

Recent Development of Sino-Latin American Relations and its Implications

Jiang Shixue

As a developing country, China always considers its relations with other developing countries as the foundation of its foreign policies. It adheres to the principle of pursuing equality, mutual benefits, effectiveness and common development. Its relationship with Latin America and the Caribbean, dating back to a long time ago, is part of the South-South cooperation that has benefited both sides.

In discussing Sino-Latin American relations, we have to note three factors, namely, the Latin American factor in China's development, the China factor in Latin American development, and the U.S. factor in Sino-Latin American relations. Latin America is important for China economically, politically and diplomatically. China's rise in the world stage has been making contributions to Latin America in many ways, and neither the «China threat» nor the «fear of China» are correct. The Sino-Latin American relationship poses no threat to any third party, so there is no need for the United States to worry about it. Chile holds several «first» in the development of the bilateral relations. Therefore, Chile is one of the Latin American countries that has very good relations with China.

In the age of globalization, developing countries are faced with both opportunities and challenges. In order to deal with the challenges and take advantage of the opportunities, they should promote cooperation in all areas. China and Latin American countries all belong to the

South, so they should make common efforts to push South-South cooperation forward.

Why can South-South cooperation put developing countries in an advantageous position? First of all, though North-South relations are improving in certain parts of

the world, developed countries still dominate the world order. Therefore, developing countries need to raise their own bargaining power by getting more united. Second, each country has its own comparative advantages, and different developing countries can reinforce these advantages if they can cooperate in different ways and in varied areas. Third, WTO is playing a more important role, but a just and new international economic order is yet to be established. Towards this end, all developing countries should stand together, both in the Doha Round and on many other issues.

Relations with over developing countries is the basis of China's foreign policies.

As a developing country, China always considers its relations with other developing countries as the foundation of its foreign policies. As a promoter and supporter of South-South cooperation, China adheres to the principle of pursuing equality, mutual benefits, effectiveness and common development.

Indeed, China's closer relations with Latin America have attracted attention from the international media as well as from countries such as the United States,

Japan, Germany, etc.¹ I begin this paper with an overview of Sino-Latin American relations, followed by a description of China's relations with the Caribbean and Chile. I shall then discuss the three elements characterizing Sino-Latin American relations. The last section is devoted to predictions of the future of Sino-Latin American relations.

I. AN OVERVIEW OF SINO-LATIN AMERICAN RELATIONS²

The year 2005 marks the 600th anniversary of the westward expedition by Zheng He a well-known Chinese seaman. According to Gavin Menzies, author of *1421: The Year China Discovered the World*, the Americas were discovered by Zheng He during one of his voyages. Zheng's discovery took place 70 years before Columbus'. Menzies reached this controversial conclusion based on three pieces of evidence, i.e., a sea map, ruins of ships, and DNA tests of blood of American Indians.

As early as 1761, French sinologist De Giognes proposed that the New World was discovered not by Columbus, but by the Chinese. Lengthy debates resulted in no consensus on this historical issue, and it finally quieted down in the West. But

¹ Soon after Chinese President Hu Jintao's visit to Latin America in 2004, embassy officials from the United States, Germany and Japan came to interview me, asking almost the same question: Why does China want to develop closer relations with Latin America? It is the first time I have ever been interviewed by so many embassy officials.

² Part of this section was originally published in Peter Smith, Kotaro Horisaka and Shoji Nishijima (eds.), *East Asia and Latin America: The Unlikely Alliance*, Rowman & Littlefield, 2003. Views expressed in this article are the author's, and not those of the Institute of Latin American Studies.

then some Chinese scholars started to take an interest in this hypothesis, and used classical Chinese writings and even some archeological findings to support their argument that, as early as in the fifth century, a Chinese monk (or master) named Hui Sen arrived in what is now called Mexico, then known as Fu-sang in Chinese. Needless to say, many Chinese historians have said that this is complete nonsense

In the 1950s some Latin American countries followed the United States in the attempt to isolate China.

No matter who discovered the Americas, initial contacts between China and Latin America dated back to the 1570s, when Sino-Latin American trade started to flourish across the Pacific. Via Manila, China exported silk, porcelain and cotton yarn to Mexico and Peru, in exchange for silver coins and other items. In the nineteenth century, peasants from southern China traveled to South America and the Caribbean as «contract laborers», to work in mines and plantations.

After the founding of the People's Republic of China, Mexico, Argentina, Chile and other Latin American countries contacted China regarding the possibility of establishing diplomatic relations. For a number of reasons their overtures were

not successful. In the 1950s, some Latin American countries simply followed the United States in the attempt to isolate China. For instance, in January 1950, before the UN Security Council was about to vote on the Soviet proposal that the seat until then held by Taiwan be given to the People's Republic of China, the United States learned that Ecuador was planning to sever relations with Taiwan. Washington informed the Foreign Ministry of Ecuador that, although Ecuador had the right to make any international political decisions, severing relations with Taiwan would significantly influence the outcome of the vote in the Security Council. Because of these pressures from the United States, the Ecuadorian representative to the UN, Homero Viteri-Lafronte, admitted to the U.S. vice-representative to the UN, Ernest A. Gross, that although Ecuador's vote had limited impact on its own, it would have great significance for the United States. Therefore, in the interest of the United States, said Viteri-Lafronte, Ecuador would follow the United States' wishes and abstain from any action that could risk damaging U.S. interests. Shortly thereafter the Truman administration addressed a letter to Latin American embassies in Washington, according to which countries of the Americas should do their best to bring their foreign policies into complete alignment—under the aegis of the United States.³

³ *Foreign Relations of the United States*, Vol. 2, 1950. Quoted from Tao Wenzhao, «Meiguo, lai yi yu shongguo zai lianheguo de daibiaoque», (The United States, Trygve Lie, and China's representation in the UN), *Meiguo yanjiu* (American Studies), N° 4, 1996. See <http://www.state.gov/www/about_state/history/frusX/>.

The Chinese government strongly denounced American plans to invade Cuba.

Fidel Castro's victory in 1959 attracted immediate moral and political support from China. As a matter of fact, Cuba became the first Latin American country to recognize the new China⁴. In September 1960, Chinese Premier Zhou Enlai told Castro, «if necessary, China will furnish all necessary assistance to the Cuban people in their fight for freedom»⁵. In April 1961, U.S. President Kennedy, then seen by many as «inexperienced in foreign affairs,» approved an exile invasion of Cuba at the Bay of Pigs. The Chinese government made a strong-worded official statement, denouncing the American action. Throughout the whole country, public rallies were held to voice support for the Cuban people's stand against U.S. imperialism. Subsequently, before disputes gradually erupted between the two socialist countries in the mid-1960s, China and

Cuba signed several agreements of economic cooperation⁶.

In the 1960s China also voiced support for other Latin American countries struggling against the United States. In January 1964, when a demonstration calling for the return of the Panama Canal was suppressed by the U.S. army, leading to 22 deaths, Chairman Mao Zedong immediately expressed his anger: «The Chinese people will always stand on the side of the Panamanian people, fully supporting their fight against the American aggressors and their just struggle to take back the Panama Canal»⁷. When the United States forcibly intervened during the Dominican Republic's internal political instability, in April 1965, Chairman Mao made a similarly-worded statement denouncing the U.S. action.

Despite the «Cultural Revolution», which had disastrous consequences for China's political, economic and social development, as well as for its relations with other countries, Chinese diplomacy continued to make progress in certain areas.

⁴ It is reported that, during a rally held in Havana on September 2, 1959, Castro proclaimed: «The Revolutionary Government of Cuba would like to ask the Cuban people if you would like Cuba to establish diplomatic relations with the People's Republic of China». The rally roared with enthusiasm, raising their hands and chanting, «Yes, yes!» Then, walking towards the nearby head of the New China News Agency stationed in Havana, Castro said, «Here is the Chinese representative. From now on, I declare that Cuba has cut its relations with the puppet regime of Chiang Kai-shek (in Taiwan)». For a more vivid account of the scene, see Wang Taiping (ed.), *Xin zhongguo waijiao 50 nian* (50 Years of the New China's Foreign Diplomacy), Beijing: Beijing Chubanshe [Beijing Publishing House], 1999, pp. 1636-1637.

⁵ Quoted from Zhang Guang, *Zhongguo de waijiao zhengce* (China's Foreign Policies), Beijing: Shijie Zhishi Chubanshe [World Affairs Press], 1995, p. 91.

⁶ Sino-Cuban relations turned for the worse in the mid-1960s for both political and economic reasons. Politically, this was related to the Sino-Soviet rupture, during which Cuba sided with the Soviet Union. Economically, Cuba had been complaining that China was not providing enough economic aid.

⁷ Quoted from Zhang Guang, *Zhongguo de waijiao zhengce*, p. 91.

On December 15, 1970, for instance, Chile and China established diplomatic relations. After U.S. President Nixon made his historic visit to Beijing in 1972, many Latin American countries started to change their attitude towards China and even expressed their interest in developing relations with it. Therefore, the 1970s witnessed the establishment of diplomatic relations between China and more than ten Latin American countries (see table 1).

Many Latin American countries supported China's right to be recognized as lawful member of United Nations in 1971, and China repeatedly favored Latin America's call for the establishment of a new world order. At a banquet for visiting Mexican President Luis Echeverría on April 20, 1972, for example, Chinese Premier Zhou Enlai declared that «Latin America is emerging on the world stage with a new face. [...] The struggle led by Latin American countries to defend the maritime sovereignty limit of 200 nautical miles has inspired and motivated people around the world to wage a struggle against maritime imperialism. [...] The Chinese government and the Chinese people firmly support the just struggle of the Latin American people, and believe that a united Latin America, through its struggle, will win a great victory over the expansionary influence of imperialism, and new and old colonialism»⁸.

China's open-door policy and Latin America's reform programs have given impetus to the development of Sino-Latin American relations. This relationship cov-

Table 1
Diplomatic Relations between China
and Latin America
(as writing in July 2005)

COUNTRY	DATE OF ESTABLISHMENT OF DIPLOMATIC RELATIONS
Cuba	1960/09/28
Chile	1970/12/15
Peru	1971/11/02
Mexico	1972/02/14
Argentina	1972/02/19
Guyana	1972/06/27
Jamaica	1972/11/21
Trinidad and Tobago	1974/06/20
Venezuela	1974/06/28
Brazil	1974/08/15
Suriname	1976/05/28
Barbados	1977/05/30
Ecuador	1980/01/02
Colombia	1980/02/07
Antigua and Barbuda	1983/01/01
Bolivia	1985/07/09
Grenada	1985/10/01 ~ 1989/07/19 2005/01/20
Nicaragua	1985.12.07 ~ 1990/11/06
Belize	1987/02/06 ~ 1989/10/23
Uruguay	1988/12/03
The Bahamas	1997/05/23
St. Lucia	1997/09/01
Dominica	2004/03/23

ers not only general diplomacy and trade, but also political parties, science and technology, education, culture and others.

The Communist Party of China (CPC) always plays a decisive role in China's foreign policy-making. During the «Cultural

⁸ Wang Taiping (ed.), *Xin zhongguo waijiao 50 nian*, p. 1660.

Revolution», it must be admitted, the CPC made some mistakes in this arena. At that time, the CPC believed that the major themes of the era were war and revolution, and that if revolution could not stop a war, then war would stop revolution. Now the CPC's general stance toward international relations is based on four principles: autonomy, full equality, mutual respect and mutual non-interference. And in particular, the CPC has formed explicit and productive relationships with political parties in Latin America⁹.

The Communist Party of China plays a decisive role in the country's policy-making.

China has also made efforts to develop relations with Latin American multilateral and regional organizations. For instance, since the establishment of political dialogue between China and the Rio Group in 1990, many talks have been conducted at the foreign-ministry level. China has always praised the significant role of the Rio Group and considered it to be an important political force among developing countries, as well as a reliable partner in international affairs. In June 1994, China became the first Asian country to be admitted as an observer to the Latin American Integration Association. In May 1997, China was admitted into the Caribbean Development Bank, and in September

1993, China officially applied to join the Inter-American Development Bank. Meanwhile, Mercosur is becoming an important integration organization in the Western Hemisphere, and China has held several official talks with this group following the establishment of a dialogue mechanism.

It is increasingly recognized that in the age of globalization politics tend to be economic in nature, and economic issues are often linked to politics. Indeed, in order to develop bilateral relations, it is important to expand economic ties. In demonstration of this point, China and Chile signed a bilateral trade agreement in October 1952, the first such agreement between China and a Latin American country. Since then, Sino-Latin American trade has grown steadily. By 1960, two-way trade between China and Latin America had risen to more than US\$30 million as compared with only US\$7 million in 1955. In 1970 and 1978 it surpassed US\$100 million and US\$1 billion, respectively. With the rapid development of diplomatic relations across the Pacific since the late 1970s, Sino-Latin American trade increased impressively. By 2005, as shown in Table 2, two-way trade between China and Latin America had risen to more than US\$ 50 billion.

Table 2

1950	1955	1960	1965	1970	1975
1.9	7.3	31.3	343.1	145.8	475.7
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: Zhonguo Haiguan Tongji (China Customs Statistics), various issues, and < http://www.moftec.gov.cn >.					

⁹ Huang Wendeng, «Dengxiaoping lilun yu zhongla dangji guanxi» (Deng Xiaoping Theory and Relations between the Communist Party of China and Latin American Political Parties), *Ladingmeizhou yanjiu* (Latin American Studies), N° 6 (1998): 1-7.

During the 1990s, China's once-frequent trade deficit with Latin American countries shifted to a small surplus. In 1997, for example, China enjoyed a surplus of US\$837 million, and in 1998 and 1999 the surplus stood at US\$2.3 billion. Starting from 2003, however, the Sino-Latin American trade balance once again turned negative for China.

China's exports to Latin America are mainly machinery (tractors, machine tools, engines, ships, hydroelectric generators, etc.), electronics (TV sets, refrigerators and other household devices), textiles, clothing, medical products, cosmetics, and light industrial products. From Latin America it imports such goods as iron and copper ore, fish meal, petroleum, wool, machinery, steel, edible oil, sugar, paper pulp and leather, among others.

China's major trade partners in Latin America are quite concentrated in number. As Table 3 indicates, China's six largest trade partners, Brazil, Mexico, Chile, Argentina, Panama, Peru and Venezuela, accounted for more than 80% of its trade with the entire region in 2004.

It should be pointed out that Sino-Latin American trade accounts for a small share in each side's overall foreign trade (less than 4% for each). However, the outlook for increased trade appears promising. This is simply because: 1. Latin America has a

wealth of natural resources, and China's rapid economic development will need more such input to sustain growth; 2. There is some economic complementarity between both sides; 3. As both China and Latin America undergo economic reforms, markets are opening and investment regulations are becoming more liberal; 4. Latin America cannot afford to neglect China's huge market potential, particularly after the latter entered the WTO. Moreover, as it diversifies its external economic strategy, Latin America will also need China and other East Asian countries; 5. In the age of globalization, China and Latin America have common interests involving such issues as South-South cooperation.

From November 11 to 23, 2004, Chinese President Hu Jintao paid an official visit to Brazil, Argentina, Chile and Cuba. From January 23 to February 3, 2005, Chinese Vice President Zeng Qinghong visited Mexico, Peru, Venezuela, Trinidad and Tobago and Jamaica. In a time span of just two months a country's president and vice president visited Latin America. This was unprecedented in international relations. Then in May 2005 Jia Qinglin, Chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), visited Mexico, Cuba, Colombia and Uruguay. In September 2005, Chinese President Hu

Table 3
China's largest trade partners in Latin America in 2004

Brazil	Mexico	Chile	Argentina	Panama	Peru	Venezuela
12.4	7.1	5.4	4.1	2.2	1.9	1.3

Source: <<http://gcs.mofcom.gov.cn/aarticle/Nocategory/200503/20050300021338.html>>.

Jintao stopped in Mexico during his tour to North America and the United Nations. This was Hu's second trip to Latin America in less than one year.

**President Hu Jintao proposed
several measures to boost ties
between China and Latin America.**

Addressing the Brazilian Congress on November 12, 2004, visiting Chinese President Hu Jintao proposed several measures to boost ties between China and Latin America. He said that both 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.

Commenting on President Hu's trip in 2004, Chinese Foreign Minister Li Zhaoxing summarized the following achievements: first, this visit laid a new foundation, opened up a new window and injected new vitality into the development of Sino-Latin American ties. Second, the visit helped to make new proposals, illustrate new ideas and guide the Asia-Pacific cooperation process. Third, through this visit, China carried out high-level multilateral diplomacy, made broad contacts with people from all social sectors, expounded China's internal and external policies, and enhanced the international community's understanding and support for China.

It is important to note that many high-level officials from Latin American coun-

tries have visited China in recent years. Presidents of the major Latin American countries all point out to the necessity of strengthening bilateral relations. So it might be correct to say that the current stage of Sino-Latin American relations is at its best and most promising.

II. CHINA'S RELATIONS WITH THE CARIBBEAN

The Caribbean is seldom mentioned in Chinese media. Even news about Cuba are not often heard or read. Therefore, for ordinary people, except for knowing that Fidel Castro is the great Cuban leader, the Caribbean might be one of the least known areas of the world. When people say Latin America, they imply that the Caribbean is included, though some of the names of official organizations and the titles of some publications mention both «Latin America» and «the Caribbean». An unofficial survey indicates that many people just do not know where the Caribbean is on the map, nor can they say the names of the major countries in the area.

However, the Caribbean is also important to China. First, the Caribbean is the place where Taiwan has successfully been using its dollar diplomacy. The People's Republic of China (PRC) has established diplomatic relations with twenty-one countries in Latin America and the Caribbean; of the twenty-five countries in the world that have diplomatic relations with Taiwan, twelve belong to Latin America and the Caribbean. Except for Paraguay, the rest are all in Central

America and the Caribbean. The four Caribbean countries are the Dominican Republic, Haiti, Saint Kitts and Nevis, and Saint Vincent and the Grenadines.

Settling the Taiwan issue is an important task ahead.

One of China's important tasks ahead is to settle the Taiwan issue through peaceful reunification and the adoption of the one country two systems approach. To accomplish this goal, the mainland needs to make greater efforts to limit Taiwan's so-called «international space» by developing closer relations with other countries.

Second, as mentioned earlier, in the current UN system, each member country has one vote. So China should win the support of Caribbean countries on many issues; it is encouraging to see that China has common or similar points of views with them on many important issues.

Third, in its modernization drive, China should establish a diversified external economic relationship with the outside world, and the Caribbean is a place where China can invest and carry out trade activities.

Fourth, the Caribbean is well-known for its unique cultural traditions and beautiful scenery. In the age of globalization, China is ready to establish cultural exchanges with all parts of the world and promote friendship with peoples everywhere.

In the 1970s, the rise of China's international position, led several Caribbean countries to establish diplomatic relations.

This friendly bilateral relationship proceeded into the 1980s, when China set up diplomatic ties with two more Caribbean countries (Antigua and Barbuda, and Grenada). But on July 19, 1989, less than four years after it had established diplomatic relations with the PRC. Grenada switched to Taiwan, as a result of which on August 7, the PRC severed ties with the Caribbean Country.

The year 1997 was a bumper harvest for China's diplomacy in the Caribbean. China built diplomatic ties with the Bahamas and Saint Lucia. In the two relevant Joint Communiqués, China expressed its respect for the Caribbean nations' lofty course of safeguarding national independence and sovereignty and of developing the economy, and both Caribbean nations agreed to recognize the one-China principle. The contents of the two joint communiqués were quite identical to other documents establishing diplomatic ties between China and other Caribbean nations.

Another important step in Sino-Caribbean relationships was China's success in joining the Caribbean Development Bank in 1997. China took a 5.77% capital stake. In 2002 China provided the Bank with US\$1 million to set up a fund for co-operation.

In 2004, China established relations with Dominica, and in early 2005 it resumed its ties with Grenada. Commenting on this diplomatic victory, Mr. Li Zhaoxing, China's Foreign Minister said that normalization of relations between China and Grenada was in the interest of peoples of both countries and it also indicated that the one-China policy has been

widely recognized by the international community. Upon his return from a trip to Beijing, Grenada's Minister of Foreign Affairs Elvin Nimrod, addressed the nation to officially inform Grenadians that the island was severing diplomatic ties with Taiwan, and added that it was now the PRC that would rebuild the sports stadium, which had collapsed during Hurricane Ivan. «Our mutual goal in this project is to have the facility completed in time to adhere to the requirements of the International Cricket Council so that Grenada will be a host venue for the 2007 Cricket World Cup», said the foreign minister¹⁰. The reconstruction of the stadium was one of the aid projects China had agreed to assume.

China has been paying increasing attention to the Caribbean.

In recent years China has been paying increasing attention to the Caribbean. In early 2003, State Councilor Wu Yi visited eight Caribbean countries: Surinam, Guyana, Trinidad and Tobago, Barbados, Saint Lucia, Antigua and Barbuda, the Bahamas, and Jamaica¹¹. It was the first time a Chinese leader paid a visit to all Caribbean countries that have established diplomatic relations with China since the 1970s. During her visit, she met with government leaders of these Caribbean nations and discussed ways for developing further cooperation in the future. More than ten agreements of cooperation in ar-

reas such as agriculture, energy and technology transfer were signed during the trip.

Wu Yi also thanked the eight Caribbean countries for their position on the Taiwan issue and their support for Shanghai's bidding for hosting World Expo 2010. The Chinese leader mentioned that China had provided the Caribbean with economic aid without prerequisites, and that this aid reflected the friendly feelings of the Chinese people towards the eight Caribbean countries. The financial assistance provided by China also indicated that different cultures and social systems could co-exist and that relations between them could move forward.

In order to stimulate Sino-Caribbean cooperation in the economic field, a special day was dedicated to the Caribbean at a meeting for promoting investment and trade held in the coastal city of Xiamen, Fujian Province, in September 2003. The meeting was attended by around forty representatives from business sectors and governmental organizations of the eight Caribbean countries that have diplomatic relations with China. Wu Yi, who had become Vice Premier of the State Council, inaugurated Caribbean Day on September 9. At the opening ceremony, she said that the gathering would serve as a milestone for bilateral economic relations between China and the Caribbean. «China and the eight Caribbean countries are all developing nations. Therefore, further strengthening and deepening bilateral economic exchanges and co-operation is in the fundamental in-

¹⁰ <<http://www.belgrafix.com/gtoday/2005news/February/Feb%2005/China%20in,%20Taiwan%20out.htm>>.

¹¹ Wu Yi was then also member of the Political Bureau of the Chinese Communist Party's Central Committee.

terests of our two sides», said Wu Yi.

Gaston Brown, Minister of Planning, Trade, Industry, Commerce and Public Service Affairs of Antigua and Barbuda, also stressed the importance of relations between China and the Caribbean. «Developing countries should share in global trade. We need to create strategic partnerships in order to increase our core competencies. Therefore the creation of people to people links is vital», said Brown. He also hoped to see more Chinese capital flowing into the Caribbean. «Traditionally, investment in the Caribbean has come from the West. The tourism industry attracts rich, western tourists. But we would like to invite our Asian friends to benefit from investment in our country. The development of an Asian presence in the Caribbean could benefit both of us», noted Brown¹².

In a more spectacular move, on the morning of February 2, 2005, Chinese Vice President Zeng Qinghong attended the opening ceremony of the first Ministerial Meeting of the China-Caribbean Economic & Trade Cooperation Forum, in Jamaica. Zeng was on a Latin American tour to Mexico, Peru, Venezuela, Trinidad and Tobago, and Jamaica from January 23rd to February 3rd.

In his speech at the opening ceremony of the Forum, co-sponsored by the Chinese government and the Jamaican government, Zeng said that the establishment of the China-Caribbean Economic & Trade Cooperation Forum was a milestone in China-Caribbean relations and that it would serve as a platform to deepen

China-Caribbean friendship and cooperation. Initiated by China in 2004 and well responded to by Caribbean countries, the Forum indicated that China-Caribbean friendly cooperation would be a new step forward, said the Chinese Vice President.

The establishment of the China-Caribbean Economic and Trade Cooperation Forum was a milestone in relations among both parties.

Zeng also made five proposals on how to promote China-Caribbean friendly cooperation in the future: 1. Maintain the momentum of high-level visits so as to deepen political relations. China would like to have links and contacts with governments, political parties and parliaments of all Caribbean countries. At the same time, it would promote exchanges in all sectors at different levels; 2. Try to find more ways of cooperation in a growing number of areas. China would continue to provide economic aid without political conditions, and encourage companies to increase investment and tap trade potential by diversifying trade structures; 3. Let governments play a more important role in generating better services, creating a good investment environment, exchanging market information, protecting investments, etc.; 4. Facilitate cultural exchanges for the strengthening of friendship between both sides. China would send out more artistic groups to the Caribbean and, at the

¹² <<http://www.common-talk.com/030910/030910-1.html>>.

same time, would welcome Caribbean artists to visit China. Moreover, China would encourage more Caribbean students to study in China.

Jamaican Prime Minister James Patterson also spoke at the Forum. Like Zeng Qinghong, Patterson described the Forum as «a major milestone» between China and the Caribbean, and said it opened «a new chapter» in bilateral relations. «The time has come to explore and exploit new avenues for economic and trade cooperation between China and our region,» Patterson said. He was pleased to see that «an increasing number of Caribbean countries have now become committed to the one China policy and are active participants in our mutually beneficial cooperation programs», which would help promote bilateral economic and trade cooperation and enhance «our common development in partnerships.»

Prime Minister Baldwin Spencer, of Antigua and Barbuda, Prime Minister Roosevelt Skerrit of Dominica, Vice Presi-

dent Carlos Lage Davila of the Council of State of Cuba and Vice President Jules Ajodhia of Surinam, together with nearly 1,000 government officials and businessmen from China and the Caribbean were present at the Forum's opening ceremony. After the ceremony, representatives from China and the Caribbean countries signed an action plan for bilateral economic and trade cooperation.

As Table 4 indicates, except for Cuba, China's largest trade partners are Jamaica, Antigua and Barbuda, the Bahamas, Trinidad and Tobago, among others. Although the growth of bilateral trade has been increasing year by year, its volume is still quite limited. Therefore, there is great potential for future growth. China is pleased to see that Antigua and Barbuda, Guyana, Saint Lucia, Dominica, Surinam, Trinidad and Tobago, and Jamaica have offered to recognize China's status as a market economy. This will definitely stimulate the growth of bilateral trade in the future.

Table 4

	China's exports	China's imports	Total
Cuba	330.9	194.9	525.8
Jamaica	126.1	270.0	396.0
Antigua and Barbuda	118.5	0	118.5
The Bahamas	98.7	0.7	99.4
Trinidad and Tobago	75.9	3.7	79.6
Dominica	45.6	1.8	47.3
Surinam	30.3	1.0	31.2
Guyana	21.2	1.2	22.3

China's main trade partners in the Caribbean

Source: <<http://www.mofcom.gov.cn>> (Ministry of Commerce, China).

China's imports from the Caribbean are mainly raw materials, such as wood, bauxite and asphalt.

Main Chinese exports to the Caribbean are machinery, electronics, textiles, light industrial products and pharmaceutical products. The majority of Chinese imports are raw materials such as wood, bauxite, asphalt, etc.

China has listed Antigua and Barbuda, Barbados, the Bahamas, Grenada, Guyana, Saint Lucia, Dominica, Surinam, Trinidad and Tobago, and Jamaica as the tourist destinations. This will facilitate bilateral cooperation in the tourism sectors.

Though the Dominican Republic, Haiti, Saint Kitts and Nevis, and Saint Vincent and the Grenadines have diplomatic relations with Taiwan, the PRC continues to do its best to develop relations with them. The Dominican Republic and Haiti are the two larger nations and therefore, China's relations with them are more noteworthy.

Occasionally, China sends high-level delegations to Haiti and the Dominican Republic, the latest in early 2005. Headed by Mr. Cai Wu, then Vice Minister of the Department of International Liaison of the Chinese Communist Party's Central Committee, the delegation met with Haiti's Interim Prime Minister and Foreign Minister. Mr. Cai briefed his hosts regarding China's policies towards Latin America and the Caribbean, and reaffirmed that China would stand alongside the international community for the achievement of peace and stability in Haiti. He added that,

in order to normalize relations between the two nations, the Chinese Communist Party would like to develop party-to-party relations with political parties in Haiti. The Interim Prime Minister of Haiti said that his country's foremost task was to achieve peace and develop the economy. He praised the performance of China's peace-keeping force in Haiti.

The Haitian Foreign Minister told the visiting Chinese delegation that the status quo of no diplomatic relations between the two countries would not be long-lasting. He expressed the wish that China could support Haiti in the economic and trade areas.

In his next stop, the Dominican Republic, Mr. Cai Wu met with President Leonel Fernandez and leaders of the three major political parties in the country. The visit was hosted by Fernandez's Dominican Liberation Party, and not by the Dominican government. Cai Wu informed his hosts about China's achievements regarding reforms and opening to the outside world. He expressed the willingness to develop relations with all countries of the world, including the Dominican Republic.

President Fernandez said that China's rapid growth has impressed people all over the world, and that China's influence on the international stage is increasing. He agreed to promote closer relations between the Dominican Republic and China.

Commenting on the Chinese visit, Foreign Relations Minister Carlos Morales Troncoso said that his country would opt for establishing relations with countries where its interests were best represented. He maintained that «the solidarity that Taiwan has always provided should also

be taken into consideration», and said that the decision of whether the Dominican Republic should establish diplomatic relations with China would be made by President Leonel Fernandez himself. He also mentioned that the free trade agreement between the U.S. and the Dominican Republic could be an encouragement for China, who wanted to increase its investments in the Dominican Republic.

In addition to the party-to-party relations, there are also cultural exchanges and economic contacts between both countries. China maintains commercial missions in Panama, Haiti and the Dominican Republic and each of the three countries also has an office of trade development in Beijing. It was reported that officials from the Haitian office in Beijing went beyond Beijing pursuing opportunities of economic cooperation. Trade relations between China and both Haiti and the Dominican Republic have been growing since the

1990s, though its volume is still quite limited. China's exports are much larger than imports. (See table 5).

One of the main actions taken by China in October 2004 for developing relations with the Caribbean was the deployment of a peacekeeping force in Haiti. The mission was composed of 125 riot police, including 13 women. Since 2000, China has participated in peacekeeping missions, among others in East Timor, Liberia and Kosovo, but has never sent combat troops as peacekeepers. An official from the Chinese Ministry of Public Security said «This is our country's obligation in safeguarding world peace. China, a responsible major country in the world, should play such a role»¹³.

III. CHINA'S RELATIONS WITH CHILE

Chile holds at least three «first» in its bilateral relations with China. It was the

Table 5
China's trade with the four Caribbean countries

	1997	2004
China's exports to Haiti	7.22	22.22
China's imports from Haiti	0	0.26
Total trade	7.22	22.48
China's exports to D.R.	39.95	232.79
China's imports from D.R.	0.05	15.58
Total trade	39.90	248.36
China's exports to S.K.N	0.18	0.20
China's imports from S.K.N.	0	0
Total trade	0.18	0.20
China's exports to S.V.G.	6.85	13.20
China's imports from S.V.G.	0.25	0
Total trade	7.10	13.20

Source: <<http://www.mofcom.gov.cn>> (Ministry of Commerce, China).

¹³ <http://www.chinadaily.com.cn/english/doc/2004-10/17/content_383085.htm>.

first South American country to establish diplomatic ties with China, the first to support China's accession to WTO and the first to start negotiations with China towards a free trade agreement. It could have been the first Latin American country to reach a trade agreement with China, in October 1952, which would have allowed China to import copper and nitrate, if it had not been blocked by the United States.

In 1952, the United States blocked China's possibility to import copper and nitrate from Chile.

In the spring of 1970, the wife and daughter of Salvador Allende visited China, and they were warmly welcomed by Chinese Premier Zhou Enlai. Mrs. Allende told Premier Zhou that if her husband won the election in October of that year, Chile would be willing to establish diplomatic relations with China. Premier Zhou replied that the peoples of China and Chile were looking forward to that day. Two months after Allende's election, China and Chile established diplomatic ties. Chile thus became the second country in the western hemisphere, after Cuba, to recognize the new China.

China followed developments in Chile closely. In a letter addressed to President Allende in February 1973, Premier Zhou said that, in order to overcome backwardness and improve people's standards of living, gradual steps and careful preparations were needed, taking into account unique national conditions. Premier Zhou said that this piece of advice was drawn

from his own experience, and that he hoped that Chile, under the leadership of President Allende, would overcome hardships and achieve progress.

When General Pinochet came to power, Chile was still quite eager to develop bilateral relations with China. But China took a cautious attitude. As a result, relations between both countries remained stagnant. It was not until the 1980s, when China was advancing towards reform and opening towards the outside world, that the two countries started to promote bilateral exchanges.

First of all, there have been high level exchanges between government leaders of both countries. These visits have promoted mutual understanding, which lay the political foundations of bilateral relations. The two countries support each other in many areas. In 2002, for instance, China supported Chile in obtaining a seat as non-permanent member in the United Nations Security Council for the period 2003-2004. In 2004, on its part, Chile supported China's interest in becoming a permanent observer to the Organization of American States and also as observer to the Latin American Parliament.

Secondly, cooperation between both countries has covered a growing number of areas. Over twenty agreements or memoranda have been signed on issues such as economic cooperation, diplomatic affairs, cultural exchanges, and tourism. One of the most important documents was Chile's recognition of China's status as a market economy.

Thirdly, bilateral trade and investment have grown steadily over the past decades.

According to China Customs, two-way trade between Chile and China has increased from a little over US\$200 million at the end of the 1980s to US\$ 7.1 billion in 2005.

Despite political and cultural differences there is scope for furthering bilateral relations.

Despite political and cultural differences and geographical distance between both countries, there is scope for furthering bilateral relations in the years to come. The following factors are relevant in this regard.

First, leaders from both countries have recognized the importance and necessity of bilateral relations in the age of globalization. During his visit to Chile in November 2004, Chinese President Hu Jintao said that, as from 2001, when China and Chile established the so-called «relationship of long-term stability, mutual benefits and comprehensive cooperation», both nations have been cooperating in all major areas, and the development of these friendly relations are in the interest both of the Chinese and the Chilean people. On December 1, 2004, Chilean President Lagos told the media that, as a Latin American country on the Pacific coast, Chile attaches great importance to relations with China and other East Asian nations.

Secondly, the process of globalization has created opportunities for developing Sino-Chilean relations. In its strict sense, globalization simply means the smooth flow of goods, capital, information, etc. Both China and Chile have been actively participating in globalization by opening

their domestic markets and attracting foreign investment. On one hand, Chile is rich in natural resources, and China needs them to maintain its high rate of economic growth. On the other, Chile should not overlook the huge size of the Chinese market when implementing its strategy of «looking towards the East».

Moreover, in the age of globalization, South-South cooperation has acquired a new meaning. In order to maximize the benefits of globalization and face its challenges, developing countries should increase union among them.

Finally, prospects of economic development in the two nations will create favorable conditions for bilateral cooperation. Both countries have been considered as emerging markets that can attract large amounts of foreign capital. For Chile, decades of reform efforts have paid off; for China, membership in WTO has led to in more positive than negative results. Both China and Chile have undoubtedly become «rising stars» in the world economic stage.

However, in order to further the development of Sino-Latin American relations in the years ahead, both countries should be mindful of the following two tasks: to further increase mutual understanding and to upgrade economic cooperation to a higher stage.

IV. THREE FACTORS IN SINO-LATIN AMERICAN RELATIONS

In discussing Sino-Latin American relations, the following three factors should be noted; the Latin American factor in

China's development, the China factor in Latin American development and the U.S. factor in Sino-Latin American relations.

China has become a major player in world markets following its accession to WTO and the opening of its economy.

A. The Latin American factor in China's development

Since China started carrying out its reform policies in 1978, its economy has been growing rapidly. In the 25 years elapsed between 1978 and 2003, China's economy grew by an average annual rate of 9.4%. According to the United Nations' Economic Commission for Latin America and the Caribbean (ECLAC), China has come to represent 4% of the world GDP and is the sixth largest economy (or the second, measured by purchasing power) in the world. It has thus become a major player in world markets following its accession to WTO and the opening of its economy. From less than 2% of total exports in 2000, China came to account for almost 6.5% in 2004, ranking as the world's third largest exporter. It also ranks third in the world in imports, which expanded by 36% in 2004¹⁴. But China is still a developing country, and will continue to support South-South cooperation.

The government has established the goal of achieving industrialization, by reaching a per capita GDP of US\$3,000 by the year 2020. To reach this objective is not easy. One of the challenges is how to eliminate the bottleneck of shortage of resources. According to ECLAC, China is the world's top consumer of coal, tin, zinc, copper and cereals and is one of the leading consumers of fertilizers; iron and steel; bananas; oilseeds and oils; plastics; electronic equipment; optical, photographic and medical equipment; and nuclear reactors and machinery. China accounts for at least 20% of world consumption of 8 out of 16 selected products. In addition, it represents much of the net world demand for 8 of these products and is one of the three top world consumers of 15 of them. This has brought pressure to bear on international markets and has triggered steep increases in the prices of many of these products, ECLAC notes. This is the case of soybeans, nickel and petroleum, whose price increases have outstripped those of manufactured goods, posting a 32% rise in 2004 relative to 2000¹⁵. Needless to say, Latin America is one of the best places from which China can import raw materials, natural resources and so on.

The importance of a continent or a country is closely related to its economic size. Latin America is home to 525 million people and produces more than US\$ 2 trillion GNP, the largest among the low- and middle-income groups of countries. There-

¹⁴ ECLAC, *Latin America and the Caribbean in the World Economy: 2004 Trends*, 2005, Doc. LC/G.2283-P/1.

¹⁵ ECLAC, *Latin America and the Caribbean in the World Economy: 2005 Trends*.

fore, the Latin American market is important for China's enterprises, both public and private, in order to globalize their business operations.

Politically, Latin America could be a partner for China and other developing countries in the struggle to establish a just world order. Both Latin America and China share many common or similar positions regarding some of the major international issues. Also noteworthy is the fact that in the current U.N. system, each country has one vote, and China could win the support from Latin American countries on many issues.

The Taiwan issue has become an increasingly conspicuous part of China's diplomatic efforts.

Diplomatically, the Taiwan issue has yet to be resolved. Indeed, with the passage of time, this issue has become an increasingly conspicuous part of China's diplomatic efforts, and the Chinese government refuses to relinquish sovereignty over this territory. To date there are still twenty-five countries that have «diplomatic relations» with Taiwan, twelve of them in Latin America.

B. The China factor in Latin American development

China's rise in the world stage, in both political and economic aspects, represents opportunities for Latin American develop-

ment. Though some exports from Latin America and China are competing in the world market, China's huge demand for natural resources and raw materials offers higher prices for Latin America. As ECLAC indicates, in a sense China has become the engine for Latin American growth. In its annual report on Latin America's economic situation in 2004, ECLAC said, «The satisfactory performance of the region's economies was closely tied to developments in the international economy. World economic activity picked up speed in 2004, resulting in estimated global GDP growth of just under 4% (versus 2.7% in 2003), while the expansion of world trade could top 9% (versus 5.8% in 2003). The United States and China were the engines of this expansion, which contributed to the commodity price hikes that have benefited many countries of the region, especially those in South America»¹⁶.

However, in recent years the developments of Sino-Latin American relations have come across an obstacle. In some Latin American countries there is a feeling that «China is a threat» or there is «fear of China». Some Latin Americans tend to blame the rising unemployment rate on the expansion of Chinese exports. Starting with Mexico in the early 1990s, many Latin American countries have been using anti-dumping tariffs to limit Chinese exports.

Neither the «China threat» nor the «fear of China» are appropriate. As a matter of fact, China's rise in the world stage has been contributing to Latin American economy in the following ways:

¹⁶ ECLAC, *Economic Survey of Latin America and the Caribbean*, 2004, December 2004.

1. China's imports of raw materials and natural resources have raised their prices, which is very favorable for Latin America. According to the predictions of many economists, including the well-known scholar Raul Prebisch, father of the center-periphery theory, prices of primary commodities would decline in the world market. However, China's imports have made some types of primary commodities more expensive. This reality is certainly favorable for Latin America, whose economic structures continue to be resource-based.

China's imports have made some types of primary commodities more expensive.

2. Prebisch and other economists also predicted that the terms of trade for Latin America and other developing countries would become increasingly worse. This argument appears to be partly false. On one hand, prices of Latin America's raw materials and natural resources imported by China are rising; on the other, China's manufactured exports tend to be relatively cheap. As a result, Latin America's terms of trade are improving.

3. China's has been making investments in many places in Latin America. At present, China's investments in Latin America reach approximately US\$4 billion. According to projections, the amount will double by the year 2010. These investments will definitely help the region to revive the economy.

4. China can help Latin America di-

versify its trade partners. In 2005, bilateral trade between China and Latin America exceeded US\$ 50 billion for the first time. In his address to the Brazilian congress in November 2004 Chinese President Hu Jintao, predicted that bilateral trade would increase to more than US\$100 billion by the year 2010.

5. As most Latin American countries are making great efforts to increase their international competitiveness by upgrading their scientific and technological capacity, China's cooperation is also essential in certain aspects. So far Brazil and China have successfully launched two satellites, and a third one is in the smooth process of planning and preparation.

6. With the swift improvement of the standard of living, many Chinese can visit the beauties of the Latin America region as tourists. It is encouraging to see that China has reached agreements with several Latin American countries to list them as tourist destinations.

7. China can also contribute to peace and security in Latin America and the Caribbean. A noteworthy example is China's cooperation with the U.N. in sending a peacekeeping force to Haiti.

8. With the development of its economy, China will be in a better position to offer financial assistance to less developed countries in Latin America in the event of natural disasters.

9. The development of the economy will enable China, an Asian country with a long history of civilization, to engage in more cultural exchanges with Latin American countries, which are also endowed with colorful civilizations.

The cost of labor might lead to friction between China and Latin America in competing for world market shares.

Many people have noted that while Latin America is relatively labor-intensive, this advantage has been fading away since China and India, among others, have entered the world market with cheaper labor. Indeed, China and Latin America might face friction in competing for world market shares given that Chinese labor is less costly than that of Latin American countries. However, this kind of friction is unavoidable, insofar as competition is becoming ever fiercer in the age of globalization. But friction can be resolved through dialogue and mutual understanding.

In sum, for Latin America, China is not a devil, but an angel. To ease the «China threat» and «fear of China», mentality China should urgently let more Latin Americans know, firstly that in the age of globalization, competition between nations is unavoidable; in the second place, that generally speaking, China has established a socialist market system and the outdated notion that the economic system of this Asian nation continues to be central planning should not be grounds for implementing anti-dumping against Chinese exports; and finally, that Latin America would not have met less problems if China had not risen economically.

C. The U.S. factor in Sino-Latin American relations

The «China threat» and «fear of China» «feelings in Latin America were echoed by some international media. For instance, an article published in the *Wall Street Journal*, 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»¹⁷. Another article on the web claimed that Chinese President Hu Jintao's first trip to Latin America was «Operation American Backyard». The article predicted that, over the long term, China's Latin-American offensive could have a negative impact on Sino-U.S. relations. It went on to say, «[Chinese President] Hu's whirlwind tour of Brazil, Argentina, Chile and Cuba the past week or so, however, has illustrated the extent to which Beijing can exploit the less-than-cozy relations between the U.S. and Latin America to establish major economic and energy footholds in Washington's backyard». It even asserted that «over the long term, China's Latin-American offensive could have a negative impact on Sino-U.S. relations»¹⁸.

¹⁷ O'Grady, Mary Anastasia, «The Middle Kingdom in Latin America», *Wall Street Journal*, September 3, 2004.

¹⁸ <http://www.jamestown.org/publications_details.php?volume_id=395&issue_id=3152&article_id=2368903>.

Testifying before a House subcommittee in April 2005 on China's growing economic presence in the Western Hemisphere, Roger Noriega, then U.S. Assistant Secretary for Western Hemisphere Affairs, said, «We continue to monitor closely China's outreach to Latin America, as we monitor it elsewhere. We seek to ensure that this activity does not run counter to US goals in the region and is compatible with this hemisphere's hard-won progress towards representative democracy»¹⁹.

A high-ranking American official testified before Congress that the United States would continue to monitor China's presence in Latin America.

In his testimony before the U.S. Senate Subcommittee on the Western Hemisphere on the topic of «Challenge or Opportunity: China's Role in Latin America» on September 20, 2005, Charles Shapiro, Principal Deputy Assistant Secretary of State for Western Hemisphere Affairs, said, «We support China's engagement in the region in ways that create prosperity and promote transparency, good governance, and respect for human rights». But Shapiro also said the United States would continue to monitor China's presence in the Latin America to ensure that it does not detract from the U.S. goals of prosperity, democracy and respect for human right in the region. He concluded that China's increased engagement in Latin

America should lead to increased cooperation between the United States, China and Latin American and Caribbean governments, while not diminishing U.S. capabilities and influence in the region²⁰.

The U.S.'s concern is unnecessary. First, China's relations with Latin America are not targeted towards any third party. Second, both China and Latin America belong to the Third World and cooperation between the two sides will benefit world peace and development. Third, since the 1990s, Latin America has been opening its door to the world, regardless of the countries political systems and cultures. So China is only one of the partners Latin America is trying to promote economic relations with. As a matter of fact, Latin America's relations with Japan, Korea and the European Union are much closer than those with China. Finally, China's relations with Latin America in the political fields, such as the establishment of strategic partnership, also contribute to world peace and South-South cooperation.

Many Chinese scholars believe that although the cold war ended many years ago and Latin America has become increasingly diplomatically independent, the U.S. continues to exert great influence over its «backyard» on many issues, including the possibilities of establishing diplomatic relations between China and Central American and Caribbean countries that have ties with Taiwan. One web article predicted that the next country in Latin America «that may switch recogni-

¹⁹ <<http://usinfo.state.gov/eap/Archive/2005/Apr/07-272076.html>>.

²⁰ <<http://montevideo.usembassy.gov/usaweb/paginas/527-00EN.shtml>>.

tion from Taiwan to China may be El Salvador. Recently, the El Salvador Foreign Minister Francisco Lainez admitted that his country was considering establishing diplomatic links with China owing to lobbying by the local business community that was anxious to profit from the China market»²¹. Many Chinese scholars argue that, without the nod from the United States, El Salvador and other countries might not dare establish diplomatic relations with China.

V. PROSPECTS OF SINO-LATIN AMERICAN RELATIONS

Recent official visits to Latin America by top leaders of China imply that Sino-Latin American relations have entered a new stage. This bilateral relationship has also promoted South-South cooperation.

Another way to promote Sino-Latin American cooperation is in the field of science and technology. In this regard, China and Brazil may serve as good examples. Two satellites have been sent into orbit jointly by the two nations, and it is reported that a third launching is planned for the near future.

The movement towards regional economic integration in Latin America, exemplified by Mercosur and the would-be Free Trade Agreement of the Americas (FTAA), offers both opportunities and challenges for China. On the positive side, it is likely that highly competitive Chinese companies will take advantage of the free

movement of goods and capital among the Latin American countries. On the negative side, however, there is a possibility of trade diversion that is unfavorable for China and other Asian countries. As a matter of fact, most scholars in China argue that the would-be FTAA could entail more trade diversion than trade creation for Chinese exports.

Recent official visits to Latin America by top Chinese leaders imply that relations have entered a new stage.

In order to further develop Sino-Latin American relations, both sides should pay more attention to the following points:

First, in addition to high level visits, exchanges and contacts between ordinary people, businessmen, scholars, etc, should be greatly promoted so as to have a better understanding of the other. Latin Americans do not know much about China, neither do Chinese have a clear vision of the region on the other side of the Pacific. Many Latin American know little about the history of Taiwan, Tibet, etc, whereas the majority of the Chinese only know the names of Latin American football stars.

Secondly, geographical distance is a formidable barrier. For the time being, there is no direct air link between China and any cities in Latin America. Maritime transportation generally takes longer than a month. This difficulty not only adds cost

²¹ <<http://www.asianresearch.org/articles/2426.html>>.

to bilateral economic cooperation, but also jeopardizes mutual understanding through contacts.

Thirdly, in some cases, economic complementarity between the two sides is not strong enough to overcome compe-

tion. That is one of the main reasons why some Latin American countries have been applying anti-dumping practices against Chinese exports. However, through dialogue and negotiations, China and Latin America can be partners and, not rivals.