

A New Look at the Chinese Relations With Latin America

Jiang Shixue

Trade between China and the region began in 1560, when the «silk route» was established between the Chinese coast and Acapulco, by way of Manila. Despite this prolonged history, the dramatic increase in these relations occurred in the late 70s, with the economic reforms in China and the opening of its economy. Nowadays, this relationship can be analyzed in terms of different aspects: the economic –with a spectacular increase in trade–, the political –with a consolidation of the relation and a record number of visits by top-level government figures– and also the academic.

On all these counts, and beyond the concern of the United States and the recognition of Taiwan by some Latin American countries- everything suggests that the relationship will become even stronger in the future.

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The year 2005 marked the 600th anniversary of the ancient Chinese sailor Zheng He's voyages to the west. According to Gavin Menzies and many other people, the Americas was discovered by Zheng He seventy years earlier than Columbus¹.

Recent years have witnessed rapid development of China's relations with Latin America. In a period of only two months, Chinese President Hu Jintao and Vice President Zeng Qinhong visited Latin America separately in November 2004 and in January 2005. In less than one year President Hu visited Latin America twice (in

¹ Gavin Menzies: *1421: The Year China Discovered the World*, Bantam Books, 2003.

November 2004 and September 2005). In 2005, in addition to the visits by President Hu and Vice President Zeng, two more top Chinese leaders went to Latin America. This frequency of these high-level visits is unprecedented in China's foreign diplomacy. It clearly shows that China has attached greater importance to Latin America.

People-to-people contacts

The People's Republic of China (PRC) was founded in 1949. One of the urgent tasks for the new China was to break through the discrimination and embargo against it by the western powers. In order to make itself known to the outside world, China put great emphasis on people-to-people contacts with other countries around the world. In this regard, the Chinese People's Association for Friendship with Foreign Countries (CPAFFC), founded in May 1954, first in the name of the Chinese People's Association for Cultural Exchanges with Foreign Countries, plays an important role². It was estimated that, in the 1950s, around twelve hundred people from nineteen Latin American countries came to visit China. Among them were such high-profile figures as Salvador Allende, who later became the President of Chile; Jose Venturelli, the Chilean painter; Pablo Neruda, the Chilean poet; Lazaro Cardenas del Rio, the former President of Mexico; and Jacobo Arbenz Guzman, the former President of Guatemala.

In March 1960 the Association of China-Latin American Friendship (ACLAF) was established. Under the umbrella of CPAFFC, ACLAF has played an important role in developing and facilitating friendly relationship between China and Latin American countries. It sends out cultural delegations to Latin America and also invites many distinguished Latin American figures to visit China. Therefore, it acts as a bridge between the peoples on the two sides of the Pacific.

ACLAF also pays attention to those Latin American countries that maintain relations with Taiwan, and invites people from these countries to visit China. Through their own eyes, these Latin American guests have acquired a better appreciation of China's achievements of reforms. They also express their views that it would be in their national interest to establish diplomatic relations with China.

² In 1966 its name was changed to the Chinese People's Association for Friendly Cultural Exchanges with Foreign Countries. Only three years later it adopted the present name.

In Latin America there are also similar associations of friendship in many Latin American countries. The first-of-its-kind was the Chile-China Cultural Association, founded in October 1952. In subsequent years several other Latin American countries set up similar organizations. They played a very important role in helping Latin American people to gain a better understanding of what the new China was.

People-to-people contacts between China and Latin America involve women, trade unions, youth, artists and writers, among others. All China Women's Federation, All China Federation of Trade Unions, All China Youth Federation, and the China Federation of literary and Art Circles have made efforts to promote friendly relations between China and Latin American countries. In each of these organizations there is a department or a section in charge of Latin American and the Caribbean affairs.

Between China and Latin American countries there are many sister-cities of friendship. In Argentina, for example, Buenos Aires Province set up this kind of relations with the Hebei Province in May 1992, the City of Buenos Aires with Beijing in July 1993, Entre Ríos with Jilin Province in November 1996, and Rosario with Shanghai in June 1997.

Diplomatic relations

In the period from the 1870s to the early 20th century the Qing government of China established diplomatic relations with Peru, Brazil, Mexico, Cuba and Panama. These relations not only helped protect the rights of the Chinese workers in these Latin American countries, but also promoted trade activities between the two sides.

The first country in the western hemisphere to establish diplomatic relations with the new China was Cuba. On September 2, 1960, Castro announced in a gathering of one million people that Cuba would cut off its relations with Taiwan and establish diplomatic ties with the PRC. Less than one month later, on September 28, the joint communiqué between the two countries on the establishment of diplomatic ties was published. After that, on many occasions, China voiced its strong support for the Cuban people to fight against imperialism.

In the 1960s China and some Latin American countries showed interest in normalizing relations with each other. Under the pressure and opposition from the

United States, however, Latin American countries failed to act further, though, as indicated in the previous section, people-to-people contact proceeded smoothly. Ecuador was a typical example. It intended to recognize China, but was forced to retreat in the face of pressure from the United States.

China's relations with Latin America moved forward with one big step forward in December 1970, when Chile, under the leadership of Salvador Allende, became the first South American country to establish relations with China. On September 11, 1973, the Allende administration was overthrown by the military. China and Chile still maintained their relations, though exchanges and contacts between them were quite limited.

In the early 1970s, China's international position was greatly raised by two significant events: its re-entry into the United Nations and President Nixon's visit to China. Many Latin American started to look at China with new eye-sight. From 1971 to 1980 twelve Latin American established diplomatic ties with China.

In 1978, China, under the leadership of Deng Xiaoping, undertook the reform program by adopting socialist market principles. The reform program was mainly composed of two parts, internal adjustment and opening to the outside world. Regarding the second part, China needs to integrate itself with the world economy. It intends to develop closer relations with not only the developed countries like the United States and Japan, but also the Third World, including Latin America.

At present China has maintained diplomatic relations with twenty-one countries in Latin American³. Apparently, these countries account for the major share of Latin America in terms of geographical area, population size and economic output.

Taiwan keeps its ties with twelve Latin American countries. Apart from Paraguay, the remaining eleven are found in Central and the Caribbean (Belize, Costa Rica, Guatemala, Honduras, Nicaragua, Panama, El Salvador, Dominican Republic, Haiti, Saint Kitts and Nevis, and Saint Vincent and the Grenadines).

³ In China, when people say Latin America, they mean both Latin America and the Caribbean. In this paper Latin America includes Mexico, South America, Central America and the Caribbean.

Party-to-party relations

China is a socialist country governed by the Communist Party of China (CPC). Therefore, party-to-party relations constitute an important part of China's overall foreign policy.

The first Latin American political party to establish relations with the CPC was the Brazilian Communist Party. In July, 1953, it sent a delegation to China. In September, 1956 when the eighth CPC congress was held in Beijing, leaders of the communist parties from twelve Latin American countries, including Brazil, Cuba, Mexico, Costa Rica, Bolivia and Paraguay, were invited to participate in it. By 1960 twenty-two Latin American communist parties had established working relations with the CPC⁴.

In the 1960s, however, disputes between China and the Soviet Union as well as China's own internal political turmoil, i.e., the Cultural Revolution (1966-1976), also affected the relations between the CPC and its counterparts in Latin America.

After reforms started in 1978, the CPC's relations with political parties of other countries of the world began to enter a new stage as well. It wanted to develop relations with the political parties with different ideological orientation. It set out the following principles in developing its external relations: independence, complete equality, mutual respect and noninterference in each other's internal affairs.

On the basis of these four principles, the CPC has actively developed a new type of party-to-party relations of exchanges and cooperation with all foreign parties. At present, it has established working relations with more than four hundred parties in over one hundred and forty countries. In Latin America, more than ninety political parties in most countries of the region have developed relations with the CPC. These political parties are of varied ideological orientations. In other words, the CPC has relations with not only the region's left-wing parties and the communist parties, but also the right-wing ones.

The CPC's relations with the Latin American political parties are promoted through different ways, including by sending or receiving delegations, organizing

⁴ Undoubtedly, this type of political relations was significantly valuable for China insomuch as the new socialist country, founded in 1949, was harshly isolated by the western powers in the 1950s.

seminars and conferences on topics of common interest, participating in each other's party congresses or ceremonies, etc. Sometimes, leaders of some Latin American political parties were even invited to spend their vocations in China.

In Latin America, parliament is the place where political parties play their games. Therefore, CPC attaches great importance to its relations with the parliaments and congresses of many Latin American countries.

The CPC also has relations with the four major multilateral organizations for political parties in Latin America, namely, the Latin American and the Caribbean Committee of the Socialist International, the Sao Paolo Forum, the Christian Democrat Organization of America (Organizacion Democrita Cristian de America), and the Permanent Conference of Latin American and the Caribbean Political Parties (Conferencia Permanente de Partidos Politicos de America Latina).

The CPC's relations with the Latin American political parties have resulted in better and deeper understanding between the two sides and also contributed to the establishment of diplomatic ties between China and some Latin American countries. For example, the CPC had good working relations with the major political parties in Bolivia, Nicaragua and Uruguay before China established diplomatic relations with them in the 1980s⁵. Party leaders from these three Latin American countries were invited to visit China. When they returned home, they pushed forward their governments to recognize the People's Republic of China.

The CPC has working relations with more than twenty political parties in ten out of the twelve countries that maintain diplomatic relations with Taiwan. Since 2001 the CPC has sent delegations to nine of these countries. Through the visits these Latin American countries have acquired a better understanding of China today.

Both China and Latin American countries belong to the Third World, and have many things in common. Therefore, another purpose of maintaining working relations between the CPC and the Latin American political parties is to exchange views and experiences regarding ways of governing a nation, managing party affairs, facilitating political modernization and pushing forward socioeconomic development.

⁵ Nicaragua established diplomatic ties with Taiwan in November 6, 1990, and PRC broke off the relations with the Central American nation three days later.

In seeking and promoting relations with the Latin American political parties, the CPC also attaches importance to the development of bilateral economic and trade ties. There are many examples of success for the CPC when it helps some Chinese enterprises to find their business opportunities in Latin America.

The CPC seeks ties with not only the ruling parties, but also with opposition parties. In Argentina, for instance, before the election in 1983, many people believed that the Radical Party would not win. But the CPC still invited the party's leader Raúl Alfonsín to visit China. After winning the presidency with 52% of the vote, the grateful president sent a large delegation to China, apparently in appreciation of China's earlier invitation. On China's side, the CPC continued to maintain relations with the Peronist Party, whose leader Carlos Saúl Menem won the presidential elections of May 1989. In November 1989, only five months after the Tiananmen Square incident of June 4, President Menem sent his brother, Senate President Eduardo Menem, to visit Beijing at a time when the West was sanctioning China. The Argentine guest even invited Chinese President Jiang Zemin to visit Buenos Aires in May 1990. In November 1990, President Menem became the first Latin American head of state to visit China after the June 4 incident.

Economic relations

Trade relations between China and Latin America could be dated back to the 1560s when the so-called silk-road on the sea was built between China's coastal region and Mexico's Acapulco via Manila. According to historical documentations, there were around twenty to sixty ships every year that sailed from China to Latin America between 1575 and 1815. The Chinese products exported to Latin America were mainly silk, cotton cloth, arts and crafts, jewelry, gun powder, food and animals. China imported from Latin America such goods as shoes, hats, wine, olive oil, soap and food⁶.

By the early 19th century Spain could import silk and other goods directly from China via new maritime routes. At the same, the growing British exports to Latin America reduced the demand for Chinese goods. No less important was the fact that China undertook a policy of controlling exports. In 1815 the last ship sailing from Acapulco to Manila marked the end of the silk-road on the sea between China and Latin America.

⁶ Sha Ding, et al.: *Zhongguo he lading meizhou guanxi jianshi* [A Brief History of Sino-Latin American Relations], Henan People's Press, 1986, pp. 32-86.

Subsequent relations between China and Latin America took a different form. Because Latin America needed large numbers of labor, Chinese workers were transported across the Pacific. By the mid-19th century, there were half a million contracted Chinese coolies working in several Latin American countries like Mexico, Cuba, Brazil, Peru, Panama and Chile. At the same, the Mexican dollar, known as eagle coin, became a legal tender in China's coastal areas.

After the new China was founded in 1949, Chinese leaders hoped to develop economic relations with Latin America. In 1952 China and Chile signed a trade pact. It could be seen as the first Sino-Latin American economic agreement since 1949.

However, due to many factors⁷, bilateral trade between China and Latin America was quite limited in scale and scope from the 1950s to the 1970s. As a matter of fact, it was not until China carried out its reform policies in 1978 that economic relations between the two sides have been developing rapidly. As Table 1 indicates, trade values between the two sides increased from merely US\$1.3 billion in 1980 to almost US\$13 billion in 2000, ten times higher within a period of twenty years. In the last five years, it has grown even more remarkably, from US\$ 15 billion to US\$ more than US\$ 50 billion in 2005.

During the 1990s, China's once-frequent trade deficit with Latin American countries shifted to become a small surplus. Starting from 2003, however, Sino-Latin American trade balance turned negative again for China (See Table 2).

China's major trade partners in Latin America are quite concentrated. As Table 3 indicates, the seven largest trade partners accounted for more than 80% in 2005. Brazil is the largest, with almost \$15 billion in 2005 (See table 3).

Table 1. Sino-Latin American Trade (in millions of US\$)

1950	1955	1960	1965	1970	1975
1.9	7.3	31.3	343.1	145.8	475.7

⁷ The United States' opposition to Latin America's approach to China, Latin America's inward-looking strategy of development under the import substitution industrialization, China's low level of economic development and internal political instability, i.e., the Cultural Revolution, among others, all created unfavorable conditions for Sino-Latin American economic exchanges and cooperation.

1980	1985	1990	1995	1998	1999
1331	2572	2294	6114	8312	8260

2000	2001	2002	2003	2004	2005
12600	14938	17826	26806	40027	50457

Source: *zhongguo haiguan tongji* [China Customs Statistics], various issues, and
<www.moftec.gov.cn/>.

Table 2 Trade Balance between China and Latin America
(in billions of US\$)

Year	2000	2001	2002	2003	2004	2005
China's exports to Latin America	7.2	8.2	9.49	11.9	18.2	23.7
China's imports from Latin America	5.4	6.7	8.33	14.9	21.8	26.8
Balance	1.8	1.5	1.16	-3.0	-3.6	-3.1

Source: *zhongguo haiguan tongji* (China Customs Statistics),various issues, and
<www.mofcom.gov.cn/>.

Table 3 China's largest trade partners in Latin America in 2005
(in billions of US\$)

Brazil	Mexico	Chile	Argentina	Panama	Peru	Venezuela
14.8	7.8	7.1	5.1	3.2	2.9	2.1

Source:
<<http://gcs.mofcom.gov.cn/aarticle/Nocategory/200602/20060201484766.html>>.

For a long time China has been trying to join the Inter-American Development Bank (IDB), which is Latin America's main source of multilateral financing. The benefits of gaining the membership for China are evident. For instance, it would enable China to bid for projects in constructions of infrastructures in Latin American countries. It would also facilitate economic cooperation between China and Latin America.

The United States and the Central American countries are always opposed to China's application. At the latest IDB's annual conference in Okinawa in April,

2005, the U.S. said that China should repay its debts to the multilateral financial organizations before it could be granted with the membership⁸.

China and Latin America belong to the Third World, so their economic complementarity between them is limited to a certain extent. However, as China's economy is growing so rapidly, it needs more input of resources and raw materials. Latin America is the right partner China can rely on.

Half a century ago the world-renowned Argentine economist Raul Prebisch and others predicted that terms of trade for Latin America and other developing countries would become worse and worse. This argument now appears to be incorrect. On the one hand, China's large imports of resources and raw materials have pushed up prices in the world market; on the other, due to low labor cost, China exports of manufactured goods are relatively cheap. As a result, Latin America's terms of trade are turning for the better. No wonder the United Nations Economic Commission for Latin America and the Caribbean (CEPAL) concludes that China has contributed to Latin America's high growth rate in recent years⁹.

Academic exchanges

Academic exchanges have increasingly become an important part of the overall relationship between China and Latin America. In some areas Latin America is quite advanced in science and technology. Latin Americans have put forward many theories that have been well recognized by the scientists and scholars around the world. Several Latin Americans have even won the Nobel prizes.

In China there are two national academies, i.e., the Chinese Academy of Sciences and the Chinese Academy of Social Sciences. Both of them have academic exchanges with the Latin American scholars in many areas of disciplines. In addition, many Chinese universities have also developed different types of exchange programs with their counterparts in the major countries of Latin America.

⁸ Japan's attitude in this regard is also negative. Although it did not say «no», it expressed the view that it needed to see a «consensus» from other IDB members.

⁹ ECALC: *Latin America and the Caribbean in the World Economy: 2004 Trends*, 2005. LC/G.2283-P/I.

In Latin America, since the 1990s, many research centers or programs have been set up to study China and the Asia-Pacific. The number of China experts is increasing, and publications on China are easily found in Latin America.

In China, the discipline of Latin American studies is in the realm of social sciences. It started soon after the Cuban revolution. For instance, the Institute of Latin American Studies (ILAS), the only research institution devoted on Latin American studies in China, was founded in 1961. Although there was not much genuinely academic work on Latin America, many newspaper articles published in the People's Daily and others at that time played an important role in letting the Chinese people know what was happening in Latin America.

When the Cultural Revolution broke out in 1966, universities and academic institutions were closed down. In 1969 ILAS researchers were asked to work in the countryside to get «ideological re-education». ILAS was not reopened until 1976.

With more enrollment of university students in both undergraduate and graduate programs, courses on international studies, including Latin American studies, were offered. Moreover, language training in Spanish and Portuguese was also initiated in many universities. As a result, relatively a large number of students majoring in these two languages were assigned to work in ILAS and universities.

In the early 1980s, Chinese scholars on Latin American studies were faced with many difficulties, one of which was the lack of understanding of what had happened and/or what was happening in the region of Latin America. This was mainly due to the fact that no research materials like foreign publications had been imported in the «Cultural Revolution» and many of the original library collections were lost in the ten years of turmoil.

In order to make up for the loss of what was called «the basic research», Chinese scholars wrote several handbooks in the early 1980s, depicting a general picture of the region's history, politics, economics, international relations, etc. These publications lay down the foundation for future development of Latin American studies in China.

The bimonthly, Latin American Studies, initiated in 1979, played a significant role in setting a new stage for the researchers to work on such «hot topics» as the Central American crisis and the Sandinista revolution as well as other general topics on Latin America's current affairs. To meet the needs of the rapid

development of China's economic reforms, some scholars undertook researches on Latin America's economic development strategy of import substitution industrialization, the debt crisis and the U.S.-Latin American economic relations.

Starting from the late 1990s, academic exchanges between Chinese and Latin American scholars became more and more common. Latin American scholars are invited to visit Beijing and young scholars are sent to Latin America for training and field-study. A greater number of books and journals were imported from Latin America. These two factors gave impetus to Chinese scholars to look at the region of Latin America in new perspectives. Several research projects were undertaken to study dependency theory, use of foreign capital, agricultural development, Sino-Latin American relations, U.S.-Latin American relations, social problems, education, political systems, development strategy, etc.

The past several years witnessed impressive progress in the area of Latin American studies in China. This is manifested in the following aspects: 1) More scholarly books and academic papers have been published. 2) More academic exchanges with Latin American counterparts have been carried out. 3) More exchanges of views are conducted between the scholars on the one hand and the government officials and business people on the other. 4) With the help of internet use, Chinese scholars have been following closely the developments in Latin America on varied issues.

Scholars on Latin American studies in China are expected to serve as a «think-tank» for the CPC and the government in their decision-making process regarding policies towards Latin America. They have contributed to the Chinese people's understanding of Latin America so as to promote the friendship between the two sides.

The Taiwan issue in sino-latin american relations

There is only one China in the world, of which Taiwan is an inalienable part. The Government of the PRC has been recognized by the United Nations and throughout the world as the sole legal government representing the entire Chinese people.

Lying off the southeastern coast of the China mainland, Taiwan is China's largest island and forms an integral whole with the mainland. Taiwan has belonged to

China since ancient times. It was returned to China de jure and de facto at the end of the Second World War. It became an issue only as an aftermath of the ensuing anti-popular civil war started by Kuomintang Party, and more especially because of intervention by foreign forces. To settle the Taiwan question and achieve national reunification is a sacrosanct mission of the entire Chinese people. The Chinese Government has persistently worked towards this end since the founding of the People's Republic. Its basic position on this question is «peaceful reunification» and «one country, two systems.»¹⁰

All countries maintaining diplomatic relations with China have, in conformity with international law and the principle of one China, undertaken in formal agreement or understanding with the Chinese Government not to establish any ties of an official nature with Taiwan. According to international law, a sovereign state can only be represented by a single central government. As a part of China, Taiwan has no right to represent China in the international community, nor can it establish diplomatic ties or enter into relations of an official nature with foreign countries¹¹.

Taiwan uses dollar diplomacy to keep its ties with the twelve Latin American countries. It gives out large amount of money to these countries in the name of financial aids. In his latest visit to Central America in September 2005, Taiwan leader Chen Shuibian agreed to provide Guatemala with a huge sum of money to build an airport. It was reported that the Guatemalan authority would have considered cutting off its diplomatic ties with Taiwan if it could not have got the funds.

It is widely reported that Taiwan even bribes some governmental leaders of these countries. One well-known incident was the resignation of former Costa Rican President Miguel Angel Rodríguez (President from 1998-2002) as Secretary General of the OAS. Less than three weeks after Rodríguez assumed his new post as OAS chief, Costa Rican newspaper *La Nación* reported his involvement in a scandal with a French company. Only days before his arrest upon returning home, Costa Rican media reported again that Rodríguez also accepted money from the Taiwan authority when he was the president of the Central American country.

¹⁰ Taiwan Affairs Office of the State Council and Information Office of the State Council: *White Papers On Taiwan Issue: The Taiwan Question and Reunification of China*, Beijing, August 31, 1993.

¹¹ Nevertheless, considering the needs of Taiwan's economic development and the practical interests of Taiwan compatriots, the Chinese Government has not objected to non-governmental economic or cultural exchanges between Taiwan and foreign countries.

In return, these Central American and the Caribbean countries rewarded Taiwan by refusing to recognize PRC and supporting Taiwan to join the United Nations.

Taiwan's move to apply for membership in the United Nations started in 1993. Since then it has been making great efforts to ask its allies, including the Central American and the Caribbean countries, to raise the so-called «question of the representation of Taiwan in the United Nations». Since the purpose of such an act is to create «two Chinas» or «one China, one Taiwan» in the United Nation, Taiwan has failed to gain anything for more than ten times. As a part of China, Taiwan does not have the status to join the United Nations, which is comprised only of sovereign nations. China's right of representation at the United Nations includes Taiwan. On September 14, 2004, speaking at the United Nations General Committee session, Wang Guangya, Chinese Permanent Representative to the United Nations, said that Resolution 2758, which was adopted by the 26th session of the UN General Assembly in 1971, has solved, in political, legal and procedural terms, the issue of China's representation in the United Nations.

The U.S. factor in sino-latin american relations

Closer relationship between China and Latin America has caused concern in the United States. At a hearing of the Western Hemisphere Subcommittee of the House International Relations Committee in April 2005, U.S. Congressman Dan Burton said,

The traditional goals of U.S. policy in Latin America have always included promoting political stability, promoting democracy, increasing access to markets, and preventing the rise of hegemonic power. Until we know the definitive answer to this question of whether China will play by the rules of fair trade and engage responsibly on transnational issues, I believe we should be cautious and view the rise of Chinese power as something to be counterbalanced or contained, and perhaps go so far as to consider China's actions in Latin America as the movement of a hegemonic power into our hemisphere.

Burton mistakenly considered the development of Sino-Latin American relations as a danger to the United States. He said at the hearing,

I believe China's rising economic, political and military influence in the western hemisphere poses serious challenges to the United States in the years ahead. And if we are not careful, Beijing's influence could easily unravel the region's hard-won, U.S.- backed reforms to fight against corruption, human rights abuses, increase government transparency and combat intellectual property violations, and the democracies that we see as fledgling democracies could be in real jeopardy. We must work in earnest to prevent this from happening.

At the hearing, the U.S. Congressman even said, «I would also caution our friends throughout Latin America about granting China full market economy status. I think it is clear that China's state subsidies, its currency peg, and poor labor rights conditions disqualify China from truly deserving, quote, 'market economy status'. Consequently, granting China full market economy status would be, in my view, a grave error in judgment.»

The news media in the United States has been flaming the wrong perception of the development of Chinese relations with Latin America. One article in the Wall Street Journal, for instance, says, «The rise of China in the region could complicate U.S. efforts to control illegal immigration, weapons shipments, the drug trade and money laundering because China is cooperating with Latin countries that are not especially friendly toward those efforts. Some of these nations may try to use the Chinese alternative to challenge U.S. hegemony.»¹²

The United States' concern over the closer relationship between China and Latin America is incorrect and unnecessary. It is well-known that Latin America has been on the way of reforms and opening to the outside world for almost two decades. It endeavors to attract more foreign investment and liberalize the market so as to stimulate growth. As a result, China is only one of the economic partners Latin America has been trying to cooperate with.

China understands well that Latin America is the backyard of the United States, so there is no need for China to challenge the American influence in Latin America. Both China and Latin America have been opening to the outside world. In the age of globalization both of them should cooperate to push forward South-South cooperation. As a matter of fact, further cooperation between China and Latin America will benefit regional peace and development in Asia-Pacific and Latin America. This outcome would certainly be in the favor of the United States.

Problems to be tackled

Despite the fact that Sino-Latin American relations have been developing very rapidly and smoothly, there are a few problems that need to be dealt with by both sides.

¹² Mary Anastasia O'Grady: «The Middle Kingdom in Latin America», *Wall Street Journal*, September 3, 2004.

Geographical distance is the long-lasting and also the most difficult problem. It takes several weeks to sail on the Pacific. At present there is no direct air link between China and Latin America, though negotiations have been going for many years between China and Brazil.

Due to geographical distance, cultural differences, language barriers, etc., lack of understanding between peoples in China and Latin America constitutes another problems. Needless to say, lack of understanding hinders further development of the bilateral relations. It is a pity that Latin Americans do not know much about China, and Chinese do not know much about Latin America either.

Because of the existence of lack of mutual understanding, many Latin Americans are concerned about the rise of China. Particularly, in the business sectors, «China threat» or «fear of China» is quite popular. Indeed, faced with the relatively cheap goods from China, some Latin American enterprises with weak competitiveness have a hard time in the market. Many Latin American countries have been using the practice of anti-dumping to resist Chinese exports. Mexico was the first country in Latin America to levy high anti-dumping tax against China as early as in the early 1990s. It charged anti-dumping tariff of more than 1100% against Chinese shoes and some other products. This rate was equal to a total ban. Moreover, many Chinese people were also disappointed to see that Mexico was the last country in the world to reach the WTO agreement with China.

It is true that reforms and opening to the outside world has made China economically stronger. This achievement also means that China, with a population of 1.3 billion, can offer a huge market for the world, including Latin America. Therefore, China's rise is an opportunity, not a threat.

Misunderstanding in other aspects is also a problem. After Chinese President Hu Jintao visited Latin America in November 2004, for instance, some Latin American newspapers reported that China would invest one hundred billion U.S. dollars in Latin America in the next ten years. With time passing by, some Latin Americans felt disappointed because they did not see the incoming of the «promised» investment.

As a matter of fact, China has never said that it would invest one hundred billion U.S. dollars in Latin America in the next ten years. In his address to the Brazilian congress on November 12, 2004, President Hu did mention the number one

hundred billion U.S. dollars. But he was referring to the two-way trade. President Hu said, both China and Latin America should take active actions to increase the bilateral trade value to more than one hundred billion U.S. dollars by the year 2010. He also hoped that efforts should be made to speed up progress in the area of investment. The target is to double the present value (a little more than \$4 billion) by the year 2010, said President Hu in his address to the Brazilian congress.

The future of sino-latin american relations

In 1988, Chinese leader Deng Xiaoping said, «People are saying that the 21st century is the Pacific era... I firmly believe that at that time there will also be a Latin American era, and I hope the Pacific era, Atlantic era and the Latin American era appears at the same time.» He also said, «China's policy is to develop and maintain good relations with Latin American countries, and make Sino-Latin American relations a model of South-South cooperation.»¹³

Former Chinese President Jiang Zemin said repeatedly during his trip to Latin America in April 2001, «The 21st century will be a century of China and Latin America cooperating in all areas hand in hand, and it will also be a century of the peoples in China and Latin America building a better tomorrow.»

Chinese President Hu Jintao said in his address to the Brazilian Congress on November 12, 2004, that both Latin America and China have similar experiences in gaining national liberation, defending national independence and constructing the country. Therefore, both sides have the same feelings and common languages. He said that Sino-Latin American relations were expected to reach the following three goals: support each other in the political fields; strengthen economic complementarity; and carry out close cultural contacts. In order to realize these goals, President Hu proposed that the two sides should (1) strengthen strategic common ground and enhance mutual political trust; (2) take practical and creative steps to tap potential for economic cooperation; and (3) attach importance to cultural exchanges to deepen mutual understanding.

Latin American leaders have also attached great importance to China's rising international position and also expressed similar hopes that Latin America's relations with China would be further strengthened. Before his trip to China in 2004, President Néstor Kirchner said to the press that Argentina would pay

¹³ Quoted from the *Renmin ribao* (People's Daily), October 8, 1995.

attention to the relations with not only the United States and Europe, but also to China. He said that he admired China's great achievements in economic development, and said that Argentina should learn from China's model.

In the age of globalization there is high necessity to promote South-South cooperation in all fields. China's relations with Latin American countries are part of this cooperation. So the increasing cooperation between China and Latin America should benefit world peace and development. □