



New Strategic thinking of a New World

LSE

THE LONDON SCHOOL
OF ECONOMICS AND
POLITICAL SCIENCE

LECTURE 4 : CHINA AND LATIN AMERICA
DR. ALVARO MENDEZ

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Introduction:

2

China and Latin America – a historical background

3

China & LAC in the 21st Century

4

China & LAC Infrastructure and the AIIB

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Conclusions

LATIN AMERICA, CHINA AND THE US



Latin America often feels neglected by the US, which is single-mindedly focussed on migration and the drugs trade than on the opportunities that would be afforded by a proactive approach to the region.

**Latin
America
=
Nobody's
Backyard**

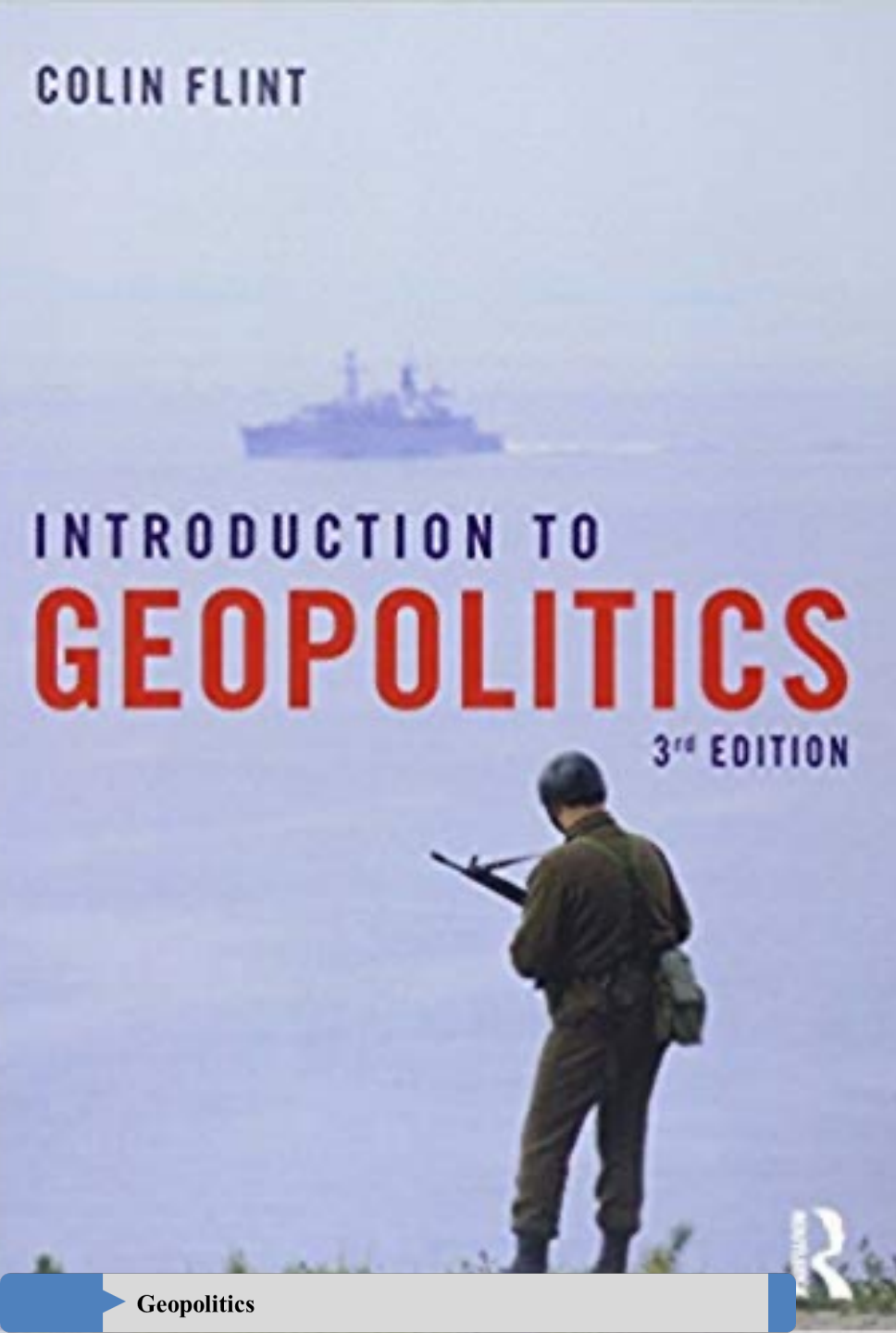


COLIN FLINT



Colin Flint

Geopolitics is “the struggle over the control of geographical entities with an international and global dimension, and the use of such geographical entities for political advantage” (Flint 2017, p. 36).



Three Strategic Points for Geopolitics relevant to us



3 Strategic *Geopolitical* spots: Malacca, Suez & Panama





Latin America and the Caribbean (LAC)

- GDP of LAC in 2018 was US \$5.787 trillion (China's GDP in 2018 was US\$13.608 trillion) ([World Bank Data 2019](#)).
- As of 2018 the total population of LAC was estimated at approximately 642 million (China's population in 2018 was 1.393 billion) ([World Bank Data 2019](#))
- GDP per capita in LAC in 2018 was US\$9,023 thousand (GDP per capita in China in 2018 was US\$9,770 thousand) ([World Bank Data 2019](#))

Early Cultural Diplomacy

Asia and the Pacific Regional Peace Conference (1952)



Diplomatic History (1)

Asia and the Pacific Regional Peace Conference (1952) in Beijing

12 countries from the region sent 110 delegates to the conference.

Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, and Peru.

Early example of cultural diplomacy

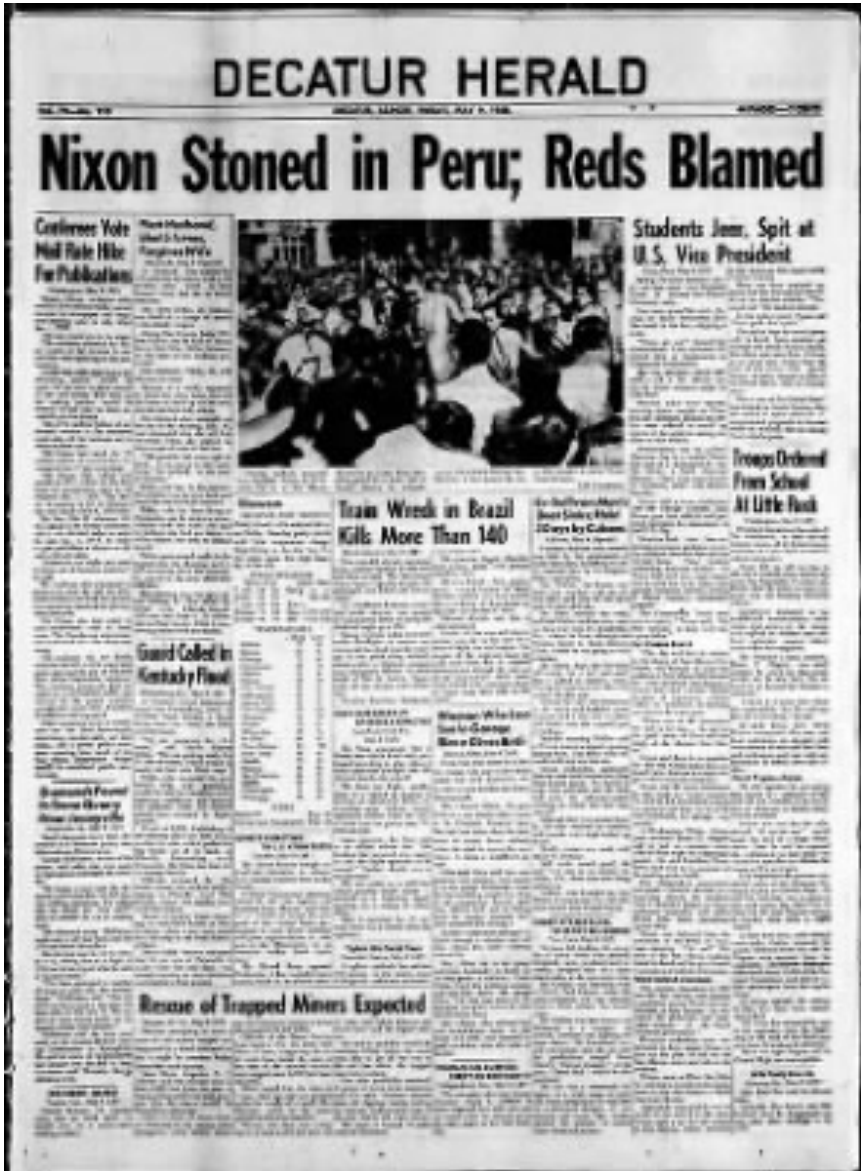
Diplomatic History (2)

1954: Chinese People's Association for Friendship is created

Beijing hesitant about LAC: Geography & Politics

VP Nixon in Peru in 1958

1960: China-Latin America and the Caribbean Friendship Association is created.



TIMES' OWN STORY OF NIXON RIOT

RED-GOADED PERU MOB STONES NIXON



UNDER FIRE—Hooping students surge toward Vice-President Nixon as he remains calm in Lima University after being gassed by rock thrown by one of them.

Rock Grazes Neck of Vice-President as He Defies Communists

BY ROBERT F. HARTMANN
 Times Washington Bureau Chief

LIMA, May 8—Vice-President Nixon today twice walked through a shower of stones and saliva into a hysterical mob of Communist-led university students as the atmosphere of violence in this Peruvian capital reached its explosive point.

Nixon was spit upon and one stone grazed his neck. Another broke the tooth of John Sturwood, his chief Secret Service guard. But otherwise, no injuries were reported by Americans, although U.S. newsmen were pelted and cursed by frenzied demonstrators shouting "Fare Nixon! Go away Nixon!"

"To be glad to but don't you want the truth first?" he shouted. Then he sang demonstrations at the gate to San Marcos University. Nixon stood up in an open car shaking his fist in the air and defying the mob with shouts of "All right, you cowards!"

After the flag incident and the second mob attack on Nixon, established killers streamed into the Plaza San Martin and quickly drove the students back with swinging clubs.

Clack some troops stood by at the outset of the university melee with guns and tear gas ready.

Fired with the dilemma of backing off from the first rough stuff of the Red challenge during his good-faith tour of South America or risk starting a riot, Nixon kept his plans secret until the last moment.

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AIRCRAFT DISPUTE PEACE HOPE RISES

Industry Granted Respite From Union Strike Action as New Talks Arranged

BY HOWARD KENNEDY, Times Labor Editor

An uneasy and tentative truce yesterday gave the Southern California aircraft and missile industry a more definite respite from union strike action and raised hopes that renewed negotiations can bring permanent labor peace to the nation's vital defense plants.

Federal Minister Henry Byrd, who engineered the truce, has been here for a week in a settlement, then Municipal Health Director in strike stalemate at said they were just prior to the strike.

Byrd, who is now in the city, said he had arranged a new series of talks between the two sides. He also said that the strike would be suspended for 30 days, during which time the two sides would meet to discuss the terms of a new agreement.

The strike, which began on May 1, has cost the industry an estimated \$100 million in lost production. It has also caused a shortage of aircraft parts, which has led to the cancellation of several major contracts.

The industry and the union have been in talks for several weeks, but no agreement has been reached. The industry has offered a 10% wage increase over the next three years, but the union has demanded a 15% increase.

The new talks are expected to begin in the next few days. It is hoped that a permanent settlement can be reached by the end of the month.

140 Believed Dead in Crash of Brazil Trains

Two Crowded Electric Southern California street and missile industry in its commuter trains crashed together tonight in a rain storm. The derailment, which occurred in the city of Rio de Janeiro, killed 140 people and injured more than 100.

The trains were crowded with passengers. One train was carrying a large number of school children. The crash occurred at a busy intersection in the city.

Police are still investigating the cause of the crash. It is believed that the trains were moving too fast for the conditions. The weather was also a factor, with heavy rain and strong winds.

The bodies of the victims are being recovered from the wreckage. The investigation is expected to take several weeks.

COUNTY AID APPLICATIONS DROP 15%

County aid applications for the fiscal year ending June 30, 1958, have dropped 15% from the previous year, according to the county auditor.

The drop is attributed to a combination of factors, including a decrease in the number of applications and a reduction in the amount of aid requested. The county auditor said that the drop was a reflection of the county's improved financial condition.

The county has been able to reduce its expenditures and increase its revenues, which has allowed it to provide more services to the community. The drop in aid applications is seen as a positive sign for the county's economy.

Water Traps 22 Miners in West Virginia

SHARPLES, W. Va., May 8—Twenty-two miners were trapped in a mine shaft in West Virginia today when a sudden surge of water flooded the tunnel.

The miners were working in the mine when the water came in. They were trapped for several hours before being rescued. The rescue operation was complicated by the darkness and the narrowness of the shaft.

The cause of the surge is still under investigation. It is believed that the water came from a nearby stream that had overflowed. The mine is now closed until the cause of the surge can be determined.

Rails Get Stocks to New '58 High

NEW YORK, May 8—Rail stocks today reached a new high for 1958, as investors responded to reports of a tentative agreement between the industry and the union.

The stocks of major rail companies, including Union Pacific, Santa Fe, and Southern Railway, all rose sharply. The Dow Jones Industrial Average also reached a new high.

The rise in stock prices is a reflection of the market's optimism about the future of the rail industry. It is hoped that a permanent settlement can be reached between the industry and the union.

Nasser on Tour

Cairo, May 8—Nasser is expected to visit the United States in the near future, according to a source familiar with the Egyptian leader's plans.

Nasser's visit is expected to be a significant event in the history of U.S.-Egyptian relations. It is hoped that the visit will lead to a new era of cooperation between the two countries.

Nasser is expected to visit Washington, D.C., and meet with President Eisenhower. He will also give a speech to the Congress and address the people of the United States.

Peruvians Apologize for Attacks on Nixon

Embarrassed Peruvians Made Vice-President As He Turns Other Cheek After Assault

BY A TIMES REPRESENTATIVE

LIMA, May 8—Mortified Peruvians attempted to make embarrassed amends to Vice-President Nixon this afternoon for incidents in which the American flag was desecrated and Nixon was stoned and spat upon.

Turning the other cheek, Nixon said he would not retaliate against the Peruvians. He said that he was proud to have been the first American to visit Peru since the revolution.

The Peruvians apologized for the attacks on Nixon. They said that they were misled by Communist propaganda. They said that they were sorry for what they had done and that they would do everything possible to prevent such incidents from happening again.

LAST-MINUTE NEWS

EX-AMBASSADOR DAVIES DIES
 WASHINGTON, May 9 (Friday) (AP)—Joseph E. Davies, 81, former U.S. Ambassador to Russia, died at home early today. He had been ill for several weeks.

HOOPER HONORED BY BOYS' CLUBS
 A former President, Hooper was honored by the Boys' Clubs of America at a luncheon in the city today.

China, Latin America & the Cold War



- Cuba established diplomatic relations with China on 28 September 1960.
- Cooperation between Havana and Beijing diminished drastically during the Sino-Soviet split in the 1960s.
- Ties with China were never broken but the engagement was minimized.

Cuba was the first country in LAC to establish diplomatic ties with the PRC (28 September 1960)





Cuba & China

UN Recognition

- On 25 October 1971, a large number of states voted to expel Taipei and seat Beijing at the UN.
- Seven of those countries were from Latin America: Cuba, Chile, Peru, Ecuador, Guyana, Mexico and Trinidad and Tobago.



LAC Countries Votes for UN *Resolution 2758* in favour of seating the PRC at the UN in 1971

Votes in Favour (7 of 76)	Votes Against (12 of 35)	Abstained (5 of 17)
Chile	El Salvador	Argentina
Cuba	Bolivia	Barbados
Ecuador	Brazil	Colombia
Guyana	Costa Rica	Jamaica
Mexico	Dominican Republic	Panama
Peru	Guatemala	
Trinidad and Tobago	Haiti	
	Honduras	
	Nicaragua	
	Paraguay	
	Uruguay	
	Venezuela	

Source: Mendez (2020)

Pragmatism



Deng Xiaoping

Augusto Pinochet



33 countries in LAC– 25 w/China – 8 w/Taiwan (7 from CAC)

- | | | | | | |
|-----|---------------------|-----|--------------------|-----|------------------------------|
| 1. | Antigua and Barbuda | 13. | Dominican Republic | 25. | Paraguay |
| 2. | Argentina | 14. | Ecuador | 26. | Peru |
| 3. | Bahamas | 15. | El Salvador | 27. | Saint Lucia |
| 4. | Barbados | 16. | Grenada | 28. | St. Kitts and Nevis |
| 5. | Belize | 17. | Guatemala | 29. | St. Vincent & the Grenadines |
| 6. | Bolivia | 18. | Guyana | 30. | Suriname |
| 7. | Brazil | 19. | Haiti | 31. | Trinidad and Tobago |
| 8. | Chile | 20. | Honduras | 32. | Uruguay |
| 9. | Colombia | 21. | Jamaica | 33. | Venezuela |
| 10. | Costa Rica | 22. | Mexico | | |
| 11. | Cuba | | | | |

Country	Country's Leader	China's Leader	Date Established
1. Cuba	Fidel Castro	Mao Zedong	28 September 1960
2. Chile	Salvador Allende	Mao Zedong	15 December 1970
3. Peru	Juan Velasco	Mao Zedong	02 November 1971
4. Mexico	Luis Echeverría	Mao Zedong	14 February 1972
5. Argentina	Alejandro Agustín Lanusse	Mao Zedong	19 February 1972
6. Guyana	Linden Forbes Burnham	Mao Zedong	27 June 1972
7. Jamaica	Michael Manley	Mao Zedong	21 November 1972
8. Trinidad and Tobago	Eric Eustace Williams	Mao Zedong	20 June 1974
9. Venezuela	Carlos Andrés Pérez	Mao Zedong	28 June 1974
10. Brazil	Ernesto Geisel	Mao Zedong	15 August 1974
11. Suriname	Johan Ferrier	Mao Zedong	28 May 1976
12. Barbados	Jon Michael Geoffrey	Hua Guofeng	30 May 1977
13. Ecuador	Jaime Roldós Aguilera	Hua Guofeng	02 January 1980
14. Colombia	Julio César Turbay Ayala	Hua Guofeng	07 February 1980
15. Antigua and Barbuda	Vere Bird	Hu Yaobang	01 January 1983
16. Bolivia	Hernán Siles Zuazo	Hu Yaobang	09 July 1985
17. Grenada	Herbert Bleize	Hu Yaobang	01 October 1985 ¹
18. Uruguay	Julio María Sanguinetti	Zhao Ziyang	03 February 1988
19. Bahamas	Hubert Ingraham	Jiang Zemin	23 May 1997
20. Dominica	Roosevelt Skerrit	Hu Jintao	23 March 2004
21. Costa Rica	Óscar Arias	Hu Jintao	01 June 2007
22. Panama	Juan Carlos Varela	Xi Jinping	12 June 2017
23. Dominican Republic	Danilo Medina	Xi Jinping	01 May 2018
24. El Salvador	Salvador Sánchez Cerén	Xi Jinping	21 August 2018
25. Nicaragua ††	Daniel Ortega	Xi Jinping	10 December 2021

PRC Diplomatic Relations with LAC

25 Countries

1960-2022

US did not establish ties with the PRC
officially until 1979





ACCESSION TO THE WTO

10 Nov. 2001



The accession of China to the WTO in 2001 facilitated trade with the region when it was combined and enhanced by adoption of the strategic Go Out policy in 2001, as part of China's five year development plan.



US\$12 BILLION IN 2000



**In 2018 the total volume of
Chinese - Latin American
trade was 25.5 times larger
than it was in 2000**

US\$306 BILLION IN 2018
(CRS, 2019)

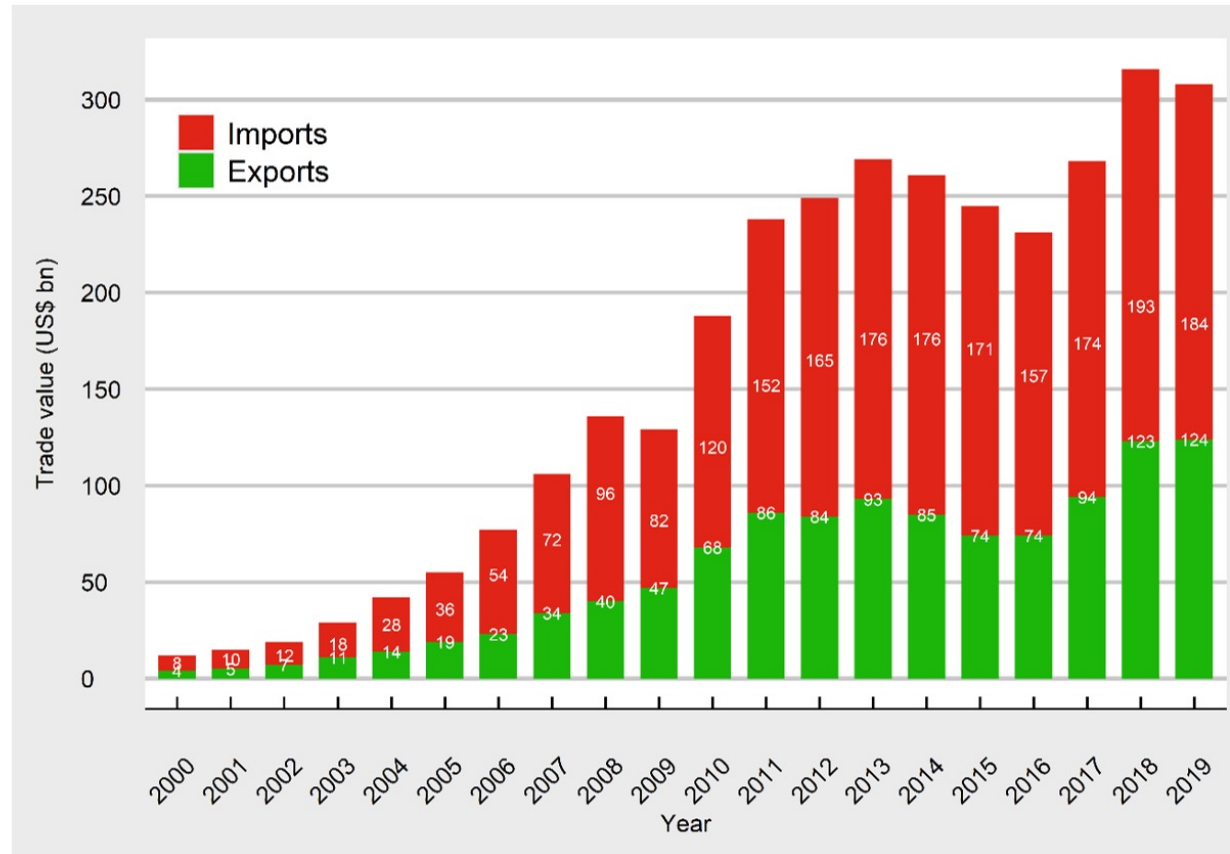


Imports, Exports and Total trade between LAC and China

Year	Imports (US\$ bn)	Exports (US\$ bn)	Total trade (US\$ bn)
2000	8.31	3.86	12.17
2001	10.29	5.28	15.57
2002	12.40	6.51	18.91
2003	17.95	11.25	29.20
2004	27.72	14.33	42.05
2005	36.34	19.13	55.47
2006	54.40	23.14	77.54
2007	71.79	33.82	105.61
2008	96.00	39.55	135.55
2009	81.62	46.84	128.46
2010	120.34	67.81	188.15
2011	152.25	86.34	238.59
2012	165.27	83.80	249.07
2013	175.68	92.91	268.59
2014	175.59	85.06	260.65
2015	170.64	74.49	245.13
2016	157.20	74.38	231.58
2017	173.88	94.22	268.10
2018	193.11	122.52	315.63
2019	184.20	123.74	307.94

Source: Adapted by Authors from World Bank Data (<https://wits.worldbank.org/>)

Bar Chart - Trade between LAC and China 2000-2019



Source: Adapted by Authors from World Bank Data (<https://wits.worldbank.org/>)

China is already
the main trading
partner of
Uruguay, Brazil,
Peru and Chile



ETA

CHINA - LATIN AMERICA

CHILE

Signed in November 2005 by Ricardo Lagos, entered into force in October 2006.

In 2017 Chile and China agreed to upgrade their FTA.

The upgrade came into force on 1 March 2019. This is only China's second FTA upgrading agreement after the China-ASEAN FTA

PERU

Signed on April 28, 2009 by Alan Garcia, entered into force in March 2010.

On 22 November 2016, Peru and China signed a Memorandum of Understanding for the Optimization of the Peru-China FTA.

Peru & China are negotiating an upgrade of their FTA, but Lima has not been very clear with what it wants (due to domestic problems).

COSTA RICA

Signed in April 2010 by Oscar Arias, entered into force on August 1, 2011.

For China, goods trade covers products from textile industry, light industry, machinery, electronics, vegetables and fruits, automobiles, chemicals, and leather.

For Costa Rica, it covers coffee, beef, pork, pineapple juice, frozen orange juice, jam, fish powder, minerals and hides.

Xi Jinping in Latin America (LAC): 2013-2022

Visits by Chinese President Xi Jinping to Latin America (2013-2019)

Date	Countries Visited
June 2013	Trinidad and Tobago, Costa Rica & México
July 2014	Brazil, Argentina, Venezuela & Cuba
November 2016	Ecuador, Perú & Chile
December 2018	Argentina & Panama
November 2019	Brazil

Source: Mendez (2020)

After **9** years in office Xi has already visited 13 LAC countries which is more than President Obama, **Trump, and Biden** combined in **13** years.

FOREIGN POLICY

Biden urged to focus on long-neglected Latin America as chaos erupts

China and Russia have gained influence in the region as the U.S. military prioritized the Middle East.



The Age of America First

Washington's Flawed New Foreign Policy Consensus

By Richard Haass November/December 2021



Trump & Biden are very different, BUT “the differences, meaningful as they are, obscure a deeper truth: **there is far more continuity between the foreign policy of the current president and that of the former president than is typically recognized**” (Hass, 2021)

Geopolitics

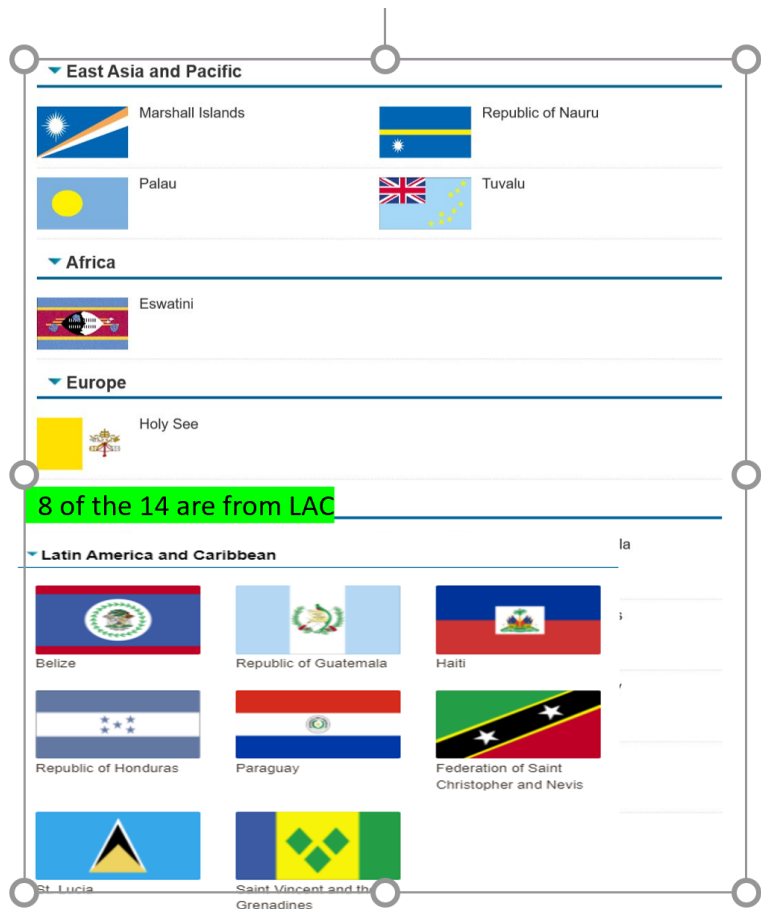
Taiwan in LAC is one of the geopolitical dimensions of the relationship of the region with China.

This is significant because Taiwan is only recognized by 14 countries around the world, more than 50% in LAC (8 in total).

Washington has tried to stop more countries switching diplomatic ties from Taipei to Beijing, but this has been rejected.

Why is this important?

More than 50% of Taiwan Allies are from CAC



Taiwan's critical battle to keep its diplomatic allies from switching sides

Diplomatic Allies of Taiwan in LAC as of July 2022

Country	Date diplomatic ties established
1. Belize	13 October 1989
2. Guatemala	15 June 1933
3. Haiti	25 April 1956
4. Honduras	6 November 1944
5. Paraguay	8 July 1957
6. Saint Lucia	30 April 2007
7. St. Kitts and Nevis	9 October 1983
8. St. Vincent & the Grenadines	15 August 1981

Source: Authors' table from multiple sources.



Latin America and Caribbean



Belize



Republic of Guatemala



Haiti



Republic of Honduras



Paraguay



Federation of Saint
Christopher and Nevis



St. Lucia



Saint Vincent and the
Grenadines

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BRI & LAC

LAC Countries that have endorsed the BRI as of July 2022

LAC Country	Endorsement Date
1. Panama	17 November 2017
2. Trinidad & Tobago	15 May 2018
3. Antigua & Barbuda	6 June 2018
4. Bolivia	19 June 2018
5. Dominica	13 July 2018
6. Guyana	27 July 2018
7. Uruguay	20 August 2018
8. Costa Rica	3 September 2018
9. Venezuela	14 September 2018
10. Grenada	21 September 2018
11. Suriname	23 September 2018
12. El Salvador	01 November 2018
13. Chile	02 November 2018
14. Dominican Republic	02 November 2018
15. Cuba	09 November 2018
16. Ecuador	14 December 2018
17. Barbados	26 February 2019
18. Jamaica	15 April 2019
19. Peru	26 April 2019
20. Nicaragua	12 January 2022
21. Argentina	6 February 2022

Source: Authors' table from multiple sources.

Four countries who have not endorsed the BRI as of 28 June 2022



1. Brazil
2. Mexico
3. Colombia
4. The Bahamas

Plus of course the **eight** countries that do not have diplomatic ties with the PRC.

Who funds the BRI (see below)

AIIB SIX FULL MEMBERS FROM LATIN AMERICA (as of 28 June 2022)

Member State	Prospective Date	Actual Completion	Amount (USD million)
Ecuador	19/12/2017	01/11/2018	5
Uruguay	18/04/2019	28/04/2020	5
Brazil*	29/06/2015	24/11/2020	5
Argentina	16/06/2017	03/30/2021	5
Chile	12/05/2017	07/02/2021	10
Peru	21/03/2017	14/01/2022	146

Source: Authors' own elaboration



ASIAN INFRASTRUCTURE
INVESTMENT BANK

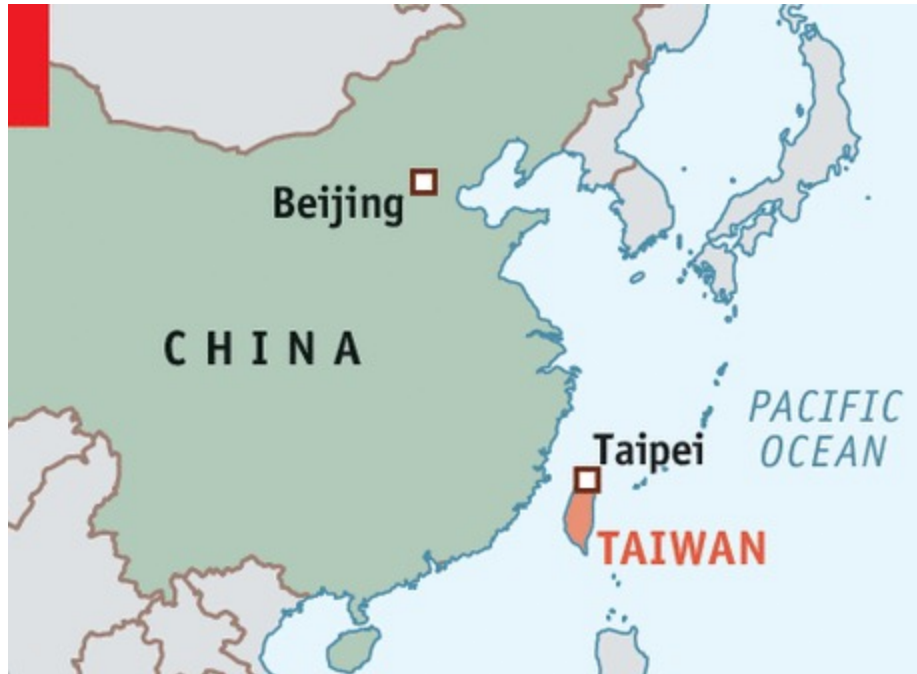
NDB ADMITS URUGUAY AS NEW MEMBER

Development bank established by BRICS begins membership expansion

2-Sep-2021



Scenario 1 (short term):
The One-China Policy is achieved throughout LAC



Scenario 2 (medium/long term): The PRC becomes a major political and security actor in LAC





Scenario 3 (disruptive): LAC becomes a theatre of operations in a global confrontation between Washington and Beijing

ANY
QUESTIONS

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