

China's Great Leap Outward and Latin America

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This paper examines the People's Republic of China (PRC)'s putative outward orientation and threat perceptions since the launching of the so-called 'reform and opening' policy was launched some five decades ago. It also locates where Latin America fits in the Chinese worldview and the major factors driving China's strategy toward this region of considerable interest to the United States. Lastly, this paper assesses some implications for the United States.

There is an apparent paradox in the PRC's reform era external posture and foreign policy. On the one hand, for decades the ruling Chinese Communist Party (CCP) has been "inwardly focused" because China's political leaders are ultra-paranoid about domestic threats to their rule and obsessed with internal stability. On the other hand, the CCP had launched a "Great Leap Outward" in 1978, which has resulted in China being present and involved in a remarkable and historically unprecedented way around the world. This begs the question: If the CCP is really so preoccupied with domestic stability, why would its leaders expend so much effort beyond China's borders? The answer is that China's leaders have staked the legitimacy of their rule on economic growth and they recognize the uncomfortable reality that for China's continued growth their country must remain vigorously engaged with the international economic system. Shutting China off from the rest of the world as Beijing did in the autarkic Maoist era (1949-1976) is simply not a viable option anymore. Hence the CCP's unofficial mantra is "'Thinking Locally Demands Acting Globally'" (Nathan and Scobell: 35).

Perceptual Lenses and Rings of Insecurity

Chinese leaders perceive the world through one or more of three lenses. Each of these lenses illuminates a landscape of threats and dangers, hence they tend to be mutually reinforcing. First is the ideological lens of Marxism. While Marxism-Leninism and Mao Zedong Thought as an ideological construct has been essentially discredited and no true believers remain in the political power structure, the legacy of communist dogma lingers with CCP leaders paying very close attention to economic matters and holding a pervasive assumption that China is locked in fierce competition with other major powers for markets and resources around the world. Beijing assumes that the United States as a capitalist state seeks to restrict the access of other states to various international locales and that U.S. corporations seek to monopolize markets and squeeze out rival Chinese companies from acquiring raw materials. Chinese leaders also view the world through a second international relations (IR) lens. A significant number of Chinese analysts have studied political science in the United States and elsewhere or are well versed in Western IR theory which is now taught in Chinese higher education. The IR school with the greatest resonance within China is that of "Offensive Realism" whereby states seek to maximize power and view other powerful countries as threats.¹ For Beijing this means that Washington perceives China's rise as very threatening and therefore the United States must do everything within its

¹ The U.S. IR scholar John Mearsheimer and his book *The Tragedy of Great Power Politics* (W.W. Norton, 2001) is most closely associated with this school. Mearsheimer and his work are both extremely well known in China.

power to block or contain China. Thirdly, Chinese leaders peer out through a culturalist lens. They perceive their own Oriental Confucian culture as peaceful, defensive, spiritual, sedentary, and agrarian in contrast to a Western cultural tradition that is violent, aggressive, materialist, expansionist, and maritime. China's 'century of humiliation' at the hands of Western powers—including the United States—historical narrative firmly reinforces this perception. Moreover, to many in China, the United States epitomizes this stereotypically negative Western strategic cultural tradition (Nathan and Scobell: 91-93).

Chinese leaders look out at the world through the three lenses and see four concentric rings of insecurity. The first ring is within the PRC's current borders and includes all territory controlled or claimed by Beijing. The most important piece of real estate claimed but not controlled is of course Taiwan. Because CCP rulers are so preoccupied with internal stability, it exerts a "domestic drag" whereby security within Chinese borders absorbs resources and attention that would otherwise be available for use beyond China's borders. The second ring of security lies along China's periphery where 14 countries abut China, including five states which have fought wars with China during the 70 years (India, Japan, South Korea, Russia, and Vietnam) and a number of weak or fragile states. While Beijing is on relatively good—but not entirely tension free—terms with virtually all of its neighbors, PRC leaders remain concerned about the status of a buffer zone around its periphery that it seeks to establish and maintain—denying access to external powers and ensuring that all China's neighbors lean towards Beijing or at least remain neutral rather than leaning towards Washington. A third ring of security encompasses the entire Asia-Pacific region where China seeks to create a wider sphere of influence and restrict access to outside powers such as the United States. A fourth ring includes the rest of the world. China has only entered this largest and most distant ring—where Latin America is located—relatively recently, since the 1990s. But Beijing is increasingly interested in this outermost ring and has expanding interests here, mainly in search of commodities, markets, and investments. From Beijing's perspective, the only country capable of threatening Chinese interests in all four rings is the United States. This perception clashes with recognition that maintaining a good relationship with Washington is vital if Beijing is to continue to prosper in the international economic system (Nathan and Scobell: 3-7).

Latin America—China's Final Frontier

For the PRC, Latin America looms as its final terrestrial frontier. For most of the Cold War the region was largely hostile to the communist bloc with many Latin American states ruled by rightwing military dictatorships. Of course, the notable exception was Cuba but even this island state was not welcoming to Beijing because of Havana's pro-Moscow tilt and China's rift with the Soviet Union effective 1960.

As a result Beijing was a latecomer to Latin America diplomatically and the region remained a pro-Taipei bastion. By the end of the Cold War, China began to make significant inroads into Latin America and capitals in the region had started to switch diplomatic recognition

from Taipei to Beijing. Moreover, China paid increasingly more attention to the region seeking to strengthen both bilateral and multilateral ties. For example, China formed “strategic partnerships” with Brazil (in 1996), with Mexico (2003), with Argentina (2005), and Venezuela (2005). Moreover, China joined the Inter-American Development Bank (2008), the Caribbean Development Bank (1997), and earned observer status at the Organization of American States (2004).

One metric by which to assess Chinese interest in Latin America is in terms of visits by top PRC leaders—namely the president, premier and heads of China’s two houses of parliament—to the region. These have been increasing noticeably from zero during the three decade pre-reform era (1949-1978), to 10 during the twelve years between 1979 and 1991, to 40 senior leader visits during the fourteen year period 1992 to 2006 (Medeiros: 74).

The major drivers for China’s expansion into Latin America have been geostrategic and economic factors. Geostrategically, China needed more friends for at least three reasons:

1. Seek support and cooperation within multilateral fora.
2. Balance against the United States.
3. Counter Taiwan’s international influence and status.

First, China works in organizations such as the United Nations with likeminded states to advance its own agenda or counter that of the United States. For example, in the World Trade Organization (WTO), where it sought the earliest possible recognition of its “full market economy status,” China was able to gain this formal acknowledgment on an accelerated basis from countries such as Argentina, Brazil, Chile, Peru, and Venezuela (Nathan and Scobell, 190).

Second, China views the United States as threatening or at least not favorably disposed toward China. Hence, Beijing looks to form friendships and build working relationships with countries around the world. Chinese leaders are keenly aware that Latin America is the backyard of the United States and strive to conduct foreign policy without being unduly provocative or unnecessarily antagonistic toward Washington. Thus, China’s relations with Latin American countries are officially characterized as “extremely normal,” and “not directed at any third party,” according to a prominent Latin Americanist at a leading PRC think tank (Wu Hongying: 327-328).

Third, China has worked to reduce Taiwan’s influence and diplomatic standing around the world. Beijing views Taipei as a rival government—a holdover from the still unresolved Chinese Civil War of the 1940s. In 2014, the Republic of China, as the government on Taiwan is officially known, has formal ambassador-level diplomatic relations with some two dozen countries around the world. The vast majority of these countries are micro-states (i.e. small countries with less than 500,000 inhabitants), and disproportionately located in the southern

Pacific Ocean and Latin America. In recent decades, Central America and the Caribbean has been a key battleground for the diplomatic rivalry between China and Taiwan. Twelve Latin American states continue to recognize Taipei as the Republic of China on Taiwan: 6 in Central America: Belize, El Salvador, Guatemala, Honduras, Nicaragua, and Panama; 5 in the Caribbean: Dominican Republic, Haiti, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines; and 1 in South America: Paraguay.

China has used both punitive measures and positive incentives to counter Taiwan's diplomatic clout in the Fourth Ring. In 1995, for example, China used its position on the UN Security Council to reduce the size of the United Nations UN peacekeeping mission in Haiti because of an invitation extended to Taipei's vice president to attend a presidential inauguration in Port-au-Prince. China later took a more positive attitude and sent police and judicial experts to participate in the Haiti mission (Nathan and Scobell: 188).

In the early 1990s, the primary battleground for Beijing's strategy of isolating Taipei diplomatically shifted from the Third Ring to the Fourth Ring. At that point, some thirty countries still recognized Taiwan. On the one hand, Beijing was able to win some of them to its side, including Costa Rica. Sometimes a country that recognized the PRC switched relations back to Taiwan, often after receiving a big aid and trade package from Taipei and as well as in some cases under-the-table private payments. These countries included Grenada, and Saint Lucia. Beijing would then mount expensive efforts to win back these countries. In 2007, for example, to help recover recognition from Grenada and consolidate relations with neighboring states, Beijing built cricket stadiums in Grenada, Jamaica, and Antigua with imported Chinese laborers at no cost to the governments concerned, so they could host that year's Cricket World Cup (Nathan and Scobell: 187).

An informal truce settled over this diplomatic battleground during the cross-Strait rapprochement that started with the accession of Kuomintang candidate Ma Ying-jeou to the Taiwan presidency in 2008. Ma was widely viewed in China as a pro-unification candidate. Reportedly, Paraguay was preparing to switch recognition to Beijing, but China postponed this outcome. President Ma pledged that his administration would not practice "checkbook diplomacy" (Nathan and Scobell: 188). Since then, in November 2013, Gambia severed relations with Taipei but has yet to establish full diplomatic relations with Beijing. However, this diplomatic ceasefire is unlikely to hold indefinitely.

Quest for Resources and Markets

Since the 1980s China's economic juggernaut has demonstrated an insatiable appetite for energy and raw materials. Chinese state-owned and privately held companies have ranged further and further afield in search of unclaimed resources and untapped markets. Two-way trade between China and Latin America increased more than 20 times since 2000 to reach an estimated US\$255.5 billion in 2012. While this growth is impressive, the amount continues to

represent a small fraction of China's total global trade—only about 6.6 percent in 2012 but up from approximately 5 percent a few years earlier.

However, Latin America does loom as a more significant destination for PRC government-sponsored foreign aid and investment. Recent RAND research suggest that over a ten year period between 2001 to 2011, Beijing promised as much as US\$180 billion to Latin American countries—the largest amount China committed to any region of the world. The actual amount delivered was considerably less—in the range of US\$30 billion (Wolf, Wang, and Warner: 27).

Latin America's largest economy, Brazil, is China's most important trading partner in the region. It is an important source of iron ore and of agricultural products like such as soy beans, grains, and meat, a large market for Chinese goods, and a partner in high-tech pursuits, including aeronautics and space satellite launches. Chile and Peru are among China's major suppliers of iron ore and copper and Beijing signed free-trade agreements with these two countries in 2005 and 2009, respectively. Meanwhile, in Venezuela, China invested and loaned tens of billions of dollars to oil exploration, oil production, and transportation projects during the days of the Hugo Chávez regime. Moreover, Sino-Cuban trade has risen noticeably and, by 2007, China was Cuba's second-largest trading partner (Nathan and Scobell: 180).

While Latin American countries have welcomed China's economic presence as a counterweight to traditional U.S. dominance, there have also been frictions. China is developing a neocolonial relationship with Latin America based on imports of raw materials and exports of manufactured products. For example, Argentina undertook investigations of alleged Chinese dumping of manufactured goods (selling at below-cost prices designed to drive local competitors out of business) and Mexico is unhappy that competition from manufacturers in China hurt industries that exported to the United States (Nathan and Scobell: 180).

Despite China's sizeable involvement in Latin America, the United States remains the foremost external power in the region, with stronger economic, political, and cultural presence than any other country and a dominant set of security arrangements. China's economic power is considerable but its security footprint in small. This includes intelligence sharing with Cuba, modest military-to-military relations with many countries in the region, and a relatively small share of the armaments market in the region. In fact, China sells less weaponry to Latin America than it does to any other region in the world (Wolf, Wang, and Warner: 53-54; Shambaugh: 116).

Implications for the United States

China's impact in Latin America in the soft power realm is very modest (Ellis) and most states find U.S. soft power far more attractive. While these states largely welcome China's economic attention, they are eager to have options and continue to trade with the United States. Moreover, most Latin American states want to continue to partner with the United States in the security realm. What these states most want to avoid is being forced to choose sides in the event

that U.S.-China relations take a nosedive. In short, Latin American countries—like their counterparts in other regions of the world—confront the reality of being increasingly drawn into China’s economic orbit while retaining the desire to maintain strong diplomatic and security ties with the United States.

The United States should not automatically view China’s involvement in Latin America as antithetical to U.S. interests in the region. Indeed, much of China’s economic activity benefits the countries of the region. Nevertheless, there are aspects of China’s presence that are not welcomed by some countries and/or not considered to be in their best interests. But Latin American states are not helpless pawns to be manipulated by China—they can and do push back. The United States should closely monitor Chinese activities in the hemisphere and remain actively engaged in the region. Such an approach is not only in Washington’s best interests, but is also highly desired in capital cities throughout Latin America.

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