2014; 2020; 2021c) and Alden & Mendez (2021), China's increasing global participation gave LAC a growing appeal, and there are currently five main geopolitical interests that have deepened over the years. The first of these interests was to secure the necessary resources to sustain China's remarkable economic growth rates (Jenkins, 2019; Wise, 2020; Bernal-Mesa & Xing., 2020). Since the reforms implemented in the late 70s, when China produced little of the world's manufacture and its trade flows were slightly more than 1% of the world's total; "by 2018, it produced more than a quarter of the world's manufactured goods by value and was the world's biggest exporter, accounting to 18 percent of export of manufactures" (Kroeber, 2020: 67). The second reflects LAC's renewed role as a destination market both for Chinese exports since the new millennium, (Fornes & Mendez, 2018). The government is fully aware that it still has to secure jobs for a population of 1.4 billion - and the Global South plays an important role here. Thus, in order to overcome the productivity stagnation and also sustain the country's income, China needs to secure markets to export its wide-ranging manufacture and growing service sector. On the third, since 1999 with its 'Go-out' policy, the government decided that the huge amount of forex reserves should be invested abroad to generate profits. China gradually became an important player in global finance, with growing investments of sovereign wealth funds and lending by Chinese policy banks (Jenkins, 2018). LAC was incorporated into this strategy

since the mid-2000s, and China's capital began to arrive in the form of official loans and FDI from both state-owned and private companies.

The fourth geopolitical objective is more recent. The growing tensions with the US in the midst of the tech war made the implementation of the 5G network by Chinese companies a huge priority for its government. Technological catch-up has already been defined by the CCP as a priority since Hu's presidency and the ensuing national plans clearly aimed at transforming China into the world's technological leader. Accordingly, as Xuetong (2021: 2) affirms, the "race for leadership on 5G and 6G telecommunications networks will increasingly shape the contest, and for the time being, China seems to be in the lead."¹ Thus, 5G is a key area for understanding the nature of this confrontation and the specific geopolitical interests that both powers pursue for several regions in the world. As noted by Kai-Fu Lee (2018), 5G is a key element in the upcoming technological struggle for supremacy as it will help improve artificial intelligence, and the country that develops the most advanced artificial intelligence will reach technological leadership.

Hence, while Latin America may not be a large market with high purchasing-power, the need to secure allies - in the midst of the rising tensions derived from the decoupling process - gives the region a renewed political appeal. China has several reasons for seeking partnerships with LAC governments and securing their support. The first is the 'One-China' principle, which is based on isolating the government of Taiwan internationally in order to one day incorporate its territory under PCC rule (Aguilera-Castillo & Gil-Barragan, 2020). The second has to do with the aforementioned importance of the 5G network. Allies will be important because the pressure from both contending hegemonies is thus expected to increase over the implementation of their own technology and outrunning the other contender. "Latin American Governments will finally have to decide," as Oliver Stuenkel (2021: 2) argues. Whereas 5G is highly publicised, a growing tension is expected in a wide range of economic transactions.² The third reason is the pursuit of 'globalisation á la Chinese', which refers to China's intention to change certain aspects of the current global and regional governance in order to best pursue its interests. Still, two aspects are noteworthy regarding the specific nature of the globalisation that China would be pursuing. On one hand, China wants to continue to seize the opportunities of liberal globalisation (Kolodko, 2020). On the other, however, China wants to change certain aspects of global governance (Piccone, 2016). The latter is a specific type of globalisation, in which markets can remain open to certain type of flows, such as goods and technology,

¹ By February 2021, Chinese companies, including the technology giant Huawei, accounted for 38% of approved 5G patents, compared with around 17% for U.S. companies.

² Just as an example, In November 2021, due to pressure from the US government, the Chilean government cancelled the tender that a Chinese consortium had won to issue identity cards and passports.

and governments keep the right to impose barriers to others, as digital services or capital. At the same time, China is pursuing a reform in global governance, seeking to restore the primary position that the principles of non-intervention and respect for national sovereignty once held.

The fifth and final geopolitical objective China holds for the region is to counterbalance US power (Mahbubani, 2005, 2020; Hopewell, 2017; Inkster, 2020). By deepening ties with Latin American countries, China will not only seek to achieve greater diplomatic recognition, but also to counter the United States' 'Pivot to Asia', which is largely viewed by Chinese policymakers as a containment strategy targeted against China (Li, 2016). Moreover, regarding military and security cooperation, this is arguably the most important trigger. As explained below, China's growing presence, including economic, political and military ties - far from preparing the ground for an open confrontation - can be understood as a geopolitical measure to increase its hard and soft-power: its bargaining power (E. Actis, interview, 6 October 2021). Again, the growing tensions of the trade and technology wars, which, as explained above are part of a struggle for economic supremacy, give this topic a growing importance.

2.2 South-South cooperation as China's foreign policy strategy for Latin America and the Caribbean

China's official strategy for its engagement with developing countries is win-win diplomacy, better known as 'South-South Cooperation' (SSC). Resembling the spirit of Bandung,³ this strategy seeks to promote ties with the developing countries through five main principles for peaceful coexistence: mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in internal affairs, equality and mutual benefit and peaceful coexistence. The core of SSC is China's overt rejection of the zero-sum game, a realist view of Western IR, which leads to a cold war. Instead, it promotes the idea of win-win benefits that can be achieved through international cooperation. The development narrative in particular is a central component of China's official strategy. The SSC discourse, which seeks shared benefits, is based on the notion that China can help peripheral nations develop, based on its own success.

Furthermore, China's growing economic power and international presence has reshaped its relations with developing countries. "In 2009, the PRC formulated a foreign policy strategy that prioritised relationships with the Global South, in particular strategic partnerships, economic ties, and partnerships through various international institutions" (Vadell, 2018: 107). Under this framework, China published two White Papers on Latin America and the Caribbean (LAC), specifying the main guidelines for conducting its relations. The first was published in 2008, and paved the

³ This term refers to the first meeting of the Non-Aligned Movement held in Bandung in 1954 among several Asian and African nations, most of whom had recently achieved independence.

way for relations by formally indicating that - in a world system heading to multi-polarity - China wants to deepen relations with the region on a basis of peaceful development for the pursuit of mutual gains. The second, published in 2016, reinforced the idea that "its diplomacy in the region is still essentially economic, supporting its firms in seeking access to resources, technology, and markets" (Fornes & Mendez: 2018: 60). The official strategy is called '1+3+6', because it entails one plan, three axes (trade, finance and investment), and six principal areas of engagement (energy and resources, infrastructure construction, agriculture, manufacturing, scientific and technological innovation and information technologies).

In short, strategic partnership for China in LAC is defined by close cooperation and mutual dialogue. China's efforts to foster a strategic partnership not only reflects its desire to intensify economic cooperation and political relations with the region, but also reflects its strategic goal of enhancing Chinese hard and soft power in order to strengthen China's position in the global power hierarchy (Nye, 2020; Albert, 2018). The importance of China's strategic partnership with Latin America should not go unnoticed by US policymakers. Lei Yu (2015) states plainly that China's relationship with Latin America is, in part, driven by similar strategic rationales that have dictated the United States' foreign policy in Asia. The geopolitical implications of this partnership are critical to comprehending global power dynamics. Whether this partnership will foster regional cooperation, or serve to destabilise the region through conflict with the US, remains unclear.

By way of complement, regarding military cooperation in particular, as Gurrola (2018: 124) affirms, "The evolution of China's policy papers toward Latin America demonstrates the importance of building relationships and engaging in arms sales. In its 2008 policy paper, China outlines its willingness to provide assistance for the development of the army in Latin American and Caribbean countries. Its 2016 policy paper reiterates the importance of actively carrying out military exchanges and cooperation with Latin American and Caribbean countries, increase friendly exchanges between defence and military officials of the two sides, and expand professional exchanges in military training, personnel training and peacekeeping. Notably, the 2016 policy paper highlights enhancing cooperation in military trade and military technology. Furthermore, China's official policy paper, China's Military Strategy, specifically outlines the importance of raising the level of military relations, stating it will continue the traditional friendly military ties with their African, Latin American, and Southern Pacific counterparts."



3. China's engagement with Latin America: business over cooperation

China's arrival in the region, or 'El desembarco Chino [China's landing] in Spanish, alludes to the rapid increase in economic flows between China, Africa and Latin America (Dussel-Perter & Armony, 2018, Agramont & Bonifaz, 2018; Fornes & Mendez, 2018). China began purchasing a range of natural resources in the early years of the Mao administration. Since the late 1990s, however, a significant change occurred. Not only did the volumes increase significantly, but the range also broadened.⁴ As already mentioned, the latter has been a priority within China's geopolitical objectives for the region. As Carol Wise (2020: 31) affirms, "China has of necessity internationalised its development strategy in ways that have dramatic consequences for the LAC region. As a middle-income, developing region with a sophisticated consumer base, LAC countries have provided buoyant demand for China's finished consumer goods and for its intermediate inputs for manufacturing and industry." Accordingly, even though the main objective of the current policy paper is to deepen the understanding of China's security and defence cooperation in Latin America and the Caribbean, a brief description of economic relations has to be included here, given that these constitute China's main geopolitical interests for the region. As will be shown, the significance of the region's resources for China's economy shows the reality behind its overall presence. As White (2009: 91) argues

"After a period during the Cold War in which geo-strategic calculations were based more on military than on economic factors, we are rediscovering the centrality of economic power as the key driver of geo-strategic relationships. There is a simple reason for this: we are living through a period of remarkable economic transformation."

Based on this, China's foreign policy follows a strategy that can best be described under the geo-economic paradigm, which differs from geopolitics in its operating assumptions. As noted by Blackwill & Harris (2016: 20), geo-economics is "the use of economic instruments to promote and defend national interests, and to produce beneficial geopolitical results; and the effects of other nations' economic actions on a country's geopolitical goals". And, as they continue, this strategy is proving successful for China since

"[n]ever in history has one government controlled so much wealth. As China's economic might has grown, so too has its ability and

⁴ For an in-depth analysis of the economic flows between China and LAC, see Jenkins (2018), Agramont & Bonifaz (2018), Gallagher (2019) Bernal-Mesa & Xing (2020), among others.

temptation to use this power to advance geopolitical ends. China is often correctly described as the world's leading practitioner of geo-economics. It is also the major reason regional and global power projection has become such an economic (as opposed to military) exercise... Beijing has been playing the new economic game at a maestro level... staying out of wars and political confrontations and zeroing in on business— its global influence far exceeds its existing economic strength. Nations do not fear China's military might; they fear its ability to give or withhold trade and investments. And in turn, this has been particularly important for the region" (Blackwill & Harris, 2016: 93).

And, in the case of LAC, which is richly endowed with natural resources, as Wise (2020: 31) explains, "Chinese demand has been a game-changer, not only in terms of the massive revenues this has generated but also due to Chinese financing of the infrastructure and transportation networks necessary for extracting these resources and shipping them across the pacific."

In the section below, consequently, through this geo-economic paradigm, China's economic and political engagement in LAC will be explained, focusing on security and defence related aspects.

3.1 Economic engagement

China's economic significance for the region has taken shape since the beginning of 21st century and increased exponentially (Dussel-Perter & Armony, 2015). However, as shown below, this did not happen with the same intensity throughout the region, with a clear distinction between Central and South America. While China became the most important partner to the latter, the US has maintained an important role with the former. The most compelling variable for the development of China's relationship with the region is international trade, which between 2000-2013 grew on average at 27% annually (Fornes & Mendez, 2018). Still, trade flows are highly asymmetrical. Not only do they resemble the typical centre-periphery relations, with China's purchases highly skewed towards natural resources; China has also become Latin America's second-largest trading partner - although the region is still far from being one of China's core commercial goods suppliers (Ray et al., 2015; Abdenur, 2017). A more detailed analysis shows that, as a source of imports, China is the main partner of several countries in Central and South America. At the same time, for exports, China is only a key partner for South America.

Table 1: China's position as trading partner with LAC

Region	Imports			Exports		
	1 st	2 nd	3 rd	1 st	2 nd	3 rd
South America	Bolivia	Argentina	Paraguay	Brazil	Colombia	Argentina
	Brazil	Colombia		Chile	Ecuador	
	Chile	Ecuador		Peru		
	Peru			Uruguay		
	Uruguay					
Central America	Panama	Costa Rica	El Salvador			
		Guatemala	Honduras			
		Nicaragua				
		Mexico				
		Belize				
		Dominican Republic				

Source: author's own calculations with data from UN-ITC

Furthermore, Foreign Direct Investment (FDI) and economic cooperation with China have also gained importance. This is a main component in China's 'Go Global' strategy, launched in 2001, aiming at the "internationalization of Chinese companies through foreign investment, product diversification, quality improvement and promotion of Chinese brands abroad" (Roldán et al., 2016: 12). With regard to FDI, the latter is significant for several countries, but it concentrates mainly on natural resources, with a particular focus on oil and minerals (Rosales and Kywayama, 2012; Dussel-Peters and Armony, 2015). There are large mining projects in Peru and Chile for copper and in Brazil for iron. Based on a report from the American Enterprise Institute's China Global Investment Tracker, it is worth noting that where China makes national power investments through diplomacy, economic engagement, and military cooperation, it is generally consistent with where it has strategic resource relationships (Gassert & Scott, 2020: 1) – such as the copper investments in Chile and Peru.

Regarding international⁵, there is evidence that China's loans are rapidly becoming the main source of sovereign credit for some countries, mostly those with difficulties in accessing world capital markets (Girado, 2015). China has lent more than \$100 billion to countries in the region since 2007, and has made significant investments in oil and mining. (Jenkins, 2018: 3). Also, in order to better understand the magnitude of China's loans, "in 2015 alone lending to Latin America from these Chinese policy banks was nearly double the total combined funds lent to the region by Western multilateral banks. Most of the projects China has funded in

5 Even though Chinese cooperation for development, also known as international aid, exists, the amounts are rather small (Wise, 2020).

LAC tend to be capital intensive, with huge economies of scale and high barriers to exit" (Wise: 2020: 9). According to Gallagher & Margaret Myers (2021), Venezuela is the main debtor with US\$ 62.2 billion, followed by Brazil with US\$ 29.7 billion, Ecuador with US\$ 18.4 billion and Argentina with US\$ 17.1 billion.

Graph 1: Main recipients of China's official loans, in US\$, until 2020



Source: Gallagher & Myers (2021)

Moreover, according to Bach (2016), China's economic engagement would more accurately be described as an infrastructural foreign policy, in which infrastructure financing and construction is a major export product and 'the visibility of Chinese infrastructure financing is central to its global image. The aforementioned objective of 'globalisation a la Chinese' has, as its main mechanisms, infrastructure projects within the framework of the Belt and Road Initiative (BRI) (Sanborn, 2021). Even though LAC is formally not part of the BRI, as Zang (2019: 1) mentions, "Many Latin American governments and companies consider (the) BRI an opportunity for furthering international engagement. As in

other regions of the world, a main allure of (the) BRI is expanded access to China, a growing export destination and source of external financing... Since 2005, Chinese policy banks have provided more than \$141 billion in loan commitments to Latin America—exceeding, in several years, the lending of the World Bank, the Inter-American Development Bank, and the CAF Development Bank of Latin America combined." Hence, these loans follow the Chinese foreign policy of South-South Cooperation, which does not adopt Western conditionality. As indicated by Kronke (2020: 49), China "acts as a beacon for those

who want to achieve independence from the influence of international

China acts as a beacon for those who want to achieve independence from the influence of international financial institutions

financial institutions, if not simply the power of US financial sanctions". This subject acquires major importance for progressive or socialist governments, as one of their major objectives is to part ways with the IMF and the Washington Consensus policies (Spronik, 2008). This can be corroborated with the data from the China-LAC Finance Database, which shows that the main recipients of Chinese official loans are Venezuela, Brazil, Ecuador, Argentina and Bolivia. The same also applies for loans from commercial banks, with the two main borrowers in the past years being Argentina and Brazil. Also, in two countries in the region - Venezuela and Ecuador - China has implemented the so-called 'loans for oil' contracts, which allows the borrowing country to commit to repaying the loan with a monthly shipping of petroleum. Furthermore, as examined in Chapter 6, these are the countries that have received the greatest military and security cooperation.

China's potential engagement in LAC was originally triggered by competition for diplomatic recognition between China and Taiwan

3.2 Political engagement

The increasing presence of China's economy in the liberal globalisation, and the huge size it has acquired, has brought about rising tensions with the global governance. Specifically, the CCP has assigned major importance to promoting the non-intervention principle, as opposed to the vision of democratisation of the world. Economic cooperation, therefore, goes hand-in-hand with political dialogue based on relations among equals, where respect for national sovereignty is the main pillar. Accordingly, China's potential engagement in LAC was originally triggered by competition for diplomatic recognition between China and Taiwan. That is the core reason that China began its political involvement in LAC. However, its growing global presence changed its objectives and also the forms of its interaction. During Mao's and Deng's leadership, China had economic and political relations with a number of Latin American governments, irrespective of whether they were democratically elected or military dictatorships. High-level visits were always part of China's foreign policy. Nevertheless, since the new millennium, political relations with the region grew deeper. Given such a diverse region, China's engagement is obviously not uniform. As Legler et al. (2020: 4) affirm, "politically speaking, China gives priority to the main economic regional players, and this is reflected through its strategic partnerships and comprehensive strategic partnerships. This includes anti-american countries like Venezuela and more liberal ones like Chile and Peru. While the logics of defence and assertiveness are related to the figure of strategic partnership in China's foreign policy, along the lines of universality, the strategic partnerships in Latin America respond to a more particular approach and that is an economic one." Brazil was the first Latin American country to receive this status, in 1993. It was followed by Venezuela (2001), Mexico (2003), Argentina (2004),

Peru (2008), Chile (2012), Ecuador (2015), Uruguay (2016) and Bolivia (2018). Nevertheless, there is a kind of hierarchy within this status, which responds to China's interests, inasmuch as six countries stand out and received the category of comprehensive strategic partnerships: Argentina, Brazil, Chile, Ecuador, Peru and Venezuela.⁶

"What these relationships mean in practice isn't entirely clear. Because official documentation does little to clarify their significance, most analyses of China's diplomatic classifications refer to comments made by then-Premier Wen Jiabao during a 2004 speech in Brussels. There, Wen suggested that the term comprehensive refers to cooperation in the economic, technological, cultural, and political fields. He also noted that a 'comprehensive' relationship is both bilateral and multilateral in nature, meaning that countries with this designation may work together with China in dealing with multilateral issues. A comprehensive relationship is also multilayered, including both government-to-government cooperation and people-to-people diplomacy" (Myers & Barrios, 2021: 1).

Furthermore, as reviewed in Chapter 6, military and security cooperation does not correlate with the type of category. For example, Venezuela and Chile hold the same status, but the former is the largest recipient of cooperation and the largest arms buyer, while the latter has barely any activity in this area. At this regard, Wise (2020: 43) rightly asserts,

"Although strategic tends to imply matters related to military cooperation and security concerns in the Western setting, for China it is more of an economic endeavour – albeit one cloaked in platitudes of friendship, trust, and long-term bilateral commitments between China and a given signatory. Yet it is no coincidence that nice of these LAC countries are highly abundant in oil, soya, beans, iron ore, copper and other natural resources that are vital inputs for Chinese growth."

As shown in table below, currently, almost all South American nations - excluding Colombia and Paraguay - and several Central American ones have received the status of some kind of partnership. In addition, nineteen countries have signed a memorandum to be incorporated in the BRI, which - despite not yet having a clear plan to include the region - constitutes a clear sign of accession. More-binding agreements were only signed by a few nations. For example, only Brazil, Chile, Ecuador and

⁶ At least three LAC countries have special designations that are not shared by any other country in the world. The first is Cuba, which is frequently described as "good brother, good comrade, good friend," reflecting the historical and political basis for the China-Cuba bilateral dynamic. Trinidad & Tobago maintains a "comprehensive cooperative partnership of mutual respect, equality, mutual benefit, and common development" relationship with China, which evolved from a "mutually beneficial development friendly cooperative" relationship. Although Jamaica also enjoyed the unique designation of "friendly partnership for common development" in the past, the two countries established a strategic partnership in 2019, bringing the China-Jamaica relationship in line with China's global system of strategic partnerships. Suriname's "strategic partnership of cooperation" is shared only by South Korea and Bangladesh.

Uruguay are confirmed members of the Asian Infrastructure Investment Bank, while Argentina, Bolivia, Peru and Venezuela are yet to pay up and be confirmed.⁷

Furthermore, Latin America's rising profile in China's governing councils drew its high officials closer to the region (Wise, 2020). This diplomatic policy of political dialogue has always been part of China's foreign policy, but it has intensified with LAC over the past two decades through two complementary channels. One has seen China increased its participation in regional schemes. As shown in Annex 4, China has ties with the most US-founded liberal organisations, such as the Organization of American States (OAS) and the Inter-American Development Bank (IADB), and it is also part of newly founded schemes such as the Community of States of Latin America and the Caribbean (CELAC), the original objective of which was to recover a more autonomous voice vis-à-vis the US. Besides from the differing memberships, high-ranking-officer meetings were also held through these schemes - the most visible being the China - CELAC Forum. The other has seen China apply this strategy bilaterally way. China has received several visits from LAC Heads of State while China's Premiers and other high-ranking officials have visited the region. Specifically, quoting Fornes & Mendez (2018: 2), the "importance China attaches to its relationship with Latin America was underscored in 2013, when Hu's successor, Xi Jinping, who steered China on a very different course, nonetheless confirmed China's commitment to the region by inaugurating his Presidency with state visits to Trinidad and Tobago, Costa Rica, and Mexico. Only after these visits did he finally make his way to the USA at the tail end of the trip. Many observers interpreted this, treating the USA like an afterthought, as a snub or at least a whiff of reordered priorities." The details of these bilateral visits can be found in Annex 5. On the issue of military and security cooperation, it is interesting that these topics have barely been discussed at these high-level visits, although one exception can be found in the famous 2015 agreements signed by then-President Cristina Fernandez, which will be explained in section 6.

⁷ <https://dialogochino.net/en/trade-investment/39049-explainer-latin-america-aiib-the-asian-infrastructure-investment-bank/>

Table 1: Specific political engagement between China and LAC nations

Country	Establishment of diplomatic relations	Status in China's cooperation	Free Trade Agreement	Membership in BRI	Membership AIIB ⁸
Cuba	28 September 1960	good brother, good comrade, good friend		2019	
Chile	15 December 1970	Comprehensive strategic partner	2006	2018	10
Peru	2 November 1971	Comprehensive strategic partner	2010	2019	Prospective
Mexico	14 February 1972	Strategic partner			
Argentina	19 February 1972	Comprehensive strategic partner			5
Guyana	27 June 1972			2018	
Jamaica	21 November 1972	friendly partnership for common development		2019	
Trinidad and Tobago	20 June 1974	CCPMR ⁹		2018	
Venezuela	28 June 1974	Comprehensive strategic partner		2018	Prospective
Brazil	15 August 1974	Comprehensive strategic partner			5
Suriname	28 May 1976			2018	
Barbados	30 May 1977			2019	
Ecuador	2 January 1980	Comprehensive strategic partner		2018	5
Colombia	7 February 1980				
Antigua and Barbuda	1 January 1983			2018	
Bolivia	9 July 1985	Strategic partner		2018	Prospective
Uruguay	2 February 1988	Strategic partner		2018	5
Bahamas	22 May 1997				
Dominica	23 March 2004			2018	
Grenada	27 January 2005			2018	
Costa Rica	1 June 2007		2011	2018	
Panama	13 June 2017			2017	
Dominican Republic	1 May 2018			2018	
El Salvador	25 August 2018			2018	

Source: Author's own elaboration with data from Fornes & Mendez (2018) and Wise (2020)

⁸ Millions of US\$ of contribution

⁹ Comprehensive cooperative partnership of mutual respect, equality, mutual benefit, and common development.



4. Latin American position towards China

4.1 Brief description of the region's current political economy

Although China and Latin America already had minor economic and political relations, China's arrival in the region took place as a result of its impressive industrialisation and the resulting intensification of its insertion into the global economy at the start of the 2000s. This was also a peculiar time for Latin America. Following more than a decade of implementation of structural adjustment programmes that were forced and enforced by the Bretton-Woods multilateral institutions, the region's economic stability was once again lagging behind. The international debt crisis of the 1980s had triggered a deep economic crisis, and ultimately coerced the implementation of structural reform programmes in the region. One by one, desperate for international funding, governments made recourse to loans from the IMF. Although the focus had been achieving macroeconomic stability during the first years of their intervention, (Morales, 2016), progressively, "IMF programs expanded from a narrow focus on austerity and debt repayment to an increasing emphasis on structural adjustment during the 1980s and 1990s" (Wolff, 2020: 12). Austerity programmes were accompanied by a controversial conditionality that forced recipient governments to apply specific liberalisation, deregulation and privatisation measures known as the Washington Consensus. The State was pulled away from most of the decision-making process and delegated that responsibility to markets. As Yusuke (2004: 1) explains, "The 'state-centric' matrix collapsed (...) and in the following decade neoliberalism, in tandem with globalization, began to spread. This gave rise to the predominance of the "market-centric" matrix since the first five years of the 1990s." Specifically, the reforms changed the organisation model and forms of action of the welfare state and, accordingly, economic deregulation prompted the disappearance of public social welfare policies (Lopez & Flores, 2009).

Structural reforms had an impact on the political and social stability of the region. As several authors argue, Latin America is an example of some of the strongest popular resistance to this structural adjustment programme (Wolff, 2020; Almeida & Johnston, 2006; Moosa & Moosa; 2019). Countries were trying to overcome one of the most severe economic crises they had faced in their history; structural reforms forced governments to cut off social expenditure, increase taxes and liberalise labour and financial markets. Hence, as austerity programmes tried to rebalance public finance, they led to an escalation in poverty and inequality. The dismantling of the State and the high social costs were part of a transition process; one with a key promise: to recover the path to economic growth in order to improve

living conditions for all. However, those promises were never delivered. As Yusoke (2004: 1) notes:

"The new model did not overcome the structural inequality typical of the historical development of each Latin American country. Then the movements that demanded the change of neoliberalism gained strength; in several countries, the champions of this trend rose to power. This phenomenon was called the turn to the left or left. The region is now in the post-neoliberal stage because socio-economic agendas - call it poverty, inequality, unemployment, low pay, etc. - are considered important even by the forces of the right; thus, the time of dominant neoliberalism has passed."

By the end of the 1990s, affected by the Brazilian economic crisis, the region faced a severe recession once again, recording negative growth rates once more. At a political level, the so-called new progressive governments won popular support as a consequence of discontent, denouncing the shortcomings of neoliberal policies, in the context of uneven democratisation processes (Panizza, 2009). Several of the governments that had been most clearly committed to neoliberal policies, such as Venezuela, Brazil, Uruguay, Argentina, Bolivia, Ecuador and Nicaragua, were removed from power through elections, social mobilisations, or a combination of both. This is what Lievesley and Ludlam (2009) call the 'pink tide', the wave of new left governments that have taken power in Latin America since the start of the 21st century. As Francisco Panizza (2009) argues, this marked the transition from the Washington Consensus to the post-Washington Consensus and beyond, and the parallel rise of LOC (left-of-centre) forces in the Latin American region.

Furthermore, at the discourse level, the aforementioned process was denounced as US-led neo-colonialism (James, 2015). The IMF and the Western architecture of international cooperation were seen as responsible for a situation that had worsened as compared to the 1980s. Consequently, several of these LOC forces, also called progressive parties, included a high-profile anti-US agenda in their manifestos. Aligned with the demands of various anti-globalisation groups, these parties made a direct discursive link between the economic backwardness experienced in the past decade and the imposition, by the US and other Western powers through their multilateral financial institutions, of policies conducive to the exploitation of their resources.

At the same time, it is worth noting that the aforementioned phenomenon was not perceived in countries as Chile, Peru, Colombia or México (Kirby, 2010; Spronk, 2009). Thus, while the progressive governments pursued a change in the conditions of participation in the international system, both political and economic, this other group of countries simply reinforced the liberalisation process. The first- and second-generation

reforms of the 1990s¹⁰ were accompanied by closer partnerships with the US and the EU in an attempt to foster their international insertion. The signing of free trade agreements with industrialised countries became the hallmark. While these four countries signed them with several Western powers, Asian nations and even between themselves – the Alianza del Pacífico – progressive governments created a competing bloc, subsequently known as the ALBA.

In any case, progressive governments were categorised as such by commentators who argued that they represented a “revival of the socialism that rejected the revolutionary method in favour of reforming capitalism into socialism by winning elections and wielding state power” (Lievesley and Ludlam, 2009). Thus, despite their discursive criticism towards the US and the ties with the IMF, they nevertheless increased their level of participation in multilateralism and economic globalisation. They, of course, had their own agenda of their own, most visible through the Grupo de Río. The strategy entailed promoting gradual emancipation, to be accomplished by first securing economic growth through participation in the global economy as a key pillar. The sequence of processes described above thus brought about a post-neoliberal era. Post-neoliberalism, furthermore, can be conceptualised as a descriptive category that includes different degrees of rejection of neoliberalism, which presupposes the possibility of different political projects that seek to improve the living conditions of the population, without actually configuring a new model (Calix, 2016). Although countries engaged with the multilateral architecture in the post-neoliberal arena, despite their anti-imperialistic rhetoric, real clashes occurred within the Andean Community (CAN) and the Organization of American States (OAS), mainly as a consequence of US involvement. As a response, they promoted the creation of new schemes such as UNASUR at a South American level and CELAC at a regional level. Post-neoliberalism has been greatly shaped by China's advance to an economic superpower.

At this point, it is important to highlight China's growing influence. Due to China's impressive economic modernisation and its increasing trade volumes, LAC governments benefited from economic resources like never before in the contemporary era. From 2003-2014, most Latin American countries experienced high growth rates and improvements in their international income, as China imported ever-larger volumes of commodities from the region - a process seen by some authors, such as Gudynas (2014; 2017), Burchardt (2014), as a neo-extractivist era. Nevertheless, the unprecedented external income from commodity

10 Although there is no unambiguous definition, following Kar (2021: 1) first-generation reforms pursued “eliminating macroeconomic imbalances, ensuring stability, controlling inflation, ensuring fiscal and monetary discipline, reducing public debt. Second-generation reforms are microeconomic reforms, which include strengthening the infrastructure of the market economy, increasing efficiency, enhancing the competitive power, and strengthening the institutional infrastructure that creates competitive markets

exports allowed governments on both the conservative and progressive sides of the spectrum to apply social policies on a large scale. The high economic growth experienced in the region was, consequently, accompanied by significant reductions in poverty. However, the sudden fall in commodity prices in 2014, and the end of the commodity super-cycle resulting from the high natural resource dependence,¹¹ brought the scenario of fiscal unbalance back (Amra, Hanusch & Jooste, 2019). Economic growth slowed and, while unemployment rose, social policies were progressively discarded. Once again this situation brought massive protests in several countries (North & Grinspun, 2016). Several progressive governments had their mandate ended through elections and were replaced by conservative governments in countries such as Argentina, Brazil and Ecuador. The economic recession that several countries continue to face has led the continent away from extreme approaches and towards more pragmatic answers to the persistent challenges of poverty, inequality and economic development.

It is too early to talk about a conservative wave. If anything, what we have seen in recent years is a political economy marked by high levels of volatility, both within and among countries. The US remain an important partner but, at the same time, growing ties can be observed with China and Russia. According to some pundits, they have become critical allies to some governments in the region (Actis & Creus, 2020; Blank & Kim, 2015; Ellis 2020; Battaleme, 2017).

4.2 Different positions towards partnership with China

Based on this, and examining the position of Latin American leaders and policy makers, it can be argued that over the past two decades in general, governments in the region have been largely receptive to an increased presence of China (Ellis, 2021c; Gallagher, 2019; Jenkins, 2019). This has been regardless of their being progressive or conservative governments, liberal or left-wing, but primary exporters and manufacture producers. China's increasing economic flows and political ties did not find resistance. "All these governments – despite their differences – were aware of the need to strengthen what Svampa calls a neo-extractivist development model as an inevitable destination, an irrevocable truth, a necessary path to development" (Slipak, 2014: 112). What's more, this is also true for military and security subjects. "There is not currently a clear division in Latin America and the Caribbean between countries that engage militarily with the PRC versus those who engage with the West, unlike the clearly distinguishable dichotomy that existed between military allies of the Soviet Union and those of the West during the Cold War. The present

¹¹ "While metal prices fell by 39% and cash crop by 29% between 2011 and May 2015, energy products such as oil, natural gas and coal fell by 52% in only seven months between July 2014 and January 2015." (Brand, Dietz & Lang, 2016: 127)

ambiguity reflects the PRC's avoidance of formal military alliances and of associating itself with positions hostile to the United States" (Ellis, 2020: 3).

Based on this, the countries in the region can be divided into three groups, according to their willingness to strengthen ties with this Asian giant. The first is composed of those countries most enthusiastic about relations with China and that have an anti-imperialist agenda as a key pillar of their foreign policy. This is best exemplified by their membership in the regional ALBA, whose name literally refers to an alternative to US presence in the region. As Ellis (2021a, 4) recalls, "The regimes of Hugo Chavez in Venezuela, Rafael Correa in Ecuador, and Evo Morales in Bolivia each initially came to power for reasons not directly related to Chinese activities in the region. Each of those populist leaders exploited widespread disillusionment with the performance of prior democratic governments to mobilise supporters to achieve office through initially democratic means. Yet once in power, PRC loans and other resources were important to their survival as they consolidated power...". As shown in Table 1, most of these countries have signed up for membership in the BRI. Several of them – mostly in South America – have received the status of strategic partner. Specifically, it can be argued that the governments in these countries find that Latin America has a historic opportunity to develop a long-term strategic relationship with China, due to the structural complementarity between the two regions. This in turn would enable them to end the dependency that marked their insertion into the

international system due to the benefits from trade and investment flows, but also from unconditional loans.

The governments in these countries find that Latin America has a historic opportunity to develop a long-term strategic relationship with China

Brazil is the largest country in this category and is China's single most important partner in the region, as it is not only the largest economy in the region but also has global visibility as part of BRICS economies. Furthermore, Brazil owns several natural resources that China is largely dependent on, such as iron, soy and oil. During the Presidency of both Lula da Silva and Dilma Rouseff, Brazil strengthened its ties with China as part

of its global projection, mostly interested in modernising its industrial base. However, in 2016, following 13 years of progressive governments, there was a sharp shift in Brazil's foreign policy. The new President, Jair Bolsonaro, and his foreign policy team "have adopted a strongly pro-US (specifically pro-President Donald Trump) agenda internationally, including engaging in frequent critiques of China. Domestically, the partnership with China has been controversial with some sectors" (Trinkunas, 2020: 1). However, following the election of Joe Biden in the US, he moderated his discourse and even publicly acknowledged that he didn't rule out the possibility of Huawei implementing the 5G network.

The second group can be labelled as adopting a pragmatic approach to their foreign policy towards China. Whereas they have a neutral or even positive position regarding a US presence, this doesn't hinder their will to increase ties with China. Furthermore, until recently, this was feasible for their foreign policy as they were not forced to choose sides.¹² There are, of course, several different degrees of openness, and we find a varied range of countries that could be classified as more or less prone to deepening ties with this country. Countries such as Chile and Peru have signed a Free Trade Agreement (FTA) with the US, and the latter remains a major trade partner. At the same time, however, they have also signed an FTA with China, which, in the past years has become their most important partner. On the opposite side of the spectrum, we have countries as Colombia, which has the strongest ties with the US, but is still open to relations with China, which is an important source of FDI and also a major buyer of important commodity exports like oil.

Mexico stands out as the biggest country in this group. Relations since China's arrival in the region have largely been conducted under conservative governments, with progressive governments taking the lead only in the past three years. Still, Mexico's case is noteworthy not only because it is the second largest economy in the region, but also because it has historical economic ties with the US. They share a border of more than 3000 Km. Mexico's economy has always been interconnected with that of the US, but this has grown stronger since the signing of the North American Free Trade Agreement (NAFTA) in 1994. Bilateral trade grew more than 600% between 1993-2018 and currently, "almost 80% of its exports go to the US alone and, given its opening rate, these exports account for nigh on 30% of its GDP."¹³ The US is also Mexico's main source of FDI with 39% of all inflows. In parallel, however, Mexico's ties with China have increased rapidly over the past two decades. "China became Mexico's second trading partner in 2003, behind the US. Since the turn of the century, trade with China has made up a growing share of Mexico's trade portfolio, rising from 1% of Mexico's total trade in 2000 to 9.8% in 2019. Over roughly the same period, trade with the US fell from 81% in 1999 to 63% of Mexico's total trade in 2019. And while Mexico's trade with the US (\$619 billion in 2019) remains far greater than its trade with China (\$90 billion in 2019), its trade with China has grown at a faster rate this century" (Bárcena, 2021). However, the important point is that while Mexican authorities were receptive to strengthening relations with China, they have done this with sufficient care as not to hinder its relations with the US. This is true even for the current President, Lopez Obrador, who has deepened Mexico's ties with China, but also signed a controversial deal on migration with the Trump administration.

¹² Authors as Oliver Stuenkel (2020) argue that given the rising tensions between China and the US, governments in LAC will be pushed by both to decide whom they want to deepen ties with.

¹³ <https://www.candriam.com/en/professional/market-insights/topics/macro/mexico-economy-highly-dependent-on-the-united-states/>

The third group of countries is unwilling to conduct relations with China due to the fact that they still recognise Taiwan over the PRC. Specifically, out of the 15 States in the world that still recognise Taipei, six are located in Central America: Belize, Guatemala, Haiti, Honduras, Nicaragua, St Vincent and the Grenadines and one in South America, Paraguay. The Chinese government has pursued an active strategy of seeking to improve relations and has successfully convinced four States of recognising Beijing over Taipei: Costa Rica, Panama, the Dominican Republic and El Salvador. It is noteworthy that, although not having formal relations with China, the latter still seeks a peaceful rapprochement for a major engagement with them, hoping to change their position (Ellis, 2014, 2020).



5. The role of Military/Security cooperation

Currently, the US and China are increasingly involved in a power competition as a predictable consequence of a change in the correlation of global forces (Lippert & Perthes, 2020; Mearsheimer, 2018). For US and European powers, the challenge that the PRC poses is greater than that posed by the Soviet Union during the Cold War (Ellis, 2020). Until recently, however, they have undertaken their foreign policy overlooking this fact. As Campbell & Ratner (2018: 3) explain, the US underestimated China given that “for Beijing, the United States’ alliances and military presence in Asia posed unacceptable threats to China’s interests in Taiwan, on the Korean Peninsula, and in the East China and South China Seas (...) Ultimately, neither US military power nor American diplomatic engagement has dissuaded China from trying to build a world-class military of its own.”

As for China’s foreign policy as indicated by Mahbubani (2020), one of the key strategies of the Xi administration was to publish several plans and implement high-profile policies that have raised concerns among other world powers. The plans intended to achieve technological supremacy,¹⁴ together with the discourse of Chinese authorities, posed a clear threat to the US and its allies, and broke more than three decades of foreign policy based on the concept of peaceful rise. Concerns had already been latent in the West regarding China’s selective compliment of the economic global governance with a clear protectionist tendency towards services and digital economy, along with concerns over violations to intellectual property rules. In addition, Xi’s plans overtly affirmed that China was pursuing technological supremacy and that Western capital and technology should continue to be used to this end. China’s growing presence in the Global South is also accentuating these concerns within Western powers. First with Africa and subsequently with Latin America and the Caribbean (LAC), its economic and political relations have largely increased and transformed China into a key partner for most countries (Gallagher, 2019; Alden, 2012; Abdenur, 2017).

A definite response from the US came in 2017, when President Trump published his National Security Strategy and changed its approach to China, labelling the latter as a strategic competitor. Accordingly, US policies towards China are no longer based on economic concerns; they also include security concerns. As a consequence, a series of restrictive

¹⁴ For a deeper analysis of the policies and plans that China has implemented and that are still to come, refer to Woetzel et al. (2014), Lippert & Perthes (2020)

measures for business with China were implemented,¹⁵ in a strategy now being referred to as 'decoupling' (Inkster, 2020). Despite a degree of optimism over the change in the US administration, as (Campbell & Sullivan, 2019: 1) argue, "although Washington remains bitterly divided on most issues, there is a growing consensus that the era of engagement with China has come to an unceremonious close". Accordingly, "instead of a break," Xueting (2021: 3) affirms, "Biden's policies to date are in many ways a continuation of his predecessor's confrontational approach. As a result, U.S.-Chinese relations are unlikely to grow any less tense or competitive than they have been in recent years." Moreover, according to authors such as Wang Jisi (2021: 2) "The United States and China are embroiled in a contest that might prove more enduring, more wide-ranging, and more intense than any other international competition in modern history, including the Cold War."

Based on this, and turning attention to LAC, it is important to recall here that the Chinese government's increased presence in the region has been intended, first of all, to pursue economic objectives. As argued, for most of the time this was managed in such a way that it did not directly confront the US. However, China's growing economic power, and the resulting increased international presence, have also shaped its foreign policy. This element is key to understanding China's growing military and security cooperation. As Yu (2015: 1047) explains:

"Compared with its intimate political relationships with the majority of African states, which have frequently been described as 'all weather' by both African and Chinese leaderships, it is safe to say that China's relations with most Latin American and Caribbean states have to date not gone beyond the economic and commercial level. Although the geographical distance between China and Latin America may provide a partial explanation for this lack of intimacy, scholars of international relations (IR) are more likely to attribute it to China's strategy of avoiding giving offence to the United States by intruding into its backyard... [However,] the establishment of a Chinese-Latin American strategic partnership and the China-CELAC Forum highlights China's economic and geopolitical orientation towards Latin America, reflecting Beijing's desire not only to intensify its economic cooperation and trade with Latin America, but also to create a 'sphere of influence' in the traditional 'backyard' of the United States, the only superpower in the current global hierarchy, in retaliation for the US containment and encirclement of China, and as a fulcrum in its rise as a global power capable of challenging

15 "Examples have included a more restrictive approach to foreign acquisitions of US firms due to security concerns (Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA)); the expanded use of export controls to prevent transfers of sensitive technologies (Export Control Reform Act of 2018 (ECRA)); the extraordinary imposition of tariffs under Section 301 and other trade policy authorities; the exclusion of students and researchers with military affiliations; and the closure of a consulate and expulsion of journalists tied to concerns over economic espionage, state control over the Chinese media, and reciprocity. This approach has come to be referred to as decoupling" (US Chamber of Commerce, 2021: 6).

US dominance and reshaping the current world system in a fashion more to its liking."

Xi's broad foreign policy is leaving behind the old 'hide and bide' principle and is more actively pursuing China's interests. As an obvious result, China's rapid growth has also impacted its military and defence policies. This rapid modernisation of the production base created new expansionist dialectics, which at the same time reinforced the need for modernisation of the armed forces (Heydarian et al., 2020). A two-track grand strategy, as Alden & Mendez (2020: 5) note, which "began with its economic development imperative but has ended up in superpower ambitions". China's military expansion, as established in its 2013 Defence White Paper, is thus aimed at achieving a status "commensurate with China's international standing", the main mission of which would be protecting China's expanding development interests, both at home and abroad. As China's General Sun Sijing explained, "The double-digit increase in defence spending may seem like too much to some, but in the development of the military complex we are still far behind. Our companies have taken over the world market, and we have what and who to defend." Several five-year plans have transformed China into a military power (Merino & Narodowski, 2019; Luttwack, 2012). While it still lags the military power of the US and NATO, there are some indicators that show China's growing importance in this field.

China's advance in LAC has to be understood in this context. Increasingly, China has to deal with topics that will inevitably clash with other powers' interests and "for the PLA, engagement in Latin America supports multiple national and institutional objectives as a subset of its global engagement" (Ellis, 2021b). As previously argued, the Southeast China Sea is the top geopolitical priority for the Chinese government, and it is interesting that the US maintains a strong presence and several favourable factors in this area. Hence, as Esteban Actis (interview, 6 October 2021) points out, "The military interaction between China and LAC is not very dynamic, but this is because it is not in China's interest to aggressively advance and attract attention. Its increased presence in the region it is not to maximise power but to maximise security. In geopolitical terms, the US has an advantage not only because of its geographical position. It is surrounded by two oceans and with relatively friendly neighbours. Instead, China has border disputes with 13 countries besides the large US military presence and strong allies. So, if China wants to advance in economic, political and military ties with LAC, it is not for the conquest of this region, but to improve its bargaining power in its global agenda."

A key question remains for the current research: how will the drastic change in US foreign policy affect China's position? Besides from the economic

confrontation – dubbed ‘decoupling’ – it is not clear if both nations will partake in classical Cold war logic. This is a major point for military and security cooperation. Specifically, scholars in the West are concerned with the actions that China will take to determine whether it “is a threat or an opportunity, a conservative status quo power to be engaged or a rising revisionist state to be contained”¹⁶ (Callahan, 2005; 702).

16 See Organski and Kugler (1989), who define the status quo of power as making the rules of the game, disproportionately benefiting them; a contesting power is defined as one which seeks its proportionate share in world order by either altering or revising the system. In addition, we follow Robert Gilpin, who explains that there are three criteria for identifying a revisionist power. They are States that permanently seek to alter the distribution of power, the hierarchy of prestige and the governing world system.



6. China's defence and security cooperation in Latin America

China's arrival was characterised by its large increase in commercial and political, but - as Gurola (2018) affirms - also military relations. As shown in this section, despite this type of relations being still small compared with the economic flows, the intensification in military and security cooperation has not only been quantitative, but also qualitative. In this vein, Western experts such as Gabriel Marcella (2012) and Evan Ellis (2021b) classify China's military activities within the region into five broad categories: (1) infrastructure and equipment; (2) arms sales, donations and technology transfers; (3) Peoples' Liberation Army exchanges and exercises; (4) humanitarian and peacekeeping missions and (5) surveillance materials and radars. Consequently, via selected case studies, the present paper will examine how China uses these categories when dealing with LAC countries.

6.1 Infrastructure and equipment

As noted above, one of the pillars of China's geopolitical strategy for the Global South is infrastructure construction, which goes hand-in-hand with loans granted by China's development banks. "China has quickly established an extensive track record of using infrastructure spending, on everything from stadiums to ports, to secure resources and bolster trade across Eurasia, Africa and Latin America" (Wight, 2018: 1). Connectivity is a key variable, not only for the improvement of efficiency, but also for security issues, and it is no wonder that a critical element of China's geopolitical strategy is the control of routes, transportation hubs and infrastructure. China's cooperation and infrastructure building is thus closely related with security concerns. A few Chinese companies are acquiring significant market power, given that they have built - and are also operating - different types of infrastructure such as ports, roads and railroads, in several countries. "These include seven port operations by PRC-based Hutchison Port Holdings in Mexico, three in Panama, three in the Bahamas and one in Argentina. China Minmetals, with China Railway Road and other partners, are building the new \$3 billion Chancay mineral port in Peru, while China Harbour is contracted to DP World for the \$1 billion Posorja port project in Ecuador. China Merchant Port Holdings recently acquired full ownership of the Port of Kingston, Jamaica. There is also potential for Chinese advances in ports in other areas, such as the port of La Union, El Salvador, Manzanillo, Dominican Republic, and Berbice, Guyana" (Ellis, 2021a).

Moreover, given China's strong interest in energy and natural resources, infrastructure projects are mainly intended to facilitate the extraction of

minerals and petroleum (Agramont & Bonifaz, 2018). Roads, railroads and ports, on the other hand, are closely connected with extractive regions. China's growing energy demands has led its cooperation in promoting the construction of infrastructure for electricity production through the construction of controversial hydroelectric plants. Until recently, Chinese companies, through either investment or loans, are building or have built six hydroelectric plants in Ecuador and two in Honduras. The construction of two plants in Bolivia would have begun already, but resistance over environmental concerns has halted the projects. In addition, in 2019, a Chinese state-owned company (China Three Gorge), acquired Empresa de Generación Huallaga S.A. for US\$ 1.39 billion. Although these projects are clearly not aimed at providing electrical energy for China, the Chinese government has a high interest in promoting them. According to Slipak (interview, 10 October 2021), the reason behind this is economies of scale. As a response to global climate change, the Chinese government has promoted hydropower, targeting an increase of 70% in the production of 2012 in ten years (Liu et al., 2015). In order to achieve efficiency, however, China has incurred in an over-production of turbines and now has a major interest in selling its stock. LAC governments are receptive to these projects, not so much out of an urgency for energy, but because they are one of the few alternatives they have for promoting renewable energies, which are also seen as clean energies.¹⁷ These projects can be better understood in this context. In Brazil, for example, by 2019, "no less than 14 Chinese electric power corporations had invested in, or were involved in, construction projects in Brazil worth US\$36.5 billion. Generation is the preferred sector and renewable sources, such as hydro and wind power, have received largest share of investments" (Batista, 2021: 1). Meanwhile in Ecuador, out of the seven hydroelectric power plants that the Correa administration projected, only four are working and are operating at almost full capacity. Given the government's intention to increase its use of renewable sources up to 35%, these projects have gained greater importance.

Finally, there is also a growing technological engagement. The first is the supply of space satellites, which has become a major area of business. The Great Wall Corporation has produced and launched eight units for countries including Venezuela, Bolivia,¹⁸ Argentina and Ecuador. These units, nevertheless, were then accompanied with the construction of the corresponding monitoring bases – space ground control – in destination countries such as Venezuela and Bolivia, and the training of national personnel. In the case of Argentina (as explained in the next section), China built its own space monitoring base, operated by Chinese

¹⁷ There is strong opposition from the civil society, which argues that these are not clean energies as the implementation of the projects cause severe environmental damage. However, most governments don't agree with this position, since projects have increased in number over the past ten years

¹⁸ In 2013, in the most publicised event in Bolivia and China's bilateral relation, China launched the Tupac Katari Satellite, for which the Bolivian government paid US\$ 302 million

authorities. The second area of engagement is cellphone and wireless communications. Currently, Huawei is a major provider of the latter. "In just five years, the Chinese company went from being a stranger with only a 2.3% presence of the cellphone market in 2013 to cover 9.4% of the market in 2018, a golden year for the company in which it got its higher growth in the region. Currently, Huawei operates in 20 countries in Latin America. In 14 of these countries, its presence in the market exceeds two digits, while in four of them, it has a presence above 20%. Also, Huawei is in the top 3 cellphone brands in Mexico, Colombia, Peru, and Central America. In Colombia, the company has a presence in 25% of the market."¹⁹ Aside from the economic gains and the relevance for future AI dominance, this is an important concern for security issues. A recent Wilson Center report spells out "why the U.S. government and military are so concerned about the security of Huawei's technology. For one, its products are allegedly full of cybersecurity vulnerabilities..." But in addition, the second concern for high-tech experts in the West is that the PRC's 2017 National Security Law obliges its companies to turn over data in their systems to the Chinese State if the State asks it to do so. Therefore, companies as "Huawei would have no choice but to hand over network data to the Chinese government if Beijing asked for it" (Kharpal, 2019, 1)

6.2 Arms sales and donations

Arms sales is the major variable of this analysis. On the one hand, LAC is characterised as a peaceful zone in which internal military conflicts are not a likely issue.²⁰ On the other - as argued earlier - China's three-decade, low-profile foreign policy before Western powers is gradually changing. Just as in the case of the trade in goods or financial loans, arms sales from China have increased in this past two decades following the country's arrival. A major question, however, is which types of arms are sold to the region - an important aspect in understanding the true importance of this category.

First, mention should be made of the fact that, as China's economic power increased, so did its military strength. Furthermore, as its industry modernised, so did its arms production capacity. "According to data from the Stockholm International Peace Research Institute (SIPRI), China was the fifth-largest arms exporter in the world from 2010-2020 - behind the United States, Russia, France and Germany (...) From 2010 to 2020, China exported nearly 16.6 billion TIV²¹ worth of conventional weapons across the globe. The lion's share -around 77.3% - went to Asia. An additional

¹⁹ <http://www.latinamerica.tech/2019/12/21/huawei-expanded-in-latin-america-during-2019/>

²⁰ CELAC Statement, III Summit of heads of State and Government, 2015

²¹ SIPRI measures the international flow of arms in TIV (trend-indicator values) -a unique measurement developed by SIPRI based on estimations of the production costs for various weapons. TIVs do not directly measure the financial value of an arms sale in a specific currency, but they allow for comparisons between countries and across time.

19.1% flowed into Africa, and the remaining 3.6% went to other parts of the world" (Center for Strategic and International Studies, 2020). Moreover, "Not only have both export volume and weapons quality increased rapidly, the range of customers China has been supplying has also expanded greatly over the course of the past decade. Latin America is one of the key regions into which Chinese arms have begun to pour... With next to no arms sales to the region before 2005, China is now a key supplier to Latin America" (Nixon, 2016). Carol Wise (2020) explored this topic further, and provided not only raw numbers for China's participation but also their relative importance, as compared to US participation. As she affirmed:

"On a global scale, in 2015 the US accounted for 41% of arms transfer agreements with developing nations and China just 9%. In the Western hemisphere China's arms transfers to Latin America have more than tripled since 2008 and averaged US\$ 2.7 billion annually from 2012 to 2015; average US arms transfers to LAC held steady at US\$ 2.6 billion annually during the same period. To put these numbers in perspective, from 2012 to 2015 China's arms sales to LAC averaged 16.3% of its total whereas around 46% went to Africa and 10% to Asia over the same time period" (Wise, 2020: 16)

China's arms sales are indeed skewed toward leftist populist regimes in the region

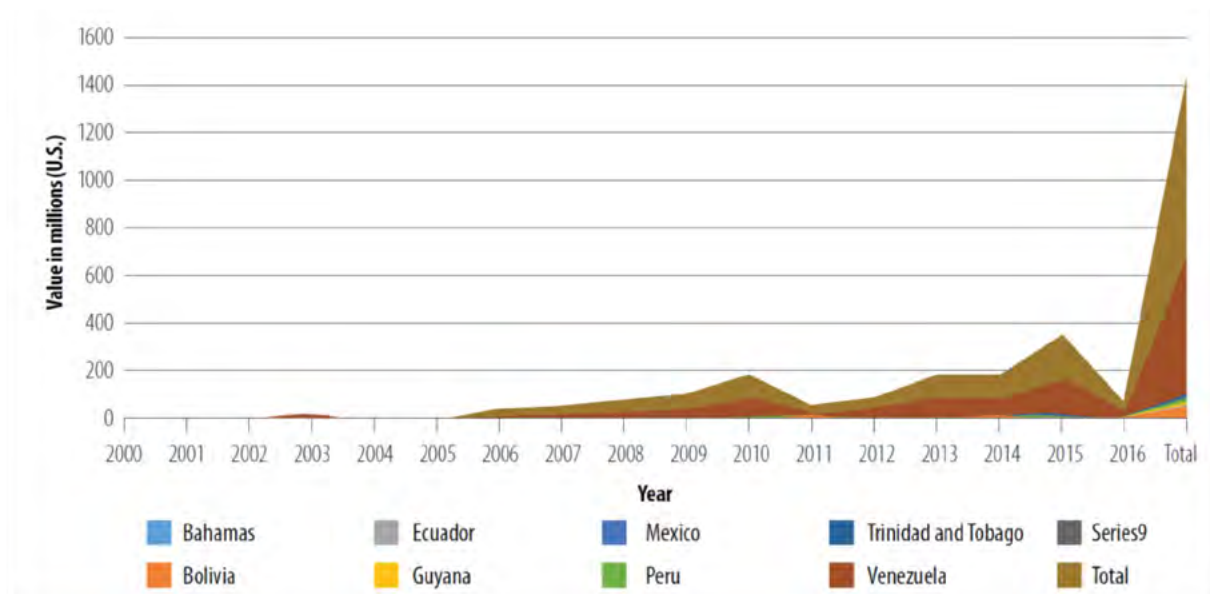
Furthermore, although commercial and financial relations with China grew steadily among all LAC countries, as well as cooperation in various military and security fields, as Evan Ellis (interview, 5 September 2021) affirms, it is noteworthy that China's arms sales are indeed skewed toward leftist populist regimes in the region. With few exceptions, such as Peru and Trinidad and Tobago, all major arms deals have been entered into with such regimes, namely; Venezuela, Ecuador under Correa, Bolivia under Morales and Argentina under Fernandez. Rioett & Paz (2016: 13) explain that "Chinese arms companies have sold sophisticated military systems to Venezuela and other politically sympathetic members of the Bolivarian Alliance for the Peoples of Our America (ALBA), namely Bolivia and Ecuador. Sales have included radar systems, fighter aircraft, military transport aircraft, amphibious assault vehicles, rocket launchers and self-propelled grenade launchers, along with less sophisticated, nonlethal products. Attempts to expand sales to other countries, such as Argentina and Peru, have been less successful owing to various setbacks and last-minute cancellations, but expanded sales in the region appear to be moving forward."

It should be noted, however, that this was not an attempt by China's leaders to affect the geopolitical balance (Wise, 2020). Evan Ellis (interview 5 September 2021) unambiguously confirms that China was interested in selling arms, and Venezuela - and other ALBA countries thereafter - were interested in buying them. China seized the opportunity to engage in a

deep relationship with a country it viewed as strategically important – because of its oil – and the first relation of this type outside Africa and Asia was thus initiated. Juan Battaleme (interview, 14 October 2021) agrees with this statement and argues that it is important to keep in mind that “China’s broad cooperation, including arm sales, is on its side not made exclusively with socialist or progressive governments. It has nothing to do with ideology. It is business and a growing geopolitical influence.” It is on the side of LAC governments that this is true. Socialist or progressive governments are those that have entered into the majority of deals in this area. Of course, ideology played a major role on the Venezuelan side, as the latter would not buy arms from the US. China, by way of contrast, continued to intensify overall economic relations and arms deals with other, non-like-minded, governments such as the Macri administration in Argentina.

A key factor that was a key incentive for the increase in arms sales was the quick access that China offered. Chinese loans have played a major role in the expansion of the international influence of this nation, especially in the developing world (Garzón, Huang, Jensen-Cormier & Gandarillas, 2021) and, in this case, LAC nations benefited from access to loans (Battalame, interview, 14 October 2021). As Gurola (2018: 3) recalls, “In Latin America, the increase in arms sales has complemented China’s goals of securing access to natural resources and exports markets. It is important to note that China’s complementing differs from facilitating. If the latter becomes more prominent, it may be a worthy indicator or warning of a significant shift in the security environment.”

Chart 1: China’s arms sales to Latin America and the Caribbean, 2000-2017



Source: Gurola, 2018

Nevertheless, while raw numbers show a growing presence for China in arms sales in the region, a more specific analysis sheds lights over two key findings. The first, as Battaleme (interview, 14 October 2021) explains, "China's arms arriving to the region can be located in the lowest levels of complexity. China has effectively become a major arms manufacturer, but regarding complex weaponry they have hit the ceiling. Accordingly, China is not a provider for LAC of warships or combat planes. Most of the sales are related to vehicles or radars or even training planes. But there are no sales in more sophisticated weaponry. And this is obvious, considering that China itself has difficulties in manufacturing these and still is a major buyer of the Russian military industry." The only example that escapes this dynamic is the Argentinian purchase of JF-17, which is still under negotiation. If this deal is completed, it would be the first high-tech arms purchase from China. The second finding is that the sales are heavily concentrated in one country: Venezuela. This attracted 85.8% of China's regional weapons sales over recent decades (Center for Strategic and International Studies, 2020) and sales outside this country still consist of mostly small deals for secondary equipment, such as jet trainers and radars (Nixon, 2016). Moreover, "Venezuela's major purchases were unique to the Latin American arms market due to both their sophistication and scope... these weapons systems were diverse and reached across the spectrum of military capabilities, including communication systems, anti-air missiles, amphibious vehicles, fighter jets, and helicopters. Among the most sophisticated weaponry was the Hongdu Aviation Industry Corporation's L-15 fighter jet trainer, which provides Venezuela with an advanced aviation platform" (Gurola, 2018: 2). The specific detail of this country's arms purchases can be found in Annex 6.

Regarding the remaining 15% of buyers, first there is Bolivia. Since the outset of his government in 2006, Evo Morales visited China and the ties continued to grow. His administration closed a few deals to modernise the armed forces, including equipment, armoured vehicles, six K-8 fighters-interceptors and six Harbin H-425 helicopters (Ellis, 2021b, 2021c). Then, in 2009 and 2012 respectively, his government signed agreements worth \$58 million and \$108 - \$113 million for the purchase of Karakorum jet trainers and Panther helicopters (Nixon, 2016). Peru purchased 15 of China's FN-6 portable surface-to-air missiles (SAMs) in a \$1.1 million deal in 2009, along with ten more of its SAMs. Thereafter, in 2013, it bought 27 multiple rocket launchers in a \$39 million deal (Nixon, 2016). Ecuador, during the Correa administration, purchased 709 Chinese military vehicles and 10,000 Chinese-made assault rifles.²² Colombia - as mentioned earlier a close ally of the US - had never purchased arms from China, but started to receive a cooperation programme of US\$7 million in material donations in 2013. In addition, Colombia received two Chinese Y-12 transport aircrafts, which were later dismissed due to allegations of malfunctions.

²² They were delivered while Correa was no longer President, and the new Head of State began a highly publicized controversy arguing that the rifles were not useful.

Other Chinese arms deals in the region also include an off-shore patrol vessel to Trinidad and Tobago, and armoured vehicles to Bolivia and Ecuador. They also include the sale and donation of Y-8 and Y-12 military transport aircrafts as well as the sale and donation of trucks and cars, construction equipment, motorcycles as well as other assets to both the military and police forces in the region. Given the large volumes of military and security cooperation, this country, as well as Argentina and Brazil, will be analysed in detail later in this paper.

However, as shown in Chart 1, a key conclusion is that - despite their small size and low complexity - these arms sale best exemplify China's sharp turn from its three-decade peaceful-rise foreign policy. President Hu Jintao himself stated during a 2011 State visit to the US, "We do not engage in arms races or pose a military threat to any country."²³ Yet the numbers prove the opposite.

These arms sale best exemplify China's sharp turn from its three-decade peaceful-rise foreign policy

6.3 People's Liberation Army cooperation

It is important to highlight that, even though there are no Chinese military bases in the region²⁴, a slight presence of the PLA in the region can be observed through cooperation mechanisms. In fact, in recent years, the PLA has been able to visit the region through institutional visits, exchanges and military exercises. (Ellis, 2021b). Military exchanges are a form of cooperation that has also increased over the past two decades, reaching senior officials from Mexico, Colombia, Chile, Peru and Uruguay. The destinations of these exchanges have mainly been China's Defence Studies Institute, the Army Command College, the Navy Command School and the Naval Research Institute. Nevertheless, it is important to place them in context. "The numbers do not come close to the thousands of Latin American students, military and civilian, who go to the US, Europe and other countries for advanced studies. Moreover, most of the student programs are one-way: to China. It will be a measure of increased trust and confidence when Chinese officers are sent to study in Latin American military schools. The US has sent officers to study at various Latin American military schools for more than 50 years. Some of them have reached the highest ranks in the US military" (Marcella, 2012: 1). Regarding military exercises, mention can be made to the combat exercises performed with the Chilean Army in 2013, or Colombia's special operations elite group, the Lanceros.

A second area where China's military is present in the region is in peacekeeping missions. First, it is noteworthy that China is now a major contributor in this area. Its ranks seventh in the total number of

²³ <https://www.sbs.com.au/news/hu-warns-us-on-taiwan-tibet>

²⁴ This not only holds for the region. Unlike the US or NATO, China's Foreign Policy does not include the presence of its military abroad and the only base that they have is stationed in Djibouti, and was built due to the area's strategic location for securing trading routes.

personnel, but provides the largest number of permanent members at the Security Council with more than 3000 blue helmet troops. "Its initial contributions tended to involve specialised units including police, engineers and field hospitals. It deployed a full infantry battalion with the U.N. for the first time in 2015" (Gowan, 2020: 2). Among China's missions to the region, reference can be made to the 2004 riot police mission to Haiti and the 2011 Harmonious Mission, which brought China's navy hospital ship to the Caribbean. Furthermore, in March 2020, China promoted a multilateral instrument that was new to its foreign policy, as it urged other nations to take all the appropriate measures to enhance the safety of peacekeeping missions.

Finally, "during the COVID-19 pandemic, experts estimate that China will provide its highest-ever amount of humanitarian assistance" (Kutzer, 2020). In response to the spread of COVID-19, China has deployed medical teams and donated medical equipment to over 150 countries. As Telias & Urdinez (2021: 1) found, "although seemingly uncoordinated, donations made by China's central government, Chinese companies, cities, and foundations were strongly affected by two political determinants, namely the recipient's partnership status with China and the One China Policy. Furthermore, aid provided by China's Central Government was larger in autocracies than in democracies." Regarding LAC, as one study from the Columbia University affirms, "In the midst of a global pandemic with unprecedented socioeconomic implications, a unique opportunity to exert influence through vaccine diplomacy presented itself, with Russia and China quickly seizing it. China remains the main provider of vaccines to the region, and Russia has strengthened alliances with Argentina, Mexico, Bolivia, Venezuela, and others by also providing them millions of its Sputnik V vaccine doses. The speed of China and Russia's support to the region is also worth noting."²⁵ Although the US is the largest donor of vaccines around the world and in LAC in particular - with more than US\$ 4 billion committed through the WHO's COVAX mechanism - China has become the largest seller of vaccines to the region. By September 2021, China's three providers - Cansino, SinoVac, Sinopharm - had sold more than half a billion vaccine doses. Moreover, consistent with its SSC strategy, "China has donated their own vaccines to particular countries in the region, including shipments of 1.5 million Sinovac doses to El Salvador, 100,000 Sinopharm doses to Bolivia, and 500,000 Sinopharm doses to Venezuela. Russia has made donations too, including an undisclosed number of Sputnik doses to Nicaragua. Both donor countries have also cut attractive deals for delivering their vaccines at prices significantly cheaper than US vaccine rates. Beijing, for example, is providing \$1 billion in financing to Latin American countries to help them purchase Chinese vaccines."²⁶

25 <https://jia.sipa.columbia.edu/online-articles/russia-and-china-have-become-critical-allies-latin-america-and-caribbean-during>

26 <https://www.as-coa.org/articles/tracker-us-vaccine-donations-latin-america>

6.4 Humanitarian aid

On humanitarian aid, as Kutzer (2020) argues, China's mechanisms can't be properly understood or assessed through the traditional Western model. Following China's cooperation guidelines, as opposed to the multilateral ones, it is the government of China itself that assesses which countries are to receive assistance and how. This assistance, just as in the case of any other world power, is designed on the basis of China's geopolitical interests. Specifically, "China tends to provide a large proportion of its humanitarian aid bilaterally, rather than through multilateral and civil society partners. It also tends to coordinate more bilaterally, instead of through international mechanisms. Its contributions are ad hoc, whereas other larger donors tend to have public policies and more predictable funding. Over the past 10 years, China's annual humanitarian contributions have varied from just US\$1 million to US\$129 million. At its largest annual contribution in 2017, China provided less than 1% of total reported humanitarian funding" (Lavey, 2020). In this context, regarding China's humanitarian assistance, "between 2003 and 2010, according to Chinese State Council, China has provided this type of assistance on more than 30 occasions to countries in Latin America and the Caribbean, including Cuba, Costa Rica, Mexico, Peru, Chile and Haiti. Of these, and despite having not yet established formal diplomatic relations with China, Haiti was conceded 93 million yuan (approximately \$13.7 million USD in 2010) after the devastating earthquake of 2010. In 2012, China assisted Cuba in relieving the consequences of Hurricane Sandy, providing 100 tons of humanitarian aid" (Maggiorelli, 2017: 39).

6.5 Surveillance materials and radars

China's financial and technological cooperation can also be observed in several other areas related to a broader security agenda. The major area in which China's cooperation has been observed is surveillance. With the specific aim of helping police improve citizen security, through Chinese loans, several companies have supplied the required infrastructure, machinery and software for surveillance with the specific aim of helping police improve citizen security. In Venezuela, as will be explained below, the CEIE Corporation has provided the Maduro administration with a digital system, which several international organisations have denounced as being mainly aimed for social control. In addition, both Ecuador and Bolivia - under citizen security plans - are installing state-of-the-art surveillance systems. In Bolivia, with a loan of roughly US\$ 100 million, the government is implementing a national surveillance system which includes infrastructure and equipment for the police, as well as HD cameras on the streets.²⁷ In Ecuador, with a US\$ 240 million loan, the

²⁷ <https://www.efe.com/efe/cono-sur/politica/bolivia-presume-de-nuevo-centro-operaciones-seguridad-ciudadana/50000818-3654970>

system comprises a nationwide network of more than 4.00 cameras, 16 response centres and more than 3000 public employees (Rollet, 2018).

In addition, Chinese companies have also supplied Venezuela with advanced radar - i.e. JYL-1 air defence radar and long-range JY-27A radar. Ecuador also attempted to buy CETC radars, but the deal was never finished following an internal legal dispute that caused the Ecuadorian government to terminate the contract. In Argentina in 2016, there was the first attempt to implement joint operations with the National police in order to combat Chinese organised crime operating in LAC.

6.6 Case studies – Argentina, Brazil and Venezuela

In order to have a better understanding of the characteristics of China's military and security cooperation in the region, three countries have been selected for short case studies. Having explained that China's presence in this area is relatively small, these three countries will be examined in detail, inasmuch as they have been recipients of larger and more diverse military and security cooperation. As mentioned earlier, Venezuela is the largest buyer of arms - with 85% of the total - and is the only country to buy more high-tech material. Argentina, meanwhile, has signed the most meaningful treaty regarding military and security; although, as shown below, it has only implemented a few of its provisions. Brazil, finally, was included in this analysis due to the size of its economy, its international relevance and the number of projects in several areas related to security.

Argentina

China's relationship with Argentina has evolved significantly since the end of the 20th century (Nunell, 2019), and Argentina is currently the country with broadest military and security cooperation with the country (Ellis, 2021a). Among the main mechanisms of partnership are growing China's investments and yuan-denominated financial support (Lewkowicz, 2021). Just as with Brazil, Argentina is considered a strategic partner due to the huge volumes of soy it has to sell and the large destination markets for China's FDI, mostly in oil. However, several of the aspects that can be classified under security and military cooperation were made possible due to the predisposition of Governments like those of Nestor Kirchner and Cristina Fernandez de Kirchner. In the first years of the new millennium, there were some minor arms sales. Argentina purchased WMZ-551 armoured personnel carriers from the PRC for USD \$2.6 million. In 2007, negotiations were held to purchase X-11 helicopters from China, but they were dismissed after pressure from France and allegations of intellectual property violations. A milestone in this area can be found in Argentina's State visit to China in February

2015 by the then-President Cristina Fernández²⁸. This summit followed earlier agreements that had elevated China - Argentina relations to a comprehensive strategic partnership and led to the establishment of the Argentine - Chinese Joint Committee on Cooperation in the field of Defence, Technology, and Industry in 2014. After the summit, both governments released “a joint communiqué announcing prospective military sales and defining cooperation agreements extending beyond the scope of any made between China and a Latin American nation to date” (Ellis, 2021b). The latter included plans for Argentina to purchase or co-produce 14 to 20 fourth-generation fighter aircrafts, at least 100 armoured personnel carriers and five naval vessels²⁹ with a total value of US\$ 1 billion (Lacalle, 2017).

Far from military confrontation, however, Argentina's single most sensitive topic - which affects its national stability - is economic. The lack of foreign exchange reserves is a recurrent phenomenon in this country, and has made its foreign policy largely dependent on the IMF and foreign investors. It is in this area that China has become a strategic partner. “During the Fernández de Kirchner government, China became the main provider of capital through currency swaps, FDI, investments through tax havens and infrastructure loans. While the United States made more selective investments like the exploration of oil in Vaca Muerta. In this context, the President Mauricio Macri elected in 2017, at a first stage, had a critical position against China, while promoted a return of Argentina to the Bretton Woods financial system. He wanted to revisit several of the agreements signed by the previous administrations and received a strong response. After a tariff war and several meetings, given the high dependence of the Argentinian economy to China” (Bernal-Meza & Xing, 2020). A new approach was pursued by the Macri administration. Given that Macri's main aim was to better seize business opportunities, he sought to redirect Chinese cooperation towards industry. Specifically, while he refused to continue some of the terms of the agreements signed during the Cristina Fernandez administration, negotiations were held to reach additional agreements – such as the agreement for the joint production of aircrafts, helicopters, and naval vessels, for example.³⁰

The most controversial subject in this country relates to a radar facility for China that was authorised under the aforementioned Cristina Fernandez administration. Allegedly, this comprised a space station in Argentina's Patagonia intended for exploration. However, since its planning stage, the project has been controversial and raised two types of concerns among politicians and analysts. First, that Argentina had granted sovereign rights

28 The US-China Economic and Security Review Commission deemed these agreements important as they marked a new phase in China's military cooperation in the region.

29 <https://www.uscc.gov/research/chinas-military-agreements-argentina-potential-new-phase-china-latin-america-defense>

30 <https://www.infobae.com/politica/2018/07/10/china-envia-una-mision-de-defensa-a-la-argentina-para-avanzar-en-un-acuerdo-de-produccion-militar-conjunto/>

The fact remains that this base is operated by PLA military personnel and the Argentinian government has limited access

over part of its territory to China. Second, that the facility - controlled by China's military - could also be used for military purposes. Unlike the civilian-run European Space Agency, which has a similar agreement with Argentina, China's space programme is run by the People's Liberation Army (PLA) (Watson-Lynn, 2020). In a 2015 interview, Ambassador Roberto García Moritán, a former representative of Argentina to the Arms Trade Treaty, said "The Neuquén base would be very useful for lunar missions, but also that the antennae and the telemetry at the base have dual use. These antennae will have the capacity to interfere with communications, electronic networks, electromagnetic systems; they have the capacity for receiving information about the launching of missiles and other space activities, including of drones, and movement of strategic arms. It has the capacity to collect information of enormous sensitivity in the eventuality of a military competition."³¹ Although China promised to include a visitors' centre to explain the purpose of the antennae,³² the fact remains that this base is operated by PLA military personnel and the Argentinian government has limited access.³³

On broader security cooperation, Evan Ellis (2021b) offers a brief but thorough summary: "The PRC has also donated USD \$17.5 million worth of goods to the Argentine federal police and gendarmerie, including four CSK 162 armoured vehicles, 30 motorcycles, bomb detection equipment and protective vests, donated for use during the November 2018 G20 summit held in Buenos Aires ... Outside of material support, Argentine military and other defines personnel travel to the PRC on a regular basis for professional military education courses and institutional visits. Argentina's National Defence University has created a 'strategic cooperation program' with China, which includes a course on Argentina-China cooperation that saw its 2020 registration double in size over its enrolment the previous year."

The December 2019 inauguration of President Alberto Fernández and Vice-President Cristina Fernández de Kirchner in Argentina moved the country towards increasing and strengthening relations with China. First, in November 2020, China successfully launched 13 satellites, "including 10 commercial remote sensing satellites developed by Argentinian company Satellogic"³⁴ in what is known to be the largest launch of foreign satellites in the country. Although the insights of the contracts are not of public access, Fu Ziheng, VP of the Great Wall company, which

31 <https://thediplomat.com/2016/05/china-builds-space-monitoring-base-in-the-americas/>

32 <https://www.reuters.com/article/us-space-argentina-china-insight-idUSKCN1PP012>

33 Interview with an anonymous source.

34 <https://economictimes.indiatimes.com/news/international/world-news/china-successfully-launches-13-satellites-including-10-for-argentina-with-a-single-rocket/articleshow/79076353.cms?from=mdr>

built the satellites, affirmed that the deal is at the level of hundreds of millions of dollars.³⁵ In addition, the State satellite company ARSAT also maintains commercial service contract relations with PRC-based firms, due to the latter's interest in providing connectivity in the South American territory.³⁶ Second, the Fernandez administration decided to reactivate the project to build a new nuclear power plant, expected to generate 1200 Mw. This project, initially presented during the Cristina Fernandez administration, was discarded by the Macri government. Now, the China National Nuclear Corporation has been chosen to build its Hualong-1 nuclear reactor in the Atucha nuclear complex in Argentina, with a projected cost of \$8 billion, coming from China's development banks. Third, negotiations for the purchase of JF-17 fighter jets - to be assembled locally - have been resumed after the deals for the 2015 warship, armoured vehicle and fighter jet agreements were cancelled by President Macri. "The return to the latter aircraft model is reportedly a compromise following serious Argentine-Chinese discussion regarding the acquisition of the more capable J-10CE. The J-10CE was ultimately ruled out by Argentina as too expensive, and would have been the most-advanced Chinese military aircraft exported to the hemisphere" (Ellis, 2021b). Still, as a former high-ranking officer commented,³⁷ Argentinian authorities - following the assessment of military authorities - have serious doubts about finally buying these supplies, mainly due to their poor quality. "The PLA doesn't use these models anymore, and they are only sold to poor countries. There is already mounting evidence of the bad performance in Kenya, The Philippines and Venezuela", argued a military source that wished to stay anonymous.

Finally, regarding 5G tech, China has a considerable advantage over Western firms in Argentina. As Ellis (2021b) recalls, "In the telecommunications sector, the Chinese firm Huawei has operated in Argentina since 2001... and today is the major supplier of infrastructure... [The company] has been in talks with the current Peronist government regarding 5G, and is positioned to become the supplier of choice when the government builds a 5G network, likely in 2022."

Brazil

Brazil is China's most important economic and political partner in South America (Ellis, 2014; 2021c; Trinkunas, 2020). Not only is it the largest country in the region - as measured by GDP, population and territory - but it is also a global player, as evidenced by its participation in high-profile initiatives such as the G33 and BRICS. In addition to the purchases of several natural resources - mainly iron - during the first four decades

³⁵ <https://m.economictimes.com/news/international/world-news/china-successfully-launches-13-satellites-including-10-for-argentina-with-a-single-rocket/articleshow/79076353.cms>

³⁶ <https://eleconomista.com.ar/economia/empresa-china-firma-acuerdo-usar-servicios-satelite-arsat-2-n40959>

³⁷ Interview with an anonymous source.

of the PRC, relations deepened after 1993, when Brazil became the first country to receive strategic partnership status from China—upgraded in 2012 to a strategic comprehensive partnership status. China and Brazil's relationship is grounded on a growing trade and investment relationship. As Kalout (2021: 1) summarises, "Of the 15 most-exported Brazilian commodities, China is the main importer of 11, while the US is the main importer of only two. In addition, "from 2000 to 2014, Brazil was the most important destination for Chinese FDI in Latin America" (Becard et al., 2020: 58). The case of Brazil is different from all other nations in South America, given the high degree of technological development achieved by this country, which makes China a competitor. Put differently, while China is a major buyer of Brazil's commodity exports, at the same time it is an industrial competitor in both LAC and other parts of the world. Of the total investments in infrastructure made in Brazil – a fundamental part of the country's continued development – China by far surpasses the US, although the latter continues to be an overall much larger source of FDI. These numbers reveal Brazil's deep dependence on China when it comes to structural elements of the economy, such as job creation, income, credit, and investments.³⁸

As a result, "as emerging global players, Brazil and China have developed a fully-fledged bilateral strategic partnership" (Habin, 2010: 2). China's growing presence in the region has become significantly larger in Brazil over the past two decades and growing economic ties were accompanied by broader, high-level political dialogue and increased cooperation in the defence sector. This is reflected in a wide-ranging array of instruments such as dialogue mechanisms, cooperation agreements for exchange of knowledge and contracts in several areas of security and defence. Furthermore, the growing ties with progressive governments in the region has allowed China to implement a broader cooperation scheme. As Marcondes & Batista Barbosa (2018: 141) argue:

"Under President Lula, a new momentum in the relationship was reflected in the December 2004 expansion in the number of Brazilian attachés in China. Two institutional landmarks highlight the new phase of this military relationship: the creation of the Joint Commission for Exchange and Cooperation (hereafter JCEC) and the signature of the Framework Agreement on Defence Cooperation... During Rousseff's visit to China in April 2011, the two countries signed a Framework Agreement on Defence Cooperation, the first Defence agreement signed by China with a Latin American country. The agreement reflected an emphasis on military courses and training; exchange of knowledge on defence technology, services and products; cooperation on military operations, including UN peacekeeping operations; humanitarian assistance; security of major events; and military medicine."

³⁸ Kalout, 2021

During this time, several projects in the area of defence and security were implemented in cooperation with China. On nuclear energy, for instance, Brazil had been seeking to build a third power plant (the Angra 3) for more than a decade, but had been looking for cooperation for the \$5 billion required. In 2017, the President of Brazil visited China and signed a memorandum of understanding, complementing those signed in 1984 in this area. The latter notwithstanding, no agreement has been reached in recent years and Brazilian authorities continue to negotiate with China, Russia and France. Something that has intensified in the relationship between these two nations is the discontent by Brazilian authorities over China's failure to observe agreed terms, mainly on market access. According to Bizzozero & Raggio (2020: 84), "The year 2015 marked a turning point in the relations between both countries, the fourth meeting of the China-Brazil high level commission of Agreement and Cooperation (COASBAN) took place... and 35 bilateral agreements were concluded...". If we include the regional projects resulting from the summit between the CELAC, the bi-oceanic railway project's first trilateral technical meeting, held in Lima in June, as well as the decision to create a \$20 billion cooperation fund for production capacity extension, a huge agenda is revealed, which has expanded the relevant sectors and the issues discussed during the early twenty-first century." Among the latter, the agreements for the joint development of satellites have proven important for both the military and for security. As Bizzozero & Raggio (2020: 84) continue, "one of the areas in which we can observe results is the spatial realm." The launch of Earth Resources satellites as part of this programme constitutes the fulfilling of agreements signed already in the 20th Century.

A key topic here is that - regardless of the close political ties that were shown between China and the progressive Governments in Brazil - the latter has a global projection like no other in the region. Accordingly, it did not give blind support to China and has stood up to it on a number of occasions, not only regarding the lack of observance of market access or technology transfers, but also in multilateral security subjects, such as Russia's intervention in Crimea over the resolutions for Syria in the Security Council (Becard et al., 2020)

Moreover, under the current administration in Brazil, relations have cooled off. "Bolsonaro and his foreign policy team have adopted a strongly pro-US (specifically pro-President Donald Trump) agenda internationally, including engaging in frequent critiques of China" (Trinkunas, 2020: 1). Nevertheless, following several months of replicating Washington's discourse against Chinese providers of 5G, Bolsonaro himself declared that his administration was still open to several different technologies. It has already been argued that the implementation of 5G is going to be one of the pillars of the coming geopolitical struggle between China and



the US and, in this regard Brazil is the most important partner. Therefore, it can be argued that this is quite an achievement for China's diplomacy. However, there are also two factors that need to be considered. "Financial costs potentially worth billions of dollars and the exit of ally President Donald Trump from the White House are forcing President Jair Bolsonaro to backtrack on his opposition to Huawei bidding to provide the next generation cellular network for carriers in Brazil."³⁹

Venezuela

China's relation with Venezuela regarding military and security cooperation deserves particular attention, as it records by far the largest volumes. "Early in his tenure, President Chávez formalized this bilateral relationship with Chinese President Jiang Zemin through the creation of the High-Level China-Venezuela Commission. In a 2001 White Paper, the two governments established the framework for energy cooperation" (Kaplan & Penfold, 2019: 17). Given that its economy is not one of the region's largest, China's close relations with Venezuela are driven by other factors. First, China's need for energy and natural resources has made its relations symbiotic from the outset. China is the world's largest oil importer, while Venezuela has the world's largest proven oil reserves. Thus, China's arrival in the region had Venezuela as its earliest partners. Furthermore, for China there is an additional factor playing an important role here. As Ferchen (2020: 2) affirms, "the China-Venezuela relationship stands out geopolitically as well." A main characteristic of Hugo Chavez's foreign policy, based on its highly publicised 21st century socialism, was anti-imperialism. It was the latter that led him to actively seek allies that shared not only his objectives but also his ideology. China welcomed Venezuela's openness to increasing the economic and political exchange. As the years went by and the price

³⁹ <https://www.reuters.com/article/us-brazil-huawei-tech-idUSKBN29LQJM>

of petroleum increased, Chavez adopted a more assertive foreign policy and its ties with China grew stronger. "In line with Venezuela's strategic objective of oil independence from the United States, Chávez oversaw a three-fold increase in its oil exports to China, from less than 90,000 barrels per day in 2005 to more than 344,000 barrels per day in 2014" (Kaplan & Penfold, 2019: 17).

However, relations grew beyond petroleum purchases and showed a great variety of flows. "Lending to Venezuela still constitutes China's largest outlay of loans anywhere in the world", (Ferchen, 2020: 1) reaching \$62.2 billion. The latter was linked to petroleum. Through the aforementioned model of South-South cooperation, in several countries in the Global South, China has signed contracts to lend money and secure resources in return.

Furthermore, according to Ellis (2020: 8) this was a "common practice in anti-US progressive regimes whose actions have cut them off from Western capital markets. Using such vehicles, the PRC has extracted oil to get paid for the \$62.2 billion it has lent to Venezuela. Another excellent, if little known, example is a \$1 billion loan to the Corporación Venezolana de Guayana (CVG) obliging the future delivery to China of over \$4.1 billion worth of Venezuelan gold. When the Chinese money was used for other purposes and gold production was inadequate, the Maduro government was still obliged to divert a significant portion of CVG's collapsing output to repay the loan, as well as giving other Chinese companies compensatory contracts in other sectors."

Concerning military and security cooperation, Venezuela provided China with its first opportunity to sell sophisticated military systems in the region. In turn, China's financing provided Venezuela with the possibility to expand its economic reach. Through the latter, Venezuela became the main purchaser of Chinese military products in the region, "which seems to demonstrate the importance of ideologically aligned relationships in terms of developing relationships with China. China and Venezuela's defence bilateral relationship began to strengthen in 1999, when the late President Hugo Chávez visited Beijing" (Kaplan & Penfold, 2019). Subsequently, both countries increased their military engagement with senior defence-level exchanges and personnel exchanges. "For one, the perception of a potential US invasion shaped Chávez's decision to increase arms imports, which also provided an opportunity for increased cooperation with China. Specifically, the arms exports were fuelled by the 2006 US embargo on arms transfers, effectively making their U.S.-made equipment obsolete. Tensions in the region were also driven by Colombia's announcement that it would raise its military spending to historical amounts" (Gurola, 2018: 2). As a matter of fact, as explained in the preceding section, arms sales are a major variable when seeking to comprehend the relation between both nations—with deals that surpass

In line with Venezuela's strategic objective of oil independence from the United States, Chávez oversaw a three-fold increase in its oil exports to China

the almost US\$ 1 billion (Nixon, 2016). In parallel to the increase in loans and the purchase of petroleum, Venezuela's arms purchases were a unique case for the region. Aside from these flows, furthermore, China has also offered Venezuela a broad range of military and security cooperation. In total, Venezuela has bought three satellites that were launched into space by Chinese companies, the Venesat-1, VRSS-1 and VRSS-2.

In addition, there is growing participation of Chinese firms in implementing informatics systems which - aside from the advantages that their technology can bring - also pose certain threats. First, the Chinese company ZTE implemented the hardware and software for Venezuela's attempts to replicate the Chinese social credit system. Under the name 'fatherland identity card', this was a system designed for a broad range of activities such as voting, distribution of food and other subsidies. Second, another company, the state-owned China National Electronics Import & Export Corporation (CEIEC) has provided a digital system with regard to which, "critics have pointed out that the Venezuelan government aims to emulate the surveillance state that prevails in China, and that China has eagerly exported this model to Venezuela".

However, despite the growth in relations, it is worth noting that the deep economic, political and social crisis that Venezuela is going through has slowed down China's cooperation. Here, concerns had already arisen following Hugo Chavez's death, and the Maduro administration has not been able to manage the growing economic problems. The declining prices and output of petroleum - which represents 90% of international sales - resulting from economic mismanagement, has exerted additional pressure on Venezuela. As external income fell, poverty rates rose and dragged the country into such a deep crisis that it has already been dubbed a humanitarian disaster. Maduro, already highly indebted to China and facing several difficulties in repaying loans, travelled to China several times to try to get further loans, but was unsuccessful. This is also a serious problem for China; "the outsized ambitions and scale of the China - Venezuela political and financial relationship have meant that its failures and disappointments have also been correspondingly large. It has also become a case study in how China's claims that its foreign policy is focused on development can be highly misleading. Venezuela's long, slow-motion descent into economic, social, and political crisis has exposed the underlying miscalculations and weak points of China's financial and diplomatic position in Venezuela and in Latin America more generally" (Ferchen, 2020).



7. Balance for Europe

China is not only an economic power, but also - as Blackwill & Harris (2016) affirm - unlike any other power in the past, controls the majority of the economic flows. This paper has shown that China's main geopolitical interests in LAC are economic. Following an initial incursion in Asia and then Africa, China has decisively engaged in Latin America and the Caribbean with several business and cooperation flows. It is also important to stress that China, since the openness and reform of the late 1970s, had no intentions in exporting its ideology to the region and was mostly interested in business. To pursue this end, its leaders understood they didn't have to openly confront the US. The region is increasingly acquiring strategic importance in China's foreign policy for two reasons. First, the region has a number of key resources on which China's economy is increasingly dependent, such as iron, copper and soy. Second, in the midst of rising tensions with the US in the so-called tech war, the region's strategic relevance is growing, not only to counterbalance Western powers but also to consolidate its technological lead.

Based on this, it can be argued that China's incursion in defence and security areas does not pose a threat to the West (Piconne, 2016). Wise (2020: 229) unambiguously asserts that "From the standpoint of the Western Hemisphere, I dispute hawkish, so-called realist interpretations of China's rise in Latin America as a security threat or affront to US hegemony... It is true that China could wreak havoc on the international system but perhaps for reasons that have more to do with some of the inherent weaknesses in the Chinese economy". Juan Battaleme (interview, 14 October 2021) confirms, "Chinese cooperation on military and security issues must be seen in perspective. Indeed, China has become a large seller of weapons to the region, but it is low cost, basic military equipment. Further, Most of the purchases are done through loans, something that Western powers have never done." Furthermore, as Evan Ellis (interview 5 September 2021) comments, they are not part of an ideological cooperation; nor are they intended to destabilise countries. Generally, it could be said that they do not pose a threat to the peaceful balance of power in the region, and that they must thus be regarded as business opportunities - even in the case of Venezuela, in light of the low-tech equipment it purchased.

However, this does not mean that these topics do not deserve any attention. Ellis (2020: 1) believes that this "economic focus, along with Chinese leaders' general avoidance of threatening rhetoric or provocative military actions in Latin America, should not distract from the fact that security sector activities are an integral part of China's multidimensional engagement." Furthermore, as Campbell & Sullivan (2019: 3) argue, "despite the diminished danger, however, China represents a far more challenging competitor. In the last century, no

other US adversary, including the Soviet Union, ever reached 60% of US GDP. China passed that threshold in 2014; in purchasing-power terms, its GDP is already 25% greater than that of the United States. China is the emerging global leader in several economic sectors, and its economy is more diversified, flexible, and sophisticated than the Soviet Union's ever was (...) Beijing is also better at converting its country's economic heft into strategic influence. Whereas the Soviet Union was hamstrung by a closed economy, China has embraced globalisation to become the top trading partner for more than two-thirds of the world's nations. The kinds of economic, people-to-people, and technological linkages that were lacking in the militarised U.S.-Soviet conflict define China's relationship with the United States and the wider world."

Accordingly, there are two broad dimensions that deserve attention from the EU's perspective. The first one is China's wide-ranging incursion in the region. It has been shown that China's arrival, which began in the first years of the 21st century, has transformed China into the main trading partner for almost all countries in the region. While this trade concentrates in goods, services, FDI or bilateral official loans, the importance of China should not be underestimated. Given that China is growingly engaging in high-tech, added-value production, its actions will have a large impact on Western powers' economies. On LAC specifically, European nations have already felt the greatest impacts. While the US remains the principal trading partner for Mexico and Colombia, China has become number one with all other nations, including the large economies of MERCOSUR. In the case of FDI, the same trend can be observed. However, the greatest area of concern that illustrates the smart strategy implemented by the Chinese government is its policy on loans. By providing an alternative to the Western multilateral cooperation scheme, China has been able to become a main source of funds for several nations. And in turn the former has allowed China to enforce a series of policies that follow its own interests. These funds' specific conditions have furthermore allowed the Chinese government to move forward in other areas, such as the increased presence of its companies. This has also had a direct impact on security concerns, as it has allowed Chinese firms to take a central role in telecommunications, such as satellites or space monitoring bases, or in nationwide surveillance programmes. Thus, as Barbara Stallings (2017: 70) affirms, although Chinese foreign aid "poses no serious threat to the United States in Latin America", the same cannot be said about its foreign direct investment (FDI) and commercial loans.

From a strategic perspective, China has successfully pushed ahead in LAC, securing two far-reaching areas that will give it a lead in securing economic supremacy in the future. This should not go unnoticed to EU policymakers. Far from establishing military bases or financing irregular groups, for the past two decades the Chinese government has worked on securing natural resources and connectivity with huge quantities of

financial flows. On natural resources, aside from oil, LAC is one of the regions richest in minerals essential to manufacturing high-tech goods. For example, it is home to Venezuela, the country with the largest oil reserves in the world - 303 billion barrels. Oil production “is dominated by Brazil, Mexico, and Venezuela. These countries are responsible for about 75% of the region’s total output and are also giants on the international stage, ranking as the world’s 10th, 11th, and 12th-biggest oil producers, respectively. Colombia also makes a good showing in the world rankings, coming in at 22nd.” Considering that several forecasts affirm that energy demand will grow by 50% by 2030, and consumption of fossil fuels and minerals is expected to triple by 2050 (NICR, 2013), this topic acquires a growing strategic importance. Furthermore, electronics and high-tech products make intensive use of a large diversity of minerals. While the US is more self-sufficient on energy, it still needs the minerals produced in the region. In 2018, in the midst of the trade and tech wars, President Xi Jinping announced China’s plan “of prioritizing self-sufficiency over cost as part of a broader push for self-reliance amidst trade tensions. As a result, China’s national oil companies (NOCs) are accelerating investment in domestic exploration and production. While this ramp-up in spending is likely to result in an increase in output, especially of natural gas, it is unlikely to alter China’s substantial and growing reliance on oil and natural gas imports” (Downs, 2019: 1). Regarding minerals, “China relies heavily on imports of cobalt, nickel and lithium to develop strategic emerging industries... [It] is increasingly dependent on imports for 95% of chrome, 90% of cobalt, 79% of gold, 73% of copper, 73% of iron ore and 67% of oil... China’s need for mineral resources is also reflected in the slow growth in detecting and developing mineral resource reserves and insufficient innovation and pollution from small and medium mines” (Hui, 2018: 1). The growing tensions between China and the US can also be explained by these facts. Based on Gulle, Nassar & Xun (2018), it is possible to argue here that the dependence of high-tech on a number of minerals has made them strategic resources for the future technological and economic leadership. More specifically, they compare the dependence of the US and China on 42 minerals – net import reliance – to determine the extent of the mineral resource competition and foreign supply risk, and have found that China relies on imports for 19 minerals⁴⁰ while the US relies on them for 24. In particular, as the authors conclude, there are 11 minerals⁴¹ that may prove to be:

40 There are eight minerals on which China are heavily dependent, but the US are not: iron ore (Fe) and mined copper (Cum), beryllium (Be), gallium (Ga), Com, Se, B, Cd. China appears to have reduced its supply risk for several of these minerals including Com, Cum and GaH. Still, Brazil, Chile and Peru remain important to China, as they are the largest exporters of Fe and Cum.

41 As the authors argue, the 11 minerals for which these two countries compete play an integral role in modern society. Niobium is not mined in either China or the United States. Indeed, around 85% of world primary Nb production is from a single mine in Brazil, with the remaining production split between a second mine in Brazil and one in Canada. Another mineral in this quadrant is chromite ore (Cr), which is required to produce chromium—an essential element in stainless steel. The three platinum group metals (PGMs) examined, platinum (Pt), palladium (Pd), and rhodium (Rh). Rhenium (Re) is integral to national security. Rhenium is predominately produced as a by-product of Mo concentrate roasting, which itself is largely a by-product of copper (Cu) porphyry production. Tantalum (Ta) appears in quadrant 4 because the US has no Ta mine production and China has relatively little in comparison with that of Rwanda and the DRC.

“potential sources of resource competition between China and the United States. Unless reliance can be reduced through substitution, improved processing efficiencies, increased domestic production, or recycling, the United States and China will increasingly vie for access to overseas assets that produce minerals in quadrant 4. For each of the minerals that we identify for competition potential, one of the two largest producers is either African or South American (South Africa for Cr, Mn, Pt, Pd, Rh, Zr; DRC and Rwanda for Ta; Chile for Re, Li; and Brazil for Nb). This indicates that, geographically, resource rivalry may be most contentious in South and Central Africa, as well as in Brazil and Chile” (Gulle, Nassar & Xun, 2018: 1).

Second, China is securing its engagement in the region's connectivity. Official loans by the Chinese government, as well as FDI by Chinese companies (guided by the official strategy), have secured the country a “strategic position in building and operating the physical and other infrastructure connecting and enabling the functionality of the economies of the region” (Ellis, 2021b: 9). Currently, Chinese companies have built roads, railroads and ports in most LAC nations. While the construction of a second canal in Central America (Nicaragua) has stagnated, China's recent official relations with Panama bring the opportunity to take part in the enlargement of the existing channel. Furthermore, through its loans, China has promoted the construction of several hydroelectric plants and distribution lines. Furthermore, China has already signed contracts or agreements “to either build or expand deep-water ports in the region, which could acquire military significance rather quickly” (Berg, 2021). Together, this connectivity dominance gives the PRC an strategic advantage in the region's economies, giving China leverage to pursue its economic and political interests (Ellis, 2021).

As well as this - and from a narrow military and security perspective - the main topic of concern for the EU is the clash with Western values and global governance. It is evident that predictions of China's adoption of Western liberal democracy were wrong, as this country has increasingly inserted itself into the capitalist global economy. Furthermore, as argued above, a key geopolitical interest that China has is to legitimise its model of authoritarian governance and State capitalism. In the area of security, therefore, the main impact of China's incursion in LAC for Europe is that there are clear contrasts in values. China's incursion, given the mechanisms it uses, increasingly means that it is securing support for its own model, dubbed ‘Globalisation à la Chinese’. It has been argued that China didn't follow Western institutionalisation for international cooperation, and this was precisely what gave it its strength. The growing discontent in the peripheries against Western conditionality has pushed several nations away from traditional funding mechanisms, and China's cooperation - following its own values and ideology - has a different view on subjects as humanitarian assistance

A key concern has to do with the extent to which China will exert pressure over LAC governments that are becoming dependent

cooperation in areas of security, such as mass surveillance. The latter notwithstanding, scandals regarding the lack of observance of national regulations - mainly environmental and labour laws - by Chinese companies are not lacking, even with regard to regular loans aimed at building infrastructure (Ríos, 2019). Another problem relating to security is the lack of transparency in Chinese funds. As Wise (2020: 9) notes, “regarding the main destinations, one fact that calls attention is that the bulk of Chinese FDI inflows to Latin America are channelled through the Cayman and British Virgin Islands”.

In this connection, a key concern has to do with the extent to which China will exert pressure over LAC governments that are becoming dependent on its flows. As Luttwack (2012: 41) argued, “as overall balances —economic capacity, military strength, diplomatic influence— continue to shift in China’s favour, each of its neighbours and peers must make successive choices between accepting increased measures of Chinese leverage over its own doings, or at least over its allies and clients (which would become China’s in due course), and the costs of increasing its powers of resistance, both by internal strengthening and by coalescing with other powers that are also threatened in some way by the rise of China and are thus in the same predicament.”

On arms sales, as already mentioned, those coming to the region are mostly low-tech basic equipment, and there are no concerns about them defying US hegemony in the region. Further, as Gurola (2018: 2) argues, “while the 2017 Jane’s World Defence Industry Survey indicates China is expected to see continued global arms sales growth over the next five years, this may not be the case in the region”. This rise in deals ought not to distort reality, particularly vis-à-vis old-world powers’ sales and technology. “Although China has established itself as an arms export leader, the overall value of its trade still pales in comparison to that of the United States and Russia.” Again, using the TIV measure from the SIPI:

“The US exported a massive 105 billion TIV from 2010 to 2020 – more than six times the Chinese total. Russia exported 70.5 billion TIV, or about four times as much as China. Most of Beijing’s arms exports are sold to countries close to home. Despite low levels of arms exports throughout the mid-1990s and into the mid-2000s, most of what China did export (82.8 percent) was shipped to countries across Asia. This trend has continued as China became increasingly prominent in the global arms trade...⁵since 2010, Chinese arms sales to the Americas totalled 577 million TIV, peaking at 129 million TIV in 2015 and plummeting to 1 million TIV in 2018. Beijing sold less than 1 million TIV worth of weapons to the region in 2017, 2019,

and 2020. Likewise, since 2010, Chinese conventional weapons made up just 2.2 percent of the combined North and South American arms import market, which is dominated by the United States (18.5 percent), Germany (11.1 percent), and Russia (10.1 percent)."⁴²

In addition, the truth is that Latin America is not a large market for arms sales. Its military establishments are small by world standards and their defence budgets are limited. The defence problems that many countries face are internal conflicts and public security - which are not conventional threats from over the horizon. (Marcella). In the case of Venezuela, the same trend can be observed. This country has 85% of China's arms sales to the region but "from 2010 to 2020, China was only Venezuela's number two supplier of conventional weapons, at 16.4%. Thus, based on the former and on the interviews with experts performed for the current research, it can be argued that the only concerns for arms sales is that they might be misused by irregular or terrorist groups. Unlike other regions in Africa or the Middle East, LAC is characterised by the lack of arms among civil population. Thus, the danger is that the arms that China is selling to several governments would be stolen and then used against civil population, by criminal or paramilitary organizations."

This, however, does not mean that the growing military cooperation is not intensifying China's influence. Military cooperation is helping consolidate China's position in the region, increasing ties with its allies and improving its capacities. As Ellis (2020: 2) unambiguously argues, "arms sales and other interactions with Latin American partners, such as sharing technology and resolving product performance and support issues, help the PLA to improve the quality and functionality of its weapons and military systems in a range of global contexts. Such sales and support also build and strengthen long-term relationships with Latin American armed forces. These relationships are not simply grounded in sales; they are bolstered by ongoing maintenance, training, and other interactions involving military equipment, as well as by the opportunities those interactions create to expand PLA engagement with the partner nations into other areas, including institutional exchanges and professional military education."

In conclusion, it follows that China is seizing the opportunity that has arisen from a deep discontent in the peripheries regarding their earlier engagement with Western nations. Specifically, this country is using its large economic flows to increasingly draw governments closer to its sphere of influence and military and security cooperation; while not posing a direct, actual threat. However, this does raise concerns over the future. Attention must be drawn here to the strategic mistake

China is seizing the opportunity that has arisen from a deep discontent in the peripheries regarding their earlier engagement with Western nations

⁴² <https://chinapower.csis.org/china-global-arms-trade/>

European nations made by leaving the region. As Detlef Nolte (2018: 1) recalls, "One has to acknowledge that for European foreign policy, Latin America has not been a priority". First, "European countries are reducing their development aid due both to budgetary restrictions and to the fact that many Latin American countries are moving into the category of middle-income economies. In the future, Europe's withdrawal might open up new opportunities for China to increase its engagement in this area" (Novak and Namihás 2017).

China is simply filling a void that was left by USA and Europe. Following the economic, political and social crisis that ensued from the failures of structural adjustment programmes imposed by Western financial institutions, China had the ideal conditions to build economic alliances. In addition it had the opportunity to - under its own terms - put in place strategic partnerships, not only in terms of FDI or trade, but also in terms of official cooperation. Put differently, while the West has willingly abandoned the region, China has increased its participation, and has incorporated small-scale but remarkable military cooperation. Contrary to the popular notion in the West, China's engagement is not taking place only with a few governments; China has instead become the main partner for almost all LAC nations. As Juan Battaleme (interview, 14 October 2021) argues, "China's broad cooperation, including arm sales, is not made exclusively with socialist or progressive governments. It has nothing to do with ideology. It is business and a growing geopolitical influence. In fact, one characteristic that could be drawn is that China has more relations with countries with low institutional quality like the LAC ones." In fact, as European nations and the US withdraw their presence and funding from the region, more LAC governments are growing dependent on China's funding and technology. Venezuela is an extreme case and, as already mentioned, represented China's single largest loan to any nation. Other nations are also growing dependent on external revenues and foreign exchange furnished by Chinese firms and official flows.

Finally, the increasing competition between China and the US in what is being dubbed as 'the great decoupling' (Inkster, 2020) is exerting additional pressure on Europe, given that these three economic regions are competing for resources and markets, while developing countries increasingly resemble the contested peripheries. Despite Europe's strong interests in minerals and other natural resources, as shown here, the growing importance that the peripheries are acquiring centres on 5G tech and the opportunities the latter brings to achieve technological superiority. Compared to China and the US, European firms have been in a worse position since China's foreign policy incorporated the peripheries - LAC included - into its geopolitical priorities, while European nations have been retreating for the past decade.



8. Policy recommendation

Concerning recommendations for European policy makers, it should first be noted that the growing tensions between China and the US in what is being viewed as a return to great power competition is pushing both nations towards more aggressive foreign policy, and LAC is already facing this tension. While the trade in goods or even foreign investment coming to LAC are not expected to decrease in the short term, there are other aspects where both powers will exert pressure on LAC governments for their support; technological standards, the implementation of the 5G network or specific global governance reforms, for example. In addition, the race to secure key minerals and other resources is the main concern for the region. The EU is arguably not part of any of these debates. Nevertheless, while China's military and security cooperation is not significant in LAC, recommendations for an improvement of the EU's position come from an understanding of LAC's broad economic and geopolitical importance. China's increased overall presence in the region is happening in parallel with the reduction in Europe's presence.

Based on this, the recommendations made here relate more to the approach method than to the magnitude. Taking the latter first, while the EU remains the main international donor, its flows have been redirected to Africa and the Middle East for several years. Latin America's importance was deliberately reduced, and China seized the opportunity. The problem is hence the approach method - the foreign policy strategy. It has been shown in this paper that China's win-win diplomacy follows a well-elaborated discourse on South-South cooperation (SSC) "touting the distinctly apolitical 'Five Principles of Peaceful Coexistence'". This is the actual advantage that China has, and that is resulting in its incursion not only in LAC, but also in the Global South. SSC was designed on the basis of the non-aligned movement pillars and was immensely appealing to politicians in developing nations. Combined with the discontent over structural adjustment policies in the late 1990s, this resulted in the acceptance of China as a major partner for governments both in the conservative and progressive sphere. As shown here, while private flows - trade and FDI - are large, official relations are the most important in guiding the engagement with LAC.

The EU is using the same approach from previous decades, and thus has not managed to command the expected support. China, however, has labelled most of the nations in LAC as strategic partners, but this category didn't come with huge commitments for them or for LAC; it entailed a demonstration of political commitment. The EU is still insisting on the signing of Association Agreements which at the end of the day are nothing but Bretton-Woods trade agreements, which have been heavily resisted around the world. No wonder, the EU has not been able

to conclude negotiations with MERCOSUR or the Andean Community, and ultimately has signed only some bilateral treaties. China, again, doesn't need to specify what this category is, since it is not interested in complying with GATT, or with WTO for that matter. The same applies to cooperation flows. While the EU is trying to abide by OECD and ODA rules, China's cooperation is proving that a new type of cooperation can even include arm sales. It has been shown that these flows are not significant enough to constitute attempts at destabilisation. Still, they are proof of a much deeper concern: that the current global governance from the US-European liberal world order is not as important for the Global South as it was in the past. Thus, it can be argued - as noted by Gratius in 2010 - that:

"The relationship between Latin America and the European Union (EU) needs a new paradigm, with tools and strategies to tackle current and future challenges. European-Latin American relations are no longer what they once were. With China's rise, the EU begins to lose relevance for the region at a time when Southern Europe begins to share some of Latin America's problems" (Gratius, 2010: 1)

Based on the foregoing, a series of topics need to be addressed. First, the major concern around arms sales and technology transfer is that the latter can be used against civil population. Second, data on China's overall cooperation flows, including the terms of contracts, is opaque. Third, more than 70% of China's FDI to the region is done through tax heavens such the Virgin Islands or Caiman Islands. In addition, China has already gained support from Southern nations for an eventual multilateral system reform.

Given all the above, the main conclusion in this paper is that while the US and the EU were expecting security threats in the peripheries ensuing from military incursion, China advanced its geopolitical objectives in LAC by strengthening its economic cooperation and political ties. It is this that should be the real security concern for the EU. China's foreign policy, based on its most public face - the 'peaceful rise' - managed to increase its presence and secure resources, markets and loyalties in the Global South. Through the latter, China has secured huge reserves of minerals and oil under business contracts. China is the main trading partner and largest bilateral donor for several nations, and has even managed to convert five countries in Central America into recognising its government instead of Taiwan.

Hence, the general recommendation to reengage with the region is to reassess the importance of LAC. China has given the Global South a strategic priority, and this can be seen in its increasing ties. In contrast, data on the EU shows a clear reduction in its importance. As the Vice-President of the European Parliament, Antonio Tajani, affirmed

in relation to the visit made by the President of China to LAC for the third time since he came to power in 2013, "The EU needs to be more present and to stand by the people of Latin America" (KAS, 2016: 10). Consequently, the first action should be to reverse the trend of reducing cooperation funds at the EU and bilateral levels. Technical cooperation has achieved so much in developing countries and these reductions have had a significant impact. While European nations are terminating projects and even closing down embassies in several countries, China is gaining space, opening public offices and also supporting private firms in doing so. Even arms sales have been done as part of cooperation schemes and have included loans for an easier access. The second is the reassessment of the EU's trade agreements. Recently, the ratification of the Association Agreement with MERCOSUR has stagnated once again - the EU has been negotiating this agreement for some 20 years. The conditions in subjects such as intellectual property or investments are too demanding, and the level of cooperation funds included are no match for China's huge SSC.

A third action following this line is that the old, colonial approach of the EU's international cooperation has to change. There are several areas of coincidence in different topics and issues that could be best solved if the European approach turned away from its hierarchical North-South relations approach. China is closer to becoming the world's largest economy and - this notwithstanding - its foreign policy strategy with the Global South is still one of relations between equals. Through the latter, as shown in this paper, several topics, like the global governance reform, need to be addressed. Democracy and the rule of law is a key pillar for European cooperation, and it is a core interest for the peoples of the LAC. The same applies for security topics like tax heavens, money laundering and drug trafficking that can be easily tackled together. Other security topics, such as the surveillance of civil population and the role of technology, need to be included at the multilateral agenda. These will face growing resistance from several Southern governments, given that they do not have any incentives to be accountable, and China has included this scope as part of its cooperation.

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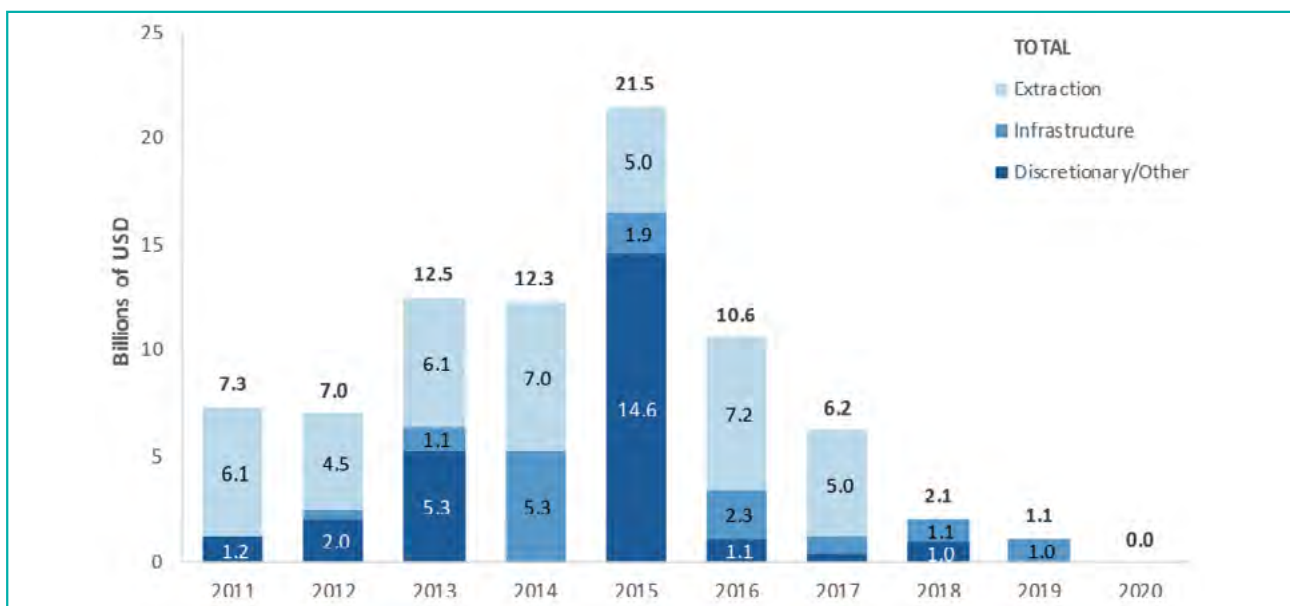
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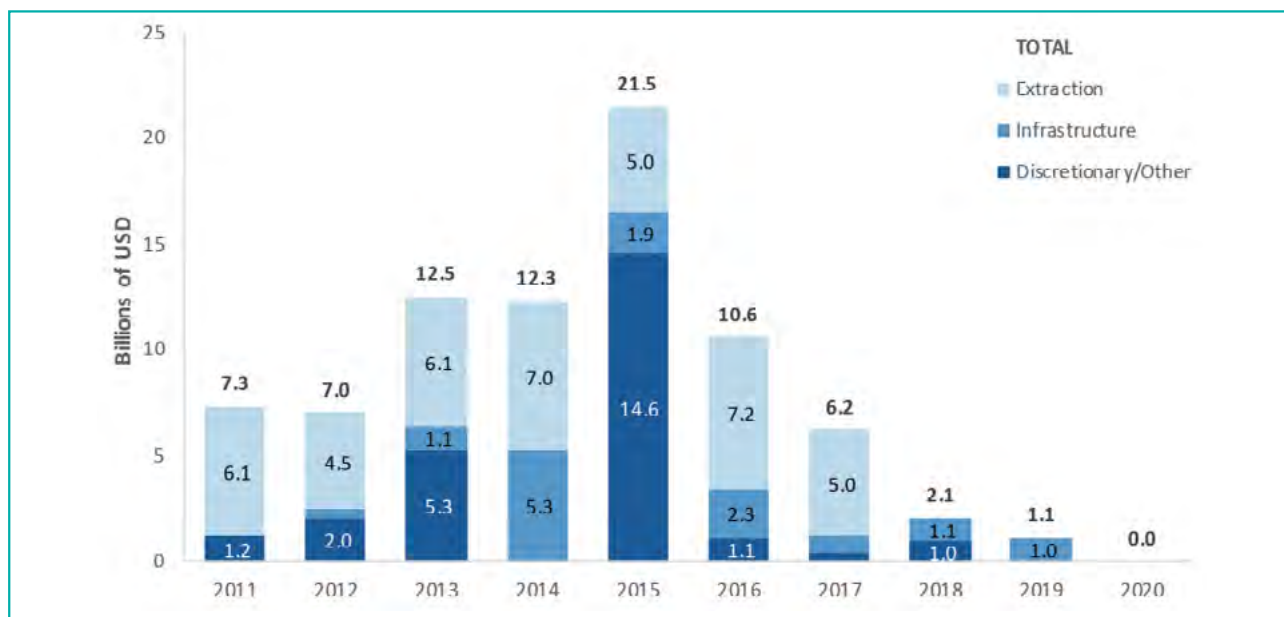
Annex 1: Trade in goods between China and Latin America and the Caribbean



Annex 2: Chinese loans to LAC according to destination purpose



Annex 3:



Annex 4:

Year of entrance	Latin American multilateral mechanism	Status
1990	Rio Group	Dialogue partner
1993	Latin American Integration Association (ALADI)	Observer
1997	MERCOSUR	Dialogue partner
1998	Caribbean Development Bank	Member
1998	Latin American Economic System	Cooperation partner
2000	Andean Community	Political and cooperation partner
2004	Organization of American States	Permanent observer
2004	Latin American Parliament	Permanent observer
2005	China-Caribbean Economic Forum & Trade Cooperation Forum	Member
2008	Inter-American Development Bank (IADB)	Member
2013	Pacific Alliance	Permanent observer
2015	China-CELAC Forum	Member

Annex 5: Bilateral visits by Heads of State

	China to Latin America	Latin America to China
2001	Chile, Argentina, Uruguay, Brazil, Venezuela, Cuba	Peru, Chile, Mexico, Venezuela
2002	Mexico (not official)	Ecuador, Uruguay
2003		Ecuador, Cuba, Guyana
2004	Chile, Brazil, Argentina Cuba, Mexico	Argentina, Brazil, Venezuela, Suriname
2005		Peru, Colombia
2006		Venezuela, Bolivia
2007		Costa Rica
2008	Peru, Costa Rica, Cuba	Peru, Chile, Mexico, Brazil, Venezuela
2009		Chile, Brazil, Venezuela, Uruguay
2010	Brazil, Venezuela, Chile	Peru, Argentina
2011		Bolivia, Brazil
2012		Bolivia, Colombia, Costa Rica, Cuba
2013	Trinidad and Tobago, Costa Rica, Mexico	Bolivia, Venezuela
2014	Brazil Argentina, Venezuela, Cuba	Argentina, Chile, Mexico, Peru
2015		Argentina, Costa Rica, Ecuador, Venezuela
2016	Ecuador, Peru and Chile	Argentina, Brazil, Mexico, Peru
2017		Chile, Argentina

Annex 6: China's arms sales to LAC

Overall Rank	Country	Value (Millions \$)	% of Total imports
1	Venezuela	495	85.8
2	Bolivia	45	7.8
3	Trinidad and Tobago	16	2.8
4	Peru	13	2.3
5	Ecuador	8	1.4

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**MULTINATIONAL
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