

Chapter 1

Sixty Years of Sino-Latin American Relations: Review and Reflection



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1.1 Review on Sino-Latin American Relations

China's relations with Latin America and the Caribbean region (hereafter referred to as "Latin America") date back to ancient times. It is said that in the 5th century AD, Chinese Buddhist monks once sailed eastward across the ocean and visited the region today known as Mexico. As stated in both Chinese and foreign documents, the Maritime Silk Road during the rule of Emperor Wan Li in China's Ming Dynasty enhanced ties between Chinese and Latin American (hereafter referred to as "Sino-Latin American") people.¹ Despite this, Latin America was the last region to establish diplomatic ties with the People's Republic of China (the "New China"). China's ex-premier Zhou Enlai pointed out that Sino-Latin American friendly exchanges should be subject to incremental progressive growth; the two parties should not harbor excessively ambitious expectations.² Indeed, the New China's diplomatic relations with Latin America "started from scratch, and developed in line with a policy that advocates incremental and stable progress".³ In the 1950s and 1960s, China started its communication with non-governmental sectors in Latin America. After numerous difficulties, China and Latin America finally reach two diplomatic peaks in the 1970s and 1980s. Since the very beginning of the 21st century, Sino-Latin American

¹ Luo, Rongqu (1988: 91), *Chinese People's Mysterious Discovery of America: Essays on Historical Connections between China and America*. Chongqing: Chongqing Press.

² Huang, Zhiliang (2004: 58), *Rediscovering the Americas: Zhou Enlai and Latin America*. Beijing: World Affairs Press.

³ Yang, Wanming (2008: 119), *A Study on China's Diplomatic Policy toward Latin American Nations (1990–2006)*. A Doctorate Dissertation submitted to the graduate school of Chinese Academy of Social Sciences.

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relations have been heading toward a “development in leaps”. Throughout the past 60 years, Sino-Latin American ties “began from zero, and expanded from specific fields to a wide range of areas, moving from small exchanges to extensive high-level communications”.⁴ In the process, “incremental and leap-forward development” was a highlighted feature of Sino-Latin American relationships.

1.1.1 Stage One: Non-governmental Exchanges (1949–1969)

For more than two decades after the foundation of the People’s Republic of China, Sino-Latin American exchanges only took place in non-governmental sectors. In a polarized global power pattern, the East and the West stood against each other, making it hardly possible for the New China to establish official diplomatic contact with Latin America. The major barriers included “hindrance by the United States, biases against communism on the part of leaders in Latin American nations, as well as interference and sabotage by political forces in Taiwan”.⁵ The United States turned against the New China, imposing policies for political isolation, economic blockades and military threats. The US “strictly prohibited any Latin-American government from getting in official contact with the New China, and even thwarted and sabotaged legitimate trade between Latin America and China”.⁶ Overshadowed by the United States’ political, economic and military control, Latin American nations generally lacked trust in the New China and chose to maintain their so-called “diplomatic ties” with China’s Taiwan region. In the United Nations and other international institutes, Latin American nations were aligned with the United States and opposed the restoration of the lawful rights of the People’s Republic of China. Given the multiple barriers in the way of Sino-Latin American relations, Premier Zhou Enlai identified a guideline policy for the New China and Latin American nations, saying that they should “actively develop non-governmental diplomacy, make efforts to establish friendly ties, and develop cultural and economic exchanges, so as to move toward official diplomatic relations. Premier Zhou also pointed out that China should stably move forward in its relations with Latin American nations; in terms of bilateral non-governmental exchanges, actual Latin American conditions must be properly considered, so as to prevent harming or troubling friends in Latin America”.⁷ The “incremental” development of Sino-Latin American relations started with “non-governmental exchanges”, which was actually a strategic detour the New China then

⁴Yang, Wanming (2008: 126), *A Study on China’s Diplomatic Policy toward Latin American Nations (1990–2006)*. A Doctorate Dissertation submitted to the graduate school of Chinese Academy of Social Sciences.

⁵Huang, Zhiliang (2007: 2), *Facts in the Establishment of Sino-Latin American Diplomatic Ties*. Shanghai: Shanghai Lexicographical Publishing House.

⁶Huang, Zhiliang (2004: 51), *Rediscovering the Americas: Zhou Enlai and Latin America*. Beijing: World Affairs Press.

⁷Huang, Zhiliang (2004: 52), *Rediscovering the Americas: Zhou Enlai and Latin America*. Beijing: World Affairs Press.

had to make to counter difficulties in establishing official ties with Latin America. China hoped to bring about “official” ties via “non-governmental” contacts while waiting and seeking political breakthroughs in its diplomatic relations with Latin America.

In line with this non-governmental diplomatic policy, China took the initiative to develop non-governmental exchanges with Latin America, organizing diverse events for cultural and economic communication. Incomplete statistics shows that about 1200 people from 19 countries in Latin America visited China between 1950 and 1959⁸; during the same period, China sent 16 artistic, cultural, economic and trade delegations, among others, to Latin America.⁹ Such non-governmental exchanges helped Latin American people deepen their understanding of China. Many Latin American nations established non-governmental organizations, such as associations for Chinese culture, associations for friendship with China, representative offices for commerce with China, etc., which bridged Sino-Latin American at the non-governmental level. In this context, Sino-Latin American trade volume increased from tens of millions of US dollars in the 1950s to 2.1 billion US dollars in the 1960s.¹⁰ Non-governmental exchanges, as they increased, gradually witnessed an emerging trend in Latin America that called for “official” Sino-Latin American relations. After Cuba successfully concluded its revolution, it established diplomatic ties with China in September, 1960, making it the first Latin American nation to establish diplomatic relations with the New China. During that period, the Chinese government and people actively supported the people of all Latin American nations in their justified fight for national independence against imperialism and colonialism. Examples include China’s support to the Panamanian in taking back sovereignty over the Canal Zone, its support to Latin American nations in defending their rights over a maritime territory equivalent to 200 nautical miles, as well as China’s contribution to efforts for the establishment of the Latin-America nuclear-free zone, etc.

1.1.2 Stage Two: Peaks in the Establishment of Diplomatic Ties (1970–1977)

In the 1970s, China reached its first peak in the establishment of diplomatic ties with Latin America. Back in the 1950s, not a single Latin American nation was in a diplomatic relationship with China. Cuba’s establishment of diplomatic ties with China in the 1960s could be regarded as an exception resulting from Cuba’s successful revolution. This peak in Sino-Latin American diplomatic relationships is a political breakthrough in terms of bilateral “incremental” development, and can

⁸Li, Mingde (ed.) (2001: 464), *Latin America and Sino-Latin American Ties: Today and the Future*. Beijing: Current Affairs Press.

⁹Xu, Shicheng (2006: 238), *Latin American Politics*. Beijing: China Social Sciences Press.

¹⁰Li, Mingde (ed.) (2001: 500), *Latin America and Sino-Latin American Ties: Today and the Future*. Beijing: Current Affairs Press.

be attributed to a number of factors. From the end of the 1960s to the beginning of the 1970s, the US economy got entangled in “Stagflation”, weakening its economic strength and international competitiveness. As a result, a new situation emerged amid the global competition between the US and the USSR, where “the USSR gained the upper hand”.¹¹ At the same time, third world countries became a force that could not be neglected in the global arena, and called for the establishment of a new order in international politics and economy. As human history stepped into the 1970s, the frozen relations between China and the United States began to thaw. In October 1971, the 26th General Assembly of the United Nations restored the legitimate rights of the People’s Republic of China in the UN, recognizing that the representatives of the Government of the People’s Republic of China were the only lawful representatives of China in the United Nations and making the People’s Republic of China (PRC) one of the five permanent members of the Security Council. The PRC gained an unprecedentedly high status in the international community. In 1974, Chairman Mao presented his “Three Worlds” strategy, pointing out: “All in Asia but Japan belong to the third world, i.e. the developing world. Africa as a whole is part of the third world. So is Latin America”.¹² Against such backdrop, some Latin American leaders gradually came to realize that Latin America shared common interests with developing nations across Africa and Asia. They began to identify as part of the developing world, and adopted foreign policies that advocated self-reliance and independence, seeking diversity in foreign relations.¹³ At the 26th General Assembly of the United Nations, 7 Latin American nations, namely Chile, Peru, Ecuador, Guiana, Mexico, Cuba and the Republic of Trinidad and Tobago, voted for restoring the lawful seats of the People’s Republic of China.¹⁴ In an ever-changing world, Premier Zhou Enlai once “forecasted that the establishment of diplomatic ties between Latin America the New China would soon reach new summits”.¹⁵

In the aforesaid international situation, some Latin American nations, considering their own international influence and practical interests, could no longer avoid the issue of establishing diplomatic ties with the People’s Republic of China, finally deciding to do so.¹⁶ Between 1970 and 1974, China successively established diplomatic ties with 9 nations including Chile, Peru, Mexico, Argentina, Venezuela and

¹¹Xie, Yixian (ed.) (1997: 298–231), *China’s Contemporary History of Diplomacy*. Beijing: China Youth Publishing Group.

¹²Mao, Zedong (1994: 600–601), On Distinguishing Three Worlds (written on February 22nd, 1974), in *Anthology of Essays by Mao Zedong on Diplomacy*. Beijing: Central Party Literature Press/World Affairs Press.

¹³Boersner, D. (1990: 267–272), *A Brief History of International Relations in Latin America*, translated by Yin Hengmin. Beijing: Commerical Press.

¹⁴Sha Ding & Yang Dianqiu et al. (1986: 353), *A Brief History of the Relationship between China and Latin America*. Zhengzhou: Henan People’s Press.

¹⁵Huang, Zhiliang (2004: 193), *Rediscovering the Americas: Zhou Enlai and Latin America*. Beijing: World Affairs Press.

¹⁶Yang, Wanming (2008: 123), *A Study on China’s Diplomatic Policy toward Latin American Nations (1990–2006)*. A Doctorate Dissertation submitted to the graduate school of Chinese Academy of Social Sciences.

Brazil, etc. In the second half of the 1970s, China established diplomatic ties with Suriname and Barbados. By the end of the 1970s, China had diplomatic ties with 12 Latin American nations. After their establishing diplomatic ties with the People's Republic of China, leaders from nations like Mexico and Guiana successively came to visit China to expand trade and economic cooperation. Statistics show that in the 1970s, over 50 bilateral Chinese and Latin American economic and trade delegations were sent.¹⁷ During this period, China concluded economic and trade agreements with nations such as Chile, Peru, Mexico and Argentina, among others. The bilateral trade volume between China and Latin America exceeded 3 billion US dollars in total, and hundreds of commodities were traded.¹⁸ Moreover, China also provided interest-free loans to nations like Guiana, Jamaica, Peru, etc., and provided assistance to textile factories, etc.

1.1.3 Stage Three: Equality, Mutual Benefits, and Common Development (1978–1992)

The year 1978 marks the beginning of China's "reform and opening up" policy. China's foreign policies, including its policy toward Latin America, also underwent changes. China came to pay more attention to its economic cooperation and trade with Latin America on the basis of its consolidated and expanded diplomatic ties with the continent. In line with Deng Xiaoping's strategic judgment that "peace and development are the two themes of our times", China's foreign policy came to focus mainly on two points: first, securing a comparatively long period of international peace, so that socialist economic development within China wouldn't be disturbed; and second, expanding China's foreign economic cooperation and foreign trade. During that period, Latin American countries were struggling to get out debt and successively opened themselves to an export-oriented economy. In October 1985, the Chinese heads of state and government visited Latin America, and China proposed four principles for its relationship with Latin America, namely: "Peace and friendship, mutual support, equality and mutual benefits, and common development".¹⁹ In May 1988, Deng Xiaoping received the president of Argentina, Raúl Ricardo Alfonsín, in China and pointed out that it was China's sincere hope to see the concomitant emergence of the Pacific era, the Atlantic era and the Latin America era, while also stressing the two issues that faced the world, i.e. peace and development.²⁰ In November of the same year, during his meeting with Julio María Sanguinetti, president of Uruguay,

¹⁷Li, Mingde (ed.) (2001: 502), *Latin America and Sino-Latin American Ties: Today and the Future*. Beijing: Current Affairs Press.

¹⁸Data Source: "Online statistical manual" by UNCTAD.

¹⁹Xie Yixian (1997: 442) (Editor), *A History of China's Contemporary Diplomacy*. Beijing: China Youth Press.

²⁰CCCPC Party Literature Research Office (2004: 1230–1231) (Ed.), *Annual Records of Deng Xiaoping: 1975–1997 (Second Volume, May 15th, 1988)*. Beijing: CPPCC Party Literature Press.

Deng Xiaoping made it clear that “China’s policy was to establish and maintain sound relations with Latin American nations, and make Sino-Latin American relations a model for South-South Cooperation”.²¹ Guided by Deng Xiaoping’s strategy, China’s diplomatic ties with Latin America transcended differences in ideology and social systems, and emphasized that nations should “observe the five basic principles of peaceful coexistence”, while different parties should follow four principles, i.e. “independence, complete equality, mutual respect, and non-interference in each other’s internal affairs”, so as to allow for the better development of China and Latin America’s friendly cooperation.

With such adjustments in China’s policies toward Latin America, both sides witnessed high-level bilateral visits in the 1980s, bringing about the second peak in the establishment of diplomatic ties between China and Latin America. In October 1981, Chinese government heads paid an unprecedented visit to Latin America, and heads of state from Argentina, Brazil and other major Latin American nations successively visited China.²² Between 1980 and 1988, China successively established diplomatic ties with Colombia, Ecuador, Bolivia, Uruguay, Antigua and Barbuda, Grenada, Nicaragua and Belize.²³ By the end of the 1980s, China established diplomatic ties with 17 Latin American nations (not including the three nations that terminated their diplomacy with China), further consolidating and expanding its diplomatic influence in Latin America.

China’s “reform and opening up” brought China and Latin America’s economic ties and trade to a new stage. During the 15 years between 1978 and 1992, total trade volume between China and Latin America reached 29 billion US dollars, a number five times the total volume of the 27 years prior to China’s “reform and opening up”.²⁴ China signed 17 agreements for cooperative or joint-investment projects with Mexico, Brazil, Chile, Argentina and 5 other nations, covering forestry, fishery, textiles, etc. Moreover, China actively explored scientific and technological cooperation and communication with Brazil, Argentina, Venezuela and other nations in fields such as agriculture, aeronautics, oil prospection, and so on.

²¹CCCPC Party Literature Research Office (2004: 1257) (Ed.), *Annual Records of Deng Xiaoping: 1975–1997 (Second Volume, November 7th, 1988)*. Beijing: CPPCC Party Literature Press.

²²Presidents of Argentina, Brazil, Mexico, Ecuador, Nicaragua, Guyana, and other countries, and Prime Ministers of Peru, Barbados, Antigua and Barbuda, Trinidad and Tobago, Belize, etc., visited China. Quoted from Hong Yuyi (1996: 507–508) (editor), *A Sketch of the History of Relations with Latin America*, Beijing: Foreign Language Teaching and Research Press.

²³On October 1st 1985, Grenada established diplomatic ties with China, and on August 7th 1989 terminated the ties, but later, on January 20th 2005, resumed diplomatic relations with China; Nicaragua, on December 7th 1985, established diplomatic ties with China, and on November 9th 1990 terminated the ties; Belize on February 6th 1987 established diplomatic ties with China, and on October 23rd 1989 terminated the ties. Quoted from Xu Shicheng (2006: 242), *Latin American Politics*, Beijing: China Social Sciences Press.

²⁴Source: UNCTAD, “the online Handbook of Statistics”.

1.1.4 Stage Four: Establishment of Long-Term Stable Relations (1993–2000)

In the 1990s, China's achieved great success in terms of its "reform and opening-up" and attracted and influenced Latin America. Latin American countries in general attached great importance to relations with China, with more than 30 heads of state and government visiting China and Chinese leaders paying state visits to more Latin American countries more frequently. China and Brazil established a long-term, stable and mutually beneficial strategic partnership in November 1993, which marked a new beginning in Sino-Latin America relations. When he met with Cuban leader Fidel Castro in November 1995, President Jiang Zemin said: "Enhancing unity and cooperation with developing countries including Latin American countries is the foundation of Chinese diplomacy."²⁵ China and Latin American countries are all developing countries, and President Jiang stressed in his December 1997 speech delivered at the Mexican Senate that "China and Latin American countries should adopt an historical perspective, look into the future and enhance cooperation between both sides, which is not only in the interest of people in China and Latin America, but also plays a significant part in enhancing the comprehensive strength of developing countries in the world economy and promoting their role in international affairs."²⁶ As China and Latin American countries were playing increasingly important roles in each other's foreign affairs, it was quite urgent for the both sides to establish long-term and stable relations.

China and Latin America achieved great progress in terms of friendly cooperation in all areas in the 1990s. In 1997, China established diplomatic relations with the Bahamas and Saint Lucia. By the end of the 1990s, China had established diplomatic relations with 19 Latin America countries.²⁷ China engaged in relations with the Rio Group, MERCOSUR and other regional organizations in Latin America via dialogue and consultation mechanisms. China formally joined the Caribbean Development Bank in January 1998. From 1993 to 2000, the total bilateral trade volume reached 58.5 billion dollars, double from that of 1978–1992.²⁸ Also, Sino-Latin American countries made remarkable progress in terms of investment and economic cooperation. China invested 1 billion US dollars in Latin America, most of which was directed to cooperation projects in areas such as iron ore and oil with Peru and Venezuela.²⁹ In addition, bilateral scientific cooperation was initially successful; especially the

²⁵*Dialogue between President Jiang Zemin and President Castro (November 30th, 1995)*, People's Daily, first edition, December 1st, 1995.

²⁶Jiang Zemin, *Promote Friendship and Cooperation to create a better future—a speech at the Mexican Senate(December 2nd, 1997)*, People's Daily, sixth edition, December 4th, 1997.

²⁷Saint Lucia established the diplomatic tie with China on September 1, 1997, and then suspended it on May 5, 2007, Xinhua Net, on May 6, 2007, http://news3.xinhuanet.com/mrdx/2007-05/06/content_6062975.htm.

²⁸Sources: UNCTAD, "UNCTAD Handbook of Statistics".

²⁹Li Mingde, *Latin America and Sino-Latin American Relations—Today and Tomorrow*, Beijing, Current Affairs Press, 2001, p. 565.

jointly developed CBERS-1 launched by China and Brazil in October 1999, which resulted in social and economic benefits.

1.2 “Leap-Forward Development” of Sino-Latin American Relations in the New Century

In the 21st century, Sino-Latin American relations have developed into the fifth phase, the phase of “leap-forward” development. After 50 years of “incremental” development, in 2001 China and Latin America adopted a new diplomatic pattern featuring “leap-forward” development. The features of incremental development and leap-forward development were clearly exposed and this development pattern, referred to as a “golden baby” by Zhou Enlai, was finally achieved bilaterally.

The critical breakthrough from “incremental” to “leap-forward” development was brought about by the critical strategic development opportunities China and Latin America enjoyed in the early 21st century. After the 9/11 attacks, the George W. Bush administration, troubled by the wars in Afghanistan and Iraq, was too busy with international anti-terrorism campaigns to watch over Latin America. At the same time, China’s comprehensive power was greatly enhanced, allowing it to become a major economy in the world. The successful state visit President Hu Jintao paid to Latin America in November 2004 also brought new development opportunities for Sino-Latin American relations. China’s trade demands changed Latin American trade conditions and instigated a new round of economic growth in the region from year 2003 to 2008 at an average annual rate of 5%.³⁰ President Hu Jintao put it: “China is developing, so is Latin America. There are new requirements and conditions for deepening cooperation. China and Latin America are enjoying unprecedented historical opportunities.”³¹

At present, the “leap-forward” development of Sino-Latin American relations is progressing faster and more profoundly than ever before, with new multi-layered, wide-ranging and comprehensive bilateral relations involving both government and people. High-level bilateral exchanges become more frequent and cooperation in areas such as economy and trade, science and technology, and culture and education, among others, are continuously deepening. The “leap-forward” development of Sino-Latin American relations is more successful than ever before, especially in terms of mutual political trust, economic and trade cooperation, cooperation channels and new cooperation mechanisms. The “leap-forward” development of Sino-Latin American relations has manifested itself in the following six features.

³⁰Su, Zhenxing (2009: 9), *Latin America in 2009: China’s New Opportunities in Going Global*, as in *2008–2009 Development Report of Latin America and the Caribbeans* edited by Su Zhenxing. Beijing: Social Sciences Academic Press.

³¹Hu Jintao, *Join Hands in Creating a Friendly Future for China and Latin America: a Speech Delivered at the National Congress of Brazil* on November 12th, 2004, publicized on the first page of *People’s Daily* on October 14th, 2004.

First, Sino-Latin American relations reached a new strategic height. While the world is undergoing great changes and adjustments, and the multi-polarization of world seems irreversible, China and Latin America have more and more common interests and play a more important strategic role in each other's foreign affairs. After Brazil, China established strategic partnerships with Venezuela, Mexico, Argentina and Peru between 2001 and 2008. In November 2008, the Chinese government issued the first *China's Policy Paper on Latin America and the Caribbean*, which clearly states that "the Chinese government regards Sino-Latin American relations from the perspective of strategic cooperation, and is committed to establishing and developing a comprehensive partnership featuring equality and mutual benefits".³² On November 20th of the same year, President Hu emphasized in his speech at the Peruvian Congress that "from the perspective of strategic partnership, China has always valued its friendly relations with Latin America; the integration of common interests enjoys an unprecedented depth, and Sino-Latin American relations stand at an unprecedented high".³³ As emerging markets are developing quickly, international powers experience intense reorganization, which will surely exert a great impact on their distribution pattern. As far as the western hemisphere is concerned, we witness an enhanced regional cohesion among Latin American countries and the diversification of their foreign policies. Mexico prioritizes the development of relations with the US and Canada, while Brazil endeavors to consolidate and enhance its position as a major country in South America. Pushed by economic and trade relations, China has become a significant strategic partner in the diversified foreign policies of Latin American countries. Russia refocuses on Latin America by trying to restore its traditional influence, while India and Iran are making efforts to develop relations with Latin America. By contrast, the influence of the US and the EU on Latin America is decreasing. US-Latin American relations have been fluctuating, especially since the 9/11 attacks, and since President Obama took office entered the "adjustment process". The EU saw its relations with Latin America develop at a slower pace, as it ignored Latin America's interest demands for an enlarged market in the EU. The current complicated international situation could allow China and Latin America to become important strategic partners able to support each other.

Second, Sino-Latin American relations are striving towards a more balanced geopolitical situation. Brazil and Argentina are both major countries in South America, and Mexico keeps tight geopolitical and economic relations with the US. Brazil, Mexico and Argentina have become three pillars for the development of Latin America and emerging political forces promoting the multi-polarization of the international system. Peru, Venezuela, Chile and other middle-sized emerging countries in South America are gaining regional and international influence. The strategic partnerships or comprehensive partnerships that China established with the above countries make

³²China's Policy toward Latin America and the Caribbeans, [www.news.cn](http://news.xinhuanet.com/newscenter/2008-11/05/content_10308177_1.htm), on November 5th, 2008, http://news.xinhuanet.com/newscenter/2008-11/05/content_10308177_1.htm.

³³Hu Jintao, Jointly Build Cooperative Partnership at All Fronts between China and Latin America in the New Era: A Speech Delivered at the National Congress of Peru on November 20th, 2008, publicized on Page 3 of *People's Daily* on November 22nd, 2008.

China's international geopolitical patterns increasingly balanced in a way that both enhances China's capability to grasp overall Latin American diplomacy and promote its geopolitical flexibility in terms of Sino-Latin American diplomatic relations. China established diplomatic relations with Costa Rica in May 2007, which further enhanced China's influence in Central America. China established consultation mechanisms with Caribbean countries, and issued a Joint Press Communique along with 10 of them after a third consultation held in Beijing in 2006. Both sides have agreed to strengthen economic and trade cooperation, encourage and support bilateral enterprises, so as to increase contact and cooperation within the framework of the China-Caribbean Economic and Trade Cooperation Forum. Caribbean countries play a fundamental role in China's overall diplomacy and are viewed as important diplomatic resources.³⁴

Third, both sides endeavor to achieve all-round cooperation. China and Latin America deepened political trust, with 21 Latin American countries having set up diplomatic relations with China. More than 90 speakers and heads of state and government have paid visits to China since 2000, and Chinese leaders visited more than 20 countries in Latin America. The Communist Party of China established new inter-party relations with more than 80 political parties in Latin America and promoted exchanges as well as bilateral cultural communication between government departments, with more than 102 sister provinces, states and cities pairings.³⁵ China has signed intergovernmental agreements for scientific and technological cooperation with more than 10 Latin American countries, and the three Earth Resources Satellites jointly developed and launched by China and Brazil have been hailed as "the example of South-South Cooperation in terms of high technology".³⁶ Up to now, 19 Latin American countries have become tourist destinations for Chinese citizens. China signed cultural and educational communication agreements with most of the countries which have established diplomatic relations with China, and established a number of Confucius Institutes in countries like Mexico, Brazil and Chile to promote cultural and people-to-people exchanges. China's Policy Paper concerning Latin America and the Caribbean makes out a vision for future development of Sino-Latin American relations, including four aspects (political, economic and trade, cultural and security cooperation) and more than 30 specific fields, setting a direction for the comprehensive promotion of Sino-Latin American relations.³⁷

Fourth, China and Latin America enjoy a diversified economic and trade cooperation. At present, China is the second largest trading partner of Latin America, and Latin America is China's second largest overseas investment destination, with

³⁴Yang, Wanming (2008: 109), *A Study on China's Diplomatic Policy toward Latin American Nations (1990–2006)*. A Doctorate Dissertation submitted to the graduate school of Chinese Academy of Social Sciences.

³⁵Su, Zhenxing (2009: 3), *Latin America in 2009: China's New Opportunities in Going Global, as in 2008–2009 Development Report of Latin America and the Caribbeans* edited by Su Zhenxing. Beijing: Social Sciences Academic Press.

³⁶Hu Jintao's Field Tour to China-Brazil Cooperative Aeronautic and Aviation Project on November 15th, 2004, published on the first page of *People's Daily on November 16th, 2004*.

³⁷See Footnote 32.

Chinese factors being “the important engine driving the development of the Latin American economy”.³⁸ Particularly since 2003, China and Latin America have seen relatively stable, fast and synchronous economic growth, leading to the rapid growth of bilateral trade, investment and economic cooperation, and a steady rise in China’s total foreign trade (Fig. 1.1). In 2008, in comparison with 2003, the trade volume between China and Latin America nearly quadrupled, Latin America’s investment in China doubled, and China’s investment in Latin America nearly quadrupled.³⁹ China has now signed a Free Trade Agreement (FTA) with Chile and Peru, and an FTA with Costa Rica was expected to be signed by 2009. By signing FTAs with Latin American countries, China has an opportunity to further tap into their economic and trade cooperation potential within systematic frameworks. Financial cooperation is becoming the new highlight of Sino-Latin American economic and trade relations, with traditional concessional loans yielding to various forms of financial cooperation, e.g., resource development, infrastructure construction and currency swap. Moreover, China carried out a variety of economic and technological cooperation and aid projects with Cuba, Guyana, Suriname, Dominic and Ecuador, of which aquaculture, rice cultivation and infrastructure construction constitute the foundations. In general, Sino-Latin American relations display a diversified pattern of “equal emphasis on trade and investment, ongoing transformation of financial cooperation, and economic and technological cooperation via aid projects”.

Fifth, bilateral relations mechanisms have been set up. China established and improved consultation and dialogue mechanisms with most of Latin American countries in diplomatic relations with China, covering a number of fields such as politics, economy and trade, and science and education. These bilateral mechanisms not only facilitate the fast development of Sino-Latin American relations, but also serve as tools deepening bilateral ties. For example, in order to strengthen economic and trade cooperation between China and Caribbean countries, China advocated establishing the “China-Caribbean Economic and Trade Cooperation Forum” in 2005. To deepen the partnership with Brazil, China established with Brazil a mechanism for strategic dialogue in April 2007. In August 2009, China and Mexico held a strategic dialogue for the first time. Moreover, new progress was made in developing bilateral relation mechanisms with regional and sub-regional Latin American organizations. Based on the dialogues with the foreign ministers of the Rio Group, China set up a ministerial political consultation mechanism with the Andean Community in 2000. China is also a full member of the Caribbean Development Bank and the Inter-American Development Bank, and an observer of the Organization of American States, the Latin American Parliament, the Economic Commission for Latin America and Caribbean, and the Latin American Integration Association. The relation between Sino-Latin American organizations and comprehensive Sino-Latin Ameri-

³⁸Javier Santiso, translated by Wang Peng, *The Visible Hand of China in Latin America*, Beijing, World Affairs Press, 2009, p. 4.

³⁹Statistics of import and export from the website of Ministry of Commerce of China: <http://www.mofcom.gov.cn/tongjiziliao/tongjiziliao.html>.

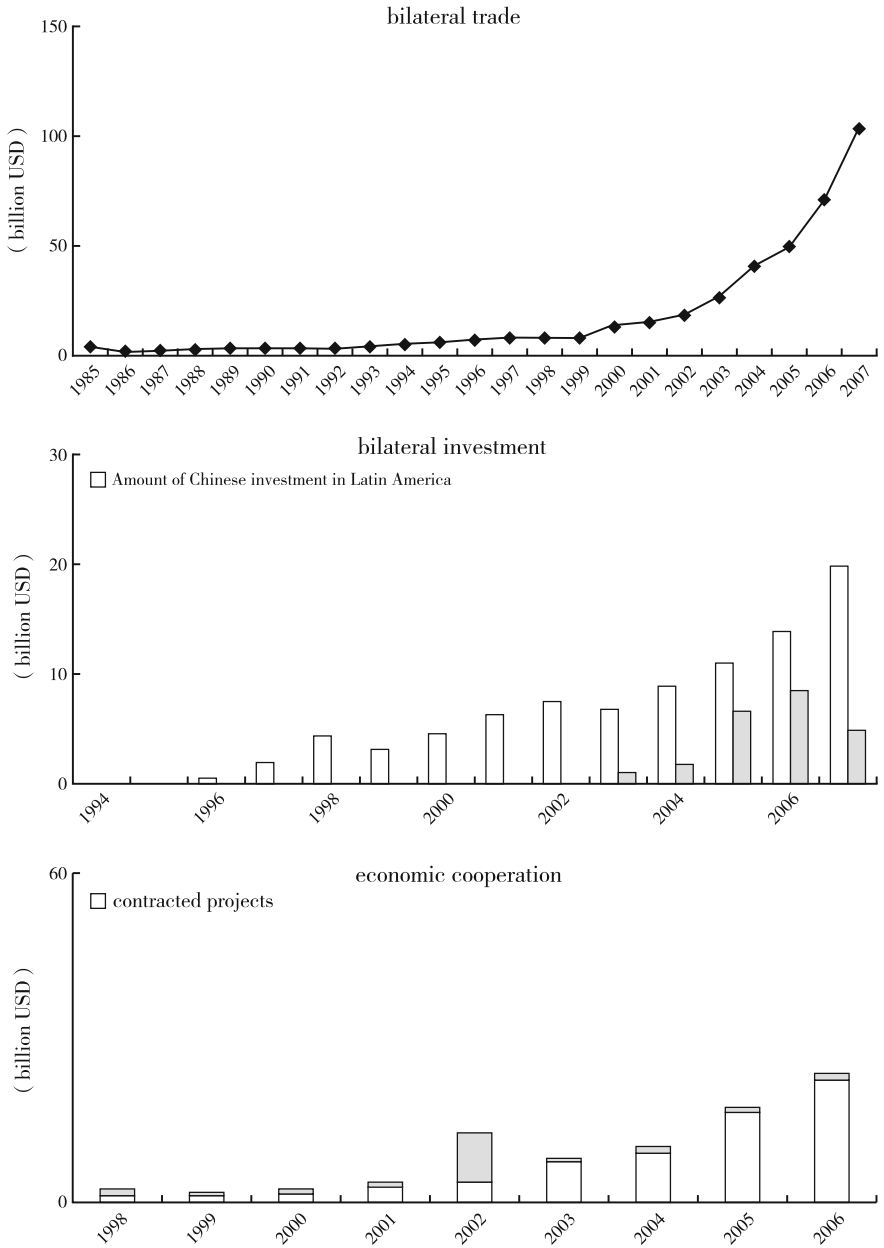


Fig. 1.1 Sino-Latino economic and trade cooperation development. *Data source* National Bureau of Statistics of the PRC, *China Statistical Year Book (1983–2008)*, China Statistics Press

can relations have become stronger, “Latin American organizations have become an important platform for Chinese leaders to state policies related to Latin America”.⁴⁰

Sixth, China and Latin America are focusing on the enhancement of international multi-lateral cooperation. Influenced by the current international financial crisis, relations between China and Brazil, Argentina, Mexico and other major countries in Latin America are taking global dimensions, which is conducive to the enhancement of the capability of developing countries to jointly set agendas and negotiate in international multilateral fields. China and Latin America share many consensus, and should coordinate positions to expand cooperation in fields of international multinational cooperation, the reform of the United Nations, the reform of the international financial system, the Doha Round of the World Trade Organization Talks, and the United Nations Climate Change Talks, for example.

In terms of the reform of the United Nations, China could continue to consult and dialogue with Brazil, Mexico, Argentina and other major countries in Latin America, and support the promotion of the representativeness of developing countries, including Latin American countries. The Inter-American Dialogue, a think tank based in the United States, believes that China’s international affairs judgments tend to be coincident with those of Latin America, as are their voting behaviors in the United Nations.⁴¹ The BRICs pointed out in a joint statement that Brazil’s position in international affairs should be valued, and its aspiration to play a greater role in the United Nations should be understood and supported.⁴²

In order to enhance the representativeness of emerging economies and their right to vote, China could conduct active consultation with the above three Latin American countries within the frameworks of the G20, the BRICs and the G8+5, so as to promote the reform of the international financial system centered on the IMF and the World Bank. China published an article titled *Reforming the International Monetary System*, which suggested that the ideal target would be to create an international reserve currency decoupled from sovereign states but able to maintain a stable value,⁴³ to which Brazil, Argentina, Venezuela and other Latin American Countries made positive responses. Brazilian President Lula expressed clearly that the Chinese proposal to create a new international reserve currency alternative to the dollar is

⁴⁰Yang, Wanming (2008: 112), *A Study on China’s Diplomatic Policy toward Latin American Nations (1990–2006)*. A Doctorate Dissertation submitted to the graduate school of Chinese Academy of Social Sciences.

⁴¹Jorge I. Dominguez, “China’s Relations With Latin America: Shared Gains, Asymmetric Hopes”, Inter-American Dialogue, Working Paper, June 2006, pp. 12–13.

⁴²BRICS Leaders’ Joint Declaration at Yekaterinburg Meeting, Russia, by www.news.cn on June 17th, 2009, http://news.xinhuanet.com/world/2009-06/17/content_11553282.htm.

⁴³On Reforms of International Currency System, Zhou Xiaochuan, Official Website of People’s Bank of the People’s Republic of China, on March 23rd, 2009, http://www.pbc.gov.cn/detail_frame.asp?col=4200&id=279&keyword=&isFromDetail=1.

“effective and appropriate”, and he also pointed out that the local currency settlement of bilateral trade between Brazil and Argentina is similar to China’s proposal.⁴⁴

In order to create a fair, reasonable, open and non-discriminatory international multilateral trade system, China could maintain close cooperation with Latin America within the framework of the WTO. The Doha round of negotiations were at a standstill due to the fact that no consensus was reached on key issues e.g., agriculture subsidiary reductions, non-agricultural product tariff reductions, and service industry openness between developing and developed countries. Since they were launched in 2001, the Doha negotiations have been progressing at a fairly slow pace. China played an active and constructive role in the Doha negotiations. Upholding positions similar to China, Brazil, Argentina and other Latin American countries urged that the outcomes of the negotiations should allow more space for the development of the agriculture of developing countries, so that these could be integrated into global economy and enjoy more development opportunities.

Within the framework of the United Nations Climate Change Talks, China and Latin American countries have been offered policy space to uphold the principle of “common but differentiated responsibilities” aimed at a strengthened cooperation. To protect Chinese and Latin American common interests, both sides should urge developed countries to fulfill their promises of providing technical transfer and financial support to developing countries and helping developing countries in capacity building.

In conclusion, in the “leap-forward” development stage, the respective comparative advantages of China and Latin American countries could be made full use of by expanding cooperation. Both sides should treat each other as important partners in diversifying market choices, so as to allow a broader economic and trade cooperation to extend the cooperation chain and expand cooperation fields. Both China and Latin American countries should strengthen multilateral cooperation in the international arena to protect their common interests. The “leap-forward” development stage has just begun, and economic factors, as important indicators of this “leap-forward” development, will continuously inject impetus to the deepening of the bilateral relations.

1.3 Economic Factors in Sino-Latin American Relations

In the new millennium, Sino-Latin American relations have undertaken a “leap-forward development” based on mutual political trust and common values formed during a 50-year incremental development period. The important catalytic factor is both parties’ mutual demand for economic growth, which is the inevitable result of their social development. From 2003 to 2008, Latin America enjoyed the most robust

⁴⁴Brazil thinks China’s Proposal concerning International Reserve Currency is “Effective and Proper”, by www.news.cn on March 27th, 2009, http://news.xinhuanet.com/world/2009-03/27/content_11081349.htm.

post-war economic growth, with accumulative GDP increase of nearly 30%.⁴⁵ Meanwhile, the Chinese economy grew at the fastest pace and in the most stable manner during the five years from 2003 to 2007 at an annual rate of 10.6% and with an annual volatility of no more than 1 percentage point. Affected by the 2008 global financial crisis, China's GDP growths lightly slowed down, nonetheless reaching 9%.⁴⁶ China's economic growth brought about a huge demand for raw materials, which drove the economic growth of Latin America and the exploitation of its rich resources, created favorable conditions for it to increase trade revenue and improve infrastructure, and helped its economy realize a stable, continuous, and healthy development. At present, economic and trade cooperation has become an effective way for China and Latin America to realize win-win cooperation. Latin America is China's main foreign trade cooperation partner, plays an irreplaceable role in supplying China with industrial raw material and energy, and has become a strategic destination for Chinese companies going global.

1.3.1 China and Latin America Are Mutual Economic and Trade Cooperation Partner

After the "incremental development" period and now in the "leap-forward development" period, both parties have engaged in all-round economic and trade cooperation, covering trade, investment and economic cooperation, and became mutual main foreign economic and trade cooperation partners.

Trade takes up the largest share of China and Latin America economic and trade cooperation. According to the statistics of the Ministry of Commerce, the trade volume between China and Latin America reached 143.4 billion US dollars in 2008, of which China exported 71.5 billion US dollars to Latin America. Of these exports, about 73% are consumer goods and capital goods, 25% are intermediate products, while raw materials account for less than 1%. China's imports from Latin America account for 71.9 billion US dollars, of which 66% are raw materials, 23% are intermediate products, and 11% are capital goods and consumer goods. For the time being, Latin America ranks the fourth largest foreign trade destination for China. The Sino-Latin American trade volume accounts for 5.6% of China's total foreign trade volume, 5% of China's exports and 6.3% of China's imports. China

⁴⁵ECLAC, *Economic Survey of Latin America and the Caribbean 2008–2009*. Chile: Santiago, July 2009, p. 51.

⁴⁶Statistics for the year 2003–2007 is quoted from the central government website: http://www.gov.cn/jrzq/2008-02/19/content_893773.htm; statistics for 2008 is quoted from *the Report on National Economy and Social Development in 2008*: http://www.stats.gov.cn/tjgb/ndtjgb/qgndtjgb/t20090226_402540710.htm.

is Latin America's second largest trade partner. The Sino-Latin American trade volume accounts for 7.4% of Latin America's total foreign trade volume, 4.9% of its exports and 9.8% of its imports.⁴⁷

Direct investment takes up an important part of China and Latin America's economic and trade cooperation. The Ministry of Commerce reported that China's FDI inventory in Latin America was approximately 24.8 billion US dollars in 2008, accounting for 14.6% of China's total FDI; Latin America's cumulative actual investment in China was 112.6 billion US dollars,⁴⁸ accounting for 14% of the foreign capital inventory in China. Latin America has become China's second largest FDI destination and source after Asia. Chinese enterprises' business in Latin America includes trade, engineering contracts, production and manufacturing, as well as oil, gas and mineral resources prospection. Latin American enterprises are mostly engaged in the manufacturing and real estate business.⁴⁹

Although economic cooperation only takes up a relatively small proportion of the Sino-Latin American cooperation, progress has been achieved in recent years. The Ministry of Commerce's statistics show that labor contracts and design consulting contracts signed by China in Latin America cumulated 16.8 billion US dollars in 2008, with 12.6 billion US dollars completed, accounting for 4% of China's cumulative completed foreign economic cooperation volume.⁵⁰

1.3.2 China's Economic Benefits in Latin America

1.3.2.1 Latin America Is an Important Supplier of Industrial Raw Materials for China

Latin America is an important exporter of primary and intermediate products in the world, for which China has a huge demand. China's foreign trade dependence in iron ore, copper ore concentrate, bauxite ore, chromium, nickel, potassium, chemical fiber materials and other important raw materials are all over 50%. In the current international demand and supply pattern, Latin America occupies an important position in supplying China with industrial raw materials.⁵¹ At present, on the one hand, Latin America exports dramatically increasing amounts of primary products to China, like plant products (such as soybeans), metals (such as copper, iron, tin, and aluminum) and ores (such as iron ore, copper ore, precious metal ore); on the other hand, it stably satisfies China's demand for intermediate products, like wood

⁴⁷Data for 2008 are based on the website news from Ministry of Commerce; data for 2007 on UNCOMTRADE.

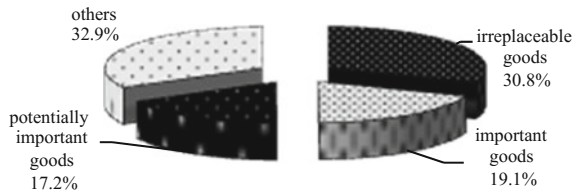
⁴⁸Based on the Ministry of Commerce investment statistics. People in this industry hold disputes these data, thinking round-tripping may exist.

⁴⁹Based on the website, news and statistics of Ministry of Commerce.

⁵⁰See Footnote 49.

⁵¹Based on DRCNet's foreign trade statistics.

Fig. 1.2 The role of Latin America in China’s import of industrial raw materials.
Data source Calculation based on the UN statistics on trade in goods (UNCOMTRADE)



pulp, chemical materials, textile raw materials, and animal and vegetable oils. The status of Latin America in the global market and in terms of China’s exports makes it an irreplaceable supply of industrial raw materials for China (Fig. 1.2).

Firstly, Latin America is an irreplaceable industrial raw materials supplier for China. One third of China’s and 2/3 of the world’s imports of industrial raw materials are of Latin American provenance, forming a near monopoly. These products include soybean, soybean oil, fishmeal, copper ore and its concentrate, which account for 30.8% of Latin America’s exports to China.

Secondly, Latin America is an important region from which China imports industrial raw material, accounting for over 1/3 of China’s imports and 1/3–2/3 of the world’s exports. These products include animal and vegetable oil, sugar, sylvine, wood pulp, glycerinum, halogen, copper alloy, as well as iron, tin, molybdenum, and precious metals’ ore and their concentrate, which account for 19.1% of Latin America’s exports to China.

Finally, Latin America is a potential important supplier of certain kind of industrial raw materials for China. At present, Latin America’s exports of such kind of products to China account for less than 1/3. However, their share of the global supply accounts for over 1/3, so their share in exports to China is expected to increase. These industrial raw materials include lemon oil, sodium nitrate, unrefined copper, manganese, aluminum, lead, zinc and other metallic mineral ore and slag, accounting for 17.2% of Latin America’s export to China.⁵²

China’s future economic growth will further consolidate Latin America’s irreplaceable position. The Sixteenth National Congress of the Communist Party of China clearly stated that by 2020 the size of China’s economy will quadruple in comparison with 2000 and total 35 trillion yuan. To realize this goal, China’s annual GDP growth rate needs to be maintained at 7.2%. As per the “mechanism of reversal pressure”, we can simulate China’s main products trade in 2020 and calculate that the net import of oil crops, sugar, plant fiber, energy, ore products, and forest products will obviously increase. Based on historical data, Fig. 1.3 predicts China’s imports of main products from Latin America. It can be seen that from 2001 to 2007, Latin American exports of industrial raw materials to China kept increasing. Supposing the constancy of other factors, this kind of product will increase by 8% on average by 2020. The average growth rate of metallic products and wood pulp will be over 6%; the average growth rate of mineral products, plant products and textile raw materials will exceed 7%, and the average growth rate of chemical products and animal and

⁵²Based on UNCOMTRADE’s data.

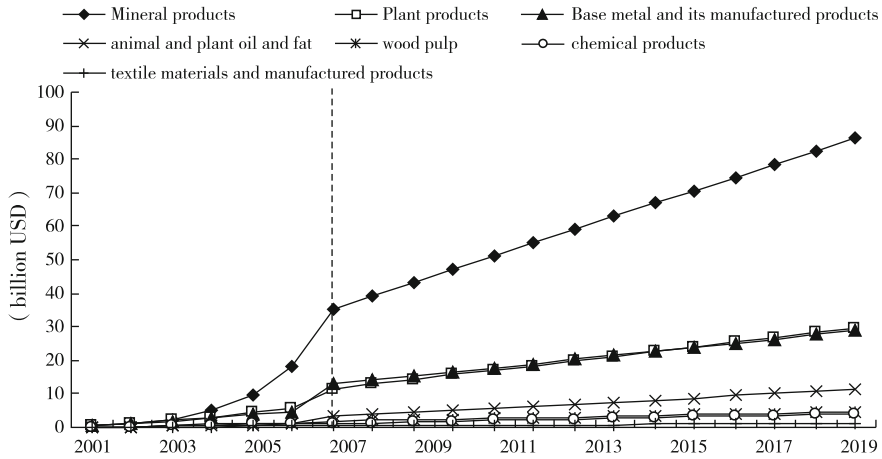


Fig. 1.3 The role of Latin America in China’s import of industrial raw materials. *Data source* Statistics before 2008 is quoted from the foreign trade statistics on DRCNET, based on which statistics after 2008 is predicted. *Note* Calculation based the 2005 price level. Prices for other years are adjusted according to Moody’s primary products index (<http://www.indexmundi.com/commodities/?commodity=commodity-price-index&months=120>)

vegetable oil will be around 10%.⁵³ Actually, China’s GDP enjoyed an annual growth of or over 9% from 2003 to 2008. Many economists point out that China will enjoy at least another one rapid growth period. It can be forecasted that China will have larger demand for the aforementioned products even in 2020.⁵⁴ It can also be predicted that in the following several decades, China’s demand for primary products will be huge and Latin America will continue to occupy quite an important position in China’s economy and trade development strategy.

1.3.2.2 Latin America Is China’s Realistic Choice for the Diversification of Energy Sources

Petroleum takes up 1/5 of China’s energy consumption. It has become the second most consumed form of energy after coal. Since China became a net importer of oil in 1993 and a net importer of crude oil in 1996, it increasingly relied on imported oil. In 2008, China’s net oil imports (including crude oil, refined oil products, liquefied

⁵³This prediction is based on previous China’s import from Latin America. Supposing China’s GDP growth rate IS 7.2% in 2020 with no energy-reserving technology progress, and there is no large adjustment in Latin America’s export policies. The statistics of mineral products does not include oil.

⁵⁴Li Yining, Lin Yifu, Fan Gang, Hai Wen, Sheng Hong and other economists think China’s high economic growth can be maintained; Zeng Peiyan, Hu Angang, WANG Xiaolu, Zhang Zhuoyuan, Chen Dongqi and other economists predict that China’s economic growth rate will exceed 7% by 2020.

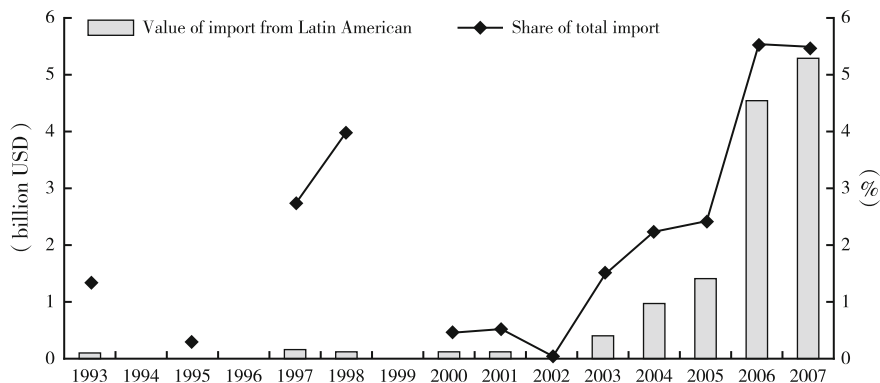


Fig. 1.4 The value and proportion of Latin America's oil export to China. *Data source* Based on the foreign trade statistics on DRCNET and *BP World Energy Statistics (2007–2009)*

petroleum gas and other petroleum products) reached 200.67 million tons, of which crude oil accounted for 178.89 million tons. That year, 51.4% of the petroleum needed in China and 48.5% of the crude oil needed was imported, reaching a record high.⁵⁵

The growing petroleum imports make China's energy problems increasingly prominent. To safeguard and dissolve risks arising from having a single import source, China implemented a strategy to diversify its petroleum imports. Latin America can be a strategic alternative supplier of additional petroleum. UNCOMTRADE's statistics show that Latin America is now a stable supplier of petroleum for China, its petroleum exports to China having dramatically increased from 6 million US dollars' worth to 5.29 billion US dollars' worth in 2007. Its share in China's petroleum imports increased from 0.3 to 5.5% (Fig. 1.4). Venezuela, Brazil, Argentina, Ecuador and other main petroleum suppliers exported in total 16.5 million tons of petroleum to China in 2008.⁵⁶

Latin America's importance in China's strategy to diversify petroleum imports has become increasingly evident over nearly a decade. On the one hand, Latin America is one of the largest exporters of petroleum to China, and its importance continues to grow. As Fig. 1.5 shows, since 2000, Latin America has constantly ranked China's fifth largest petroleum supplier, and its proportions are increasing. By contrast, the Middle East's stably occupies No. 1 and its proportions are also stable. The proportions of Africa and the region of the former Soviet Union are increasing yearly, ranking No. 2 and No. 3 respectively. Proportions for the Asian-Pacific region have greatly dropped, from No. 2 to No. 4. On the other hand, Latin America is the leading region with which China seeks new overseas energy cooperation. Its stable supply is guaranteed by a series of oil-for-loans agreements. Oil-for-loans agreements are a new trade method adopted by China in recent years. It implies an exchange between

⁵⁵Yang Shangming, *China Depends More and More on Imported Oil*, *International Business Daily*, 2009 June 22. 2nd edition.

⁵⁶*BP Statistical Review of World Energy*, June 2009, p. 20.

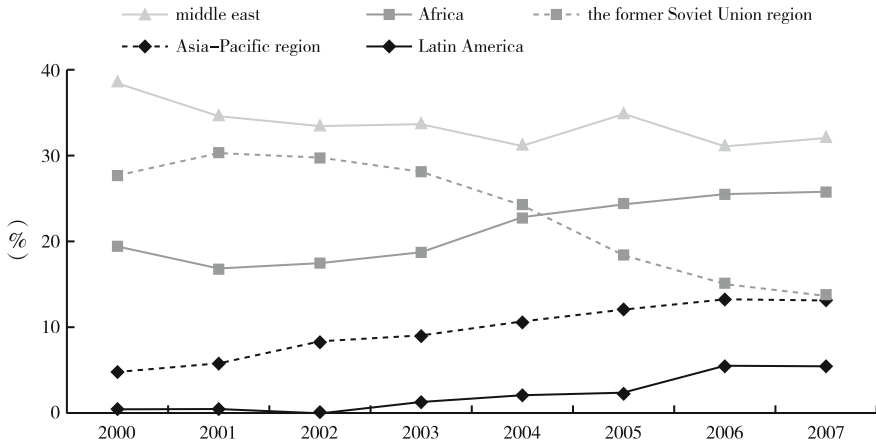


Fig. 1.5 Changes in China's Oil Suppliers. *Data source* Calculation based on statistics from UNCOMTRADE. *Note* Calculation based on the amount of money

loan and oil estates, guaranteeing the supply of oil within a contracted period and allowing China to extricate itself from the chains of single way of land or sea reserves and develop contract reserves. At present, China has signed such agreements with six countries: Russia, Brazil, Venezuela, Ecuador, Angola and Kazakhstan. Contracts with Latin American countries are valued at 19 billion US dollars in total, accounting for 38% of the total value, guaranteeing that China will import 20–30 million tons of crude oil from Latin America every year for the following 2–10 years.⁵⁷

Latin America's petroleum reserves and its position in international trade will also make it play a big role in China's strategy to diversify oil imports. BP's 2009 Statistical Review of World Energy reports that in 2008 Latin America's proven oil reserves were of 29 billion tons, accounting for 10.7% of the world's total proven reserves, second to the Middle East (59.9%), and ranking No. 2. Its oil production was 490 million tons, accounting for 12.5% of the global oil production, ranking No. 3 (the Middle East and former Soviet countries account for 31.9 and 15.8% respectively). Its oil exports were 200 million tons in total, accounting for 10% of the world's exports, after the Middle East and former Soviet countries taking up 45.4 and 15.8% respectively. In the same year, Latin America's oil exports to China only accounted for 0.8% of its total oil exports. By contrast, oil exports to China account for 16.7, 14.5, 10.3 and 7.2% respectively in the Asian-Pacific region, Africa, the Middle East and former Soviet countries. It can be seen that Latin America occupies a relatively quite large and absolute space in China's strategy to diversify oil exports.

⁵⁷ China has signed 6 loan-for-oil contracts, Longzhong Shihua Commerce Net, 2009 July 15th. http://www.oilchem.net/news/1_1_179663.html. China signed loan-for-oil agreement with Russia, Brazil, Venezuela, Ecuador, Angola and Kazakhsta. The agreement prices are 25 billion US dollars, 10 billion US dollars, 8 US billion dollars, 1 billion US dollars, 1 billion US dollars and 5 billion US dollars.

Continuing to increase its share of oil exports is beneficial to China's construction of an active energy security defense system.

1.3.2.3 Latin America Is a Strategic Destination For the Overseas Operations of Chinese Enterprises

Since Latin America has advantages in terms of geography, resources and international economic status, more and more Chinese companies are interested in investing in this region.

Firstly, Latin America is a strategic region for Chinese companies exploring overseas resources. Chinese enterprises have invested in oil field, iron ore, and copper ore, having thus obtained a stable supply of resources. In terms of energy investment, PetroChina and Sinopec have been chosen to develop several oil fields in Ecuador, Peru, and Venezuela via acquisition and international bidding. PetroChina's crude oil production in South America solely totaled up to 10.56 million tons in 2008.⁵⁸ In terms of investments in iron ore, Shougang Group bought all the assets of the Peru Iron Ore Company, which annually produces 10 million tons, and gained permanent rights of exploration, exploitation, and operation of the mineral resources in a 670 km² mine.⁵⁹ In terms of copper investments, China Minmetals Group, Zijin Mining Group, and Chinalco were successively chosen for copper exploitation projects in Chile and Peru. In Peru, the Toromocho copper mine alone, which exploitation rights are now Chinalco's, has metallic resource reserves assessed at 15 million tons, equivalent to 19% of China's total copper reserves. Its annual copper production is 250 thousand tons, equal to 1/3 of China's annual fine copper production.⁶⁰

Secondly, Latin America is one of the main destinations for Chinese enterprises' processing trade abroad. Latin America has three advantages in terms of processing trade: first, Latin America, with a population of over 500 million and a GDP of over 3 trillion US dollars, is a huge market; second, it is adjacent to the U.S. and Canada, possessing a natural advantage for entering these two markets; third, it has huge free trade network. According to WTO statistics, by the end of June 2009, Latin America had been involved in 35 of the global 183 RTAs already in effect. Via RTAs, Latin America's products can penetrate the world's main markets paying low or no taxes. Attracted by the above advantages, a group of Chinese enterprises set up production and processing bases in Latin America to open processing and assembly business. Among these, investors are mainly enterprises with mature technology, advanced management, and good reputations; investment mainly goes to industries like apparel and textiles, appliances, light manufacturing, machinery and APIs, which are suffering from overcapacity; investment is deployed in over 20 Latin American economies. China's production and processing bases in Latin America mostly have gained good economic benefits. Some enterprises also effectively shunned overseas

⁵⁸http://news.xinhuanet.com/fortune/2009-02/27/content_10910997.htm.

⁵⁹<http://www.mcc.com.cn/Article/ShowArticle.asp?ArticleID=40222>.

⁶⁰<http://www.chinamining.com.cn/news/listnews.asp?classid=159&siteid=137333>.

trade barriers by reasonably using the country-of-origin rule, expanding overseas markets, and driving the exportation of domestic equipment, technology, raw materials and accessories.

Thirdly, Chinese companies can achieve internationalization in Latin America. By investing and building up factories in Latin America, competitive Chinese enterprises are expanding their business globally, which will expand the market's radiative effect and negate single market's risk. For example, Huawei's branch in Latin America consists of a series of supporting system including sales center, service center, logistics center, and training center. And its 75% turnover comes from abroad. Revenue increase in Latin America helped it weaken the negative impacts of the financial crisis.⁶¹ Chery Automobile built up production base in Uruguay in a joint venture with Argentina's SOCMA Group, after having set up automobile factories in Egypt, Iran, Ukraine, Russia and Indonesia. Sales will expand to Latin America, which ranks No. 4 in global automobile sales revenue. This also laid a good foundation for future brand reputation in the international automobile industrial chain.

1.3.3 Latin America's Economic Interests in China

1.3.3.1 China Is Latin America's "Trade Angel"

China imports large amount of primary products from Latin America, which increases Latin America's trade revenue. The report *China's Visible Hands in Latin America* points out that China is like a "trade angel" for Latin America, as it provides a market for Latin America's primary products. Therefore, China has a positive impact on Latin America's trade, as is directly shown by rocketing exports and indirectly shown by improving trade conditions.⁶² It is reasonable to think that Sino-Latin American trade drives the exportation of Latin American primary products in two ways. First, China's economic growth induces a huge demand for primary products which increases Latin American exports. Based on the aforementioned OECD's report, "Latin America's exports to China have a substantial leaping growth in terms of nominal incomes." Mexico, Brazil, Argentina, and Chile's exports to China increased by 1000, 500, 360 and 240% respectively.⁶³ Second, China's huge demand promotes the price rise of Latin America's primary products. Based on the statistics of the UN Economic Commission for Latin America, from 2000 to 2007, China's new demand contributed to 1/2 of the global increase in the soybean oil demand, 1/3 for beans, 1/2 for refined copper, 3/4 for refined aluminum and zinc, 1/3 for steel products, and 35% for oil. This, to some extent, lifted the prices of related products, and improved trade conditions for Latin America's export partners. Venezuela, Bolivia, Chile, Columbia, Cuba and Peru benefit the most from this. Their exporting prices rose by 14.8, 10.5,

⁶¹ Huawei 2008, http://www.huawei.com/cn/corporate_information/huawei2008.do.

⁶² Javier Santiso. *China's visible hands in Latin America*, Beijing, World Affairs Press, 2009, p. 3.

⁶³ See Footnote 62.

13.5, 6.8, 23.8, and 2.7% respectively. Moreover, Latin America's overall export prices increased by 6%.⁶⁴ Because of the simultaneous increase in volume and prices, Latin America's export revenue also dramatically increased. From 2000 to 2007, Latin America's export turnover to China increased nine fold. Venezuela, Argentina, Brazil and Chile's exports volume to China increased by 106 times, 6 times, twice and 100% respectively.

While China imports large quantities of primary goods from Latin America, it also provides a market for its manufactured goods. The statistics of the UN Economic Commission for Latin America show that among the products that Uruguay, Panama, Paraguay, Nicaragua, el Salvador, Mexico, Honduras, Costa Rica, Colombia, Guatemala and other countries export to China, over 1/2 are manufactured goods. Most typically, 93% of the products that Costa Rica, Mexico, Honduras and Colombia export to China are high-tech products, such as microcircuits and communication equipment; among the other three countries' exports to China, technology products account for over 50%.⁶⁵

1.3.3.2 China Assists Latin America in Infrastructure Development

Latin America has long been criticized for its backward infrastructures. The World Bank and other international institutions have repeatedly appealed for more investment in this area to alleviate poverty, increase jobs and improve competitiveness. Capital shortage and backward technology are the fundamental reasons for its weak infrastructure. However, China directly participates in the development of its infrastructure by contracting engineering projects, and helps to eliminate the above two restraining factors with innovating cooperation methods.

In recent years, China's engineering companies have repeatedly participated in Latin America's infrastructure development projects. For example, CTTIC Guohua contracted Brazil's Candiota project and Venezuela's social housing project; Sinopec contracted Brazil's gas pipe project. Several projects are being carried out according to the "financing+EPC" formula which combines project construction, technology export and capital export with fund support provided by CTTIC Group, Ex-im Bank and other Chinese financial institutions, thus solving capital shortage and backward technology issues in infrastructure development and exerting a beneficial spill-over effect. The Denier-Anaheim railway contract signed by CREC and Venezuela is an example: this program is valued at 7.5 billion US dollars, and financed by Fondo Conjunto Chino-Venezolano (the China Development Bank invests 8 billion US dollars in this fund). CREC is in charge of all design, purchase and construction work. This project is expected to create 1000 jobs directly and 5400 jobs indirectly

⁶⁴*Economic and Trade Relations between Latin America and Asia-Pacific. The Link with China.* Chile: Santiago, October 2008, pp. 27–29.

⁶⁵Data source: ECLAC, *Economic and Trade Relations between Latin America and Asia-Pacific. The Link with China.* Chile: Santiago, October 2008, p. 27.

in Venezuela once it starts. After its completion, it will connect in a network with other railways, upgrading Venezuela’s road networks.⁶⁶

1.4 Five Thoughts on “Development Interests” in Sino-Latin American Relations

During the 60 years after the foundation of the People’s Republic of China (PRC), the five stages of Sino-Latin American relations featured incremental and leap-forward development, with bilateral economic relations gradually evolving from initial small-scaled trade into the current comprehensive cooperation, covering trade, investment and other economic fields (Fig. 1.6). The development pattern resulting from the diplomatic interaction between China and Latin American not only reflects what the two parties’ politics, economy, diplomacy and culture were once like, but also how diplomatic guidelines have changed over time.

At the 2006 Conference on the Central Government’s Foreign Affairs Work, then President Hu Jintao pointed out that work needs to be domestically and internationally coordinated with a focus on economic development.⁶⁷ In November 2008, in a speech

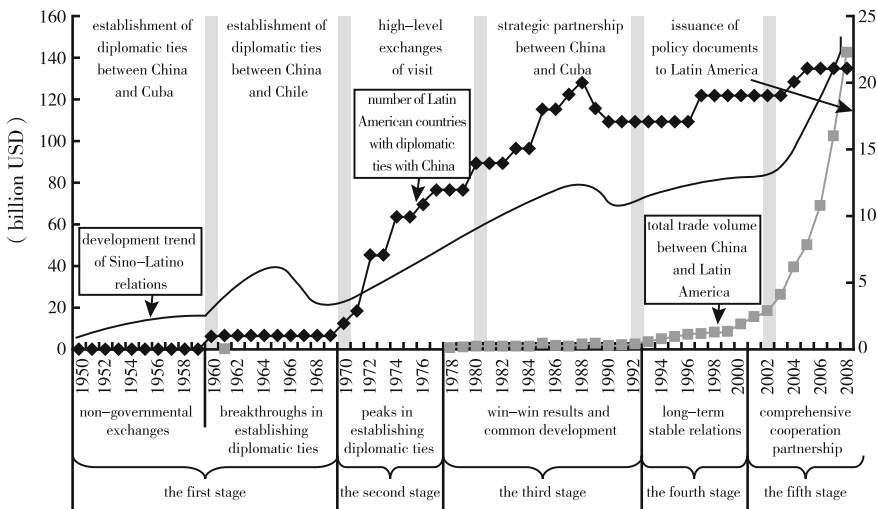


Fig. 1.6 The 60-year-long Sino-Latino relations. *Data source* drawn based on the paper. The total Sino-Latino trade volume is based on the Handbook of Statistics On-line of UNCTAD. *Note* Numbers on the left are Sino-Latino trade volume; numbers on the right are the number of years for bilateral diplomatic ties. The unit for Sino-Latino trade volume is USD 100 M. Statistics on trade volume from 1950–1960 and from 1961–1967 are missing

⁶⁶<http://www.crecept.cn/information/informationdetail.jsp?ID=20090804084308099&type=21>.

⁶⁷http://news.xinhuanet.com/politics/2006-08/23/content_4999294.htm.

delivered in front of Peru's Congress, President Hu said, "The most urgent task for both China and Latin America is development, a task we can accomplish by providing each other with great opportunities in these extremely important times."⁶⁸ In July 2009, President Hu sent a similar message at the Eleventh Ambassadors Conference: "Diplomatic work plays an increasingly important part in governmental work, and we must make more efforts to better consolidate and improve stability during reform and development, so as to safeguard our sovereignty and security and guarantee the interests of development. Currently, diplomatic work is more closely related to national development, therefore we should rely on development, serve development and promote development so as to safeguard development interests as China fully opens up to the world."⁶⁹

President Hu's statements about "development", "development opportunities" and "development interests" are significant. They summarize China-Latin America relations over the past 60 years and offer a vision for a promising future. The incremental and leap-forward development is consistent with Sino-Latin American "development interests", therefore the concept of "development interests" cannot only be perfectly used to summarize Sino-Latin American relations of the past 60 years, but also to predict and lead the future development of Sino-Latin American relations for win-win results. Moreover, President Hu's statements about relying on development, serving development, promoting development and safeguarding our "development interests" when China opens fully to the world have become a fundamental principle guiding Sino-Latin American relations and even China's diplomatic relations with other countries.

The "Taiwan issue" is and will remain an essential "development interest" in Sino-Latin American relations, but as it is complex and cannot be solved in the short run; it has become a matter of conventional interest. At the same time, Sino-Latin American economic interaction and interests are becoming the core factors in their bilateral relations. This shift of core interests is in line with both China's and Latin America's "development interests", and since China-Latin America relations are meant to serve the interests of both parties, a sound relation naturally is the common pursuit of both sides. This delicate shift is required by and is a natural result of the development of both China and Latin America. The change is also a consequence of shifting international patterns. Only by understanding the role of Latin America in China's development and opening-up, guided by the principle of national interests, can the strategic guideline of valuing Latin America, as put forward by President Hu, be properly carried out.⁷⁰

⁶⁸Hu Jintao: *Jointly Building a Comprehensive Partnership with Latin America in the New Time—a Speech in Peru's Congress* (20 November, 2008), the third edition of *People's Daily*, 22 November, 2008.

⁶⁹*The Eleventh Conference of Ambassadors* held in Beijing, the first edition of *People's Daily*, 21 July, 2009.

⁷⁰Hu Jintao: *Jointly Building a Comprehensive Partnership with Latin America in the New Time—a Speech in Peru's Congress* (20 November, 2008), the third edition of *People's Daily*, 22 November, 2008.

1.4.1 Economic Development Has Become the Priority for Aligning Sino-Latin American “Development Interests”

As China’s long-term development goals and the international situation keeps changing, so does China’s priorities in developing Sino-Latin American relations. For a long period after the foundation of the PRC, political interests were the priority. In more specific terms, China focused on building up political trust and consolidating diplomatic ties with Latin America. During the “reform and opening up” period, and especially when China tried to fully open up to the outside world, economic development became the priority in Sino-Latin American relations, which meant economic interests started to play a bigger role. In the 21st century, China witnessed fast economic development and was more deeply integrated into the global economy; therefore, China is now diplomatically faced with the task of making full use of its domestic as well as the international market at a higher level. At the same time, Latin America plays a more important role in providing resources to China and diversifying China’s overseas market, so it’s natural that economic development and economic interests have become the priority for aligning Sino-Latin American “development interests”.

First, strategic mineral resources remain at the very center of China’s “development interests” in Latin America. At the Eleventh Ambassadors Conference, Present Hu said, “A comprehensive analysis of related factors shows that the first 20 years of the 21st century constitute a strategic period for development with new opportunities and challenges.” The second period of fast economic development that China will experience in the first 20 years of this century is one such opportunity and challenge, as it will create a huge demand for resources. According to the Chinese Mining Association, among the 45 major mineral resources needed by China by 2020, 19 are in shortage or severe shortage,⁷¹ and 10 out of the 19 are now imported from Latin America. Reserves for 17 out of these 19 minerals rank among the top in Latin America except for chromium and adamas. Generally speaking, Latin America is a better supplier of minerals than Africa and Australia, especially in terms of copper, tin, nickel, bauxite, iron ore, gold and oil reserves (accounting for 52, 30.9, 23.8, 18, 11.5, 11.6 and 10.7% respectively of the world’s total reserve).⁷² Therefore, Latin America will be an important mineral resources supplier for China. In 2009, after the failure of the Aluminum Corporation of China to acquire the Rio Tinto Group and the merger of the Rio Tinto and BHP Billiton iron ore businesses, Brazil’s Vale Corporation became the only choice for China to break the international monopoly in the iron ore business. To summarize, Latin America’s role as China’s strategic

⁷¹Oil, iron, manganese, uranium, bauxite, antimony, tin, lead, nickel and gold (10 minerals) will be in shortage; Copper, zinc, chromium, cobalt, platinum group elements, strontium, boron and potassium, diamond (9 minerals) will be in serious shortage.

⁷²Data come from USGS, *Mineral Commodity Summaries* (<http://minerals.usgs.gov/minerals/pubs/mcs/>). The 19 minerals are abundant in Africa except zinc, potassium and boron and in Australia except oil, platinum group elements, boron, antimony and potassium and diamond.

mineral resources provider will remain firm for a long time; moreover, iron ore, a special component of the strategic mineral resources group, has an obvious strategic significance in terms of China's core interests in Latin America.⁷³

Second, a "potentially huge market capacity" is the key for the expansion of Sino-Latin American "development interests". China can expand its international market by tapping into Latin America. At the Eleventh Ambassadors Conference, Present Hu said, "We are and will be committed to tiding over the financial crisis, achieving rapid and balanced economic development, improving our people's livelihood and providing stable services in our diplomatic work."⁷⁴ Industrial restructuring can only progress in a gradual manner; therefore, China still needs to rely on overseas markets for development by 2020, with bigger external risks. For instance, orders from major markets like America and Europe shrank due to the financial crisis, so many Chinese manufacturers aiming at those markets has to halt production, making it difficult directly or indirectly for about 25 million migrant workers to find jobs in 2009.⁷⁵ In order to avoid external risks, China must diversify its export markets, and Latin America, with its huge population and economic aggregates, seems to be a good choice for China.

Third, China's huge economic demand can serve the "development interests" of Latin American countries. For starters, primary products will remain Latin America's major exports for a long time, for which China's huge demand ensures steady trade revenues for Latin America. For example, Brazil saw its export income greatly shrink, with a decrease of 22% in the first five months of 2009 due to the raw material price decline that followed the international financial crisis.⁷⁶ However, contrary to the general slowing down tendency, Vale Corporation witnessed a 7.7% increase in its export volume for the first time in six months, amounting to 5.5 billion US dollars,⁷⁷ thanks to China's great demand and the high price of iron caused by successive negotiation delays. Second, exporting more manufactured goods will be an important task for Latin America industrial restructuring, for which China will provide a huge market. Currently, many Latin American countries do not have competitive manufactures; in consequence a low proportion of manufactured goods are being exported to China. In fact, mechanical and electrical products and high-tech products have already accounted for over 80% of China's Latin American imports. Therefore, as Latin America's manufacturing industry develops further, manufactured goods with high added-value will find their way into China's huge market. In addition, China can provide capital and technological support for Latin America's

⁷³Rio Tinto, BHP Billiton and Vale together have a share of over 70% of global iron ore market. 50% of iron ore in BHP Billiton, 50% in Rio Tinto and 30% in Vale are exported to China.

⁷⁴*The Eleventh Conference of Diplomatic Envoys* held in Beijing, the first edition of *People's Daily*, 21 July, 2009.

⁷⁵Wang Shiling: *Job Security System is to be Improved at a Faster Pace with 25 Million Migrant Workers Do without Job*, in the fifth edition of *21 Century Economy Report*, dated 3 February, 2009.

⁷⁶*Brazilian Government Help Exporting Companies Out*, Xinhua Net, 22 June, 2009. http://news.xinhuanet.com/fortune//2009-06/22/content_11581157.htm.

⁷⁷*China's Demand Helps Boost Brazil's Vale Export Income for the First Six Months*, 29 July, 2009, <http://br.mofcom.gov.cn/aarticle/jmxw/200907/20090706425730.html>.

mid-and long-term task in infrastructure improvement. China, as the world's sixth largest investor, has sufficient capital. On top of that, China has both expertise and management experience in contracting international projects. In 2008, 51 Chinese companies ranked among the "Global Top 225 Contractors" (only 4 Latin American companies figured on the list) and 8 Chinese companies ranked among the "Global Top 150 International Projects Designers" (no Latin American company figured on the list). Therefore, China is in a good position to meet Latin America's needs in infrastructure improvement, whether through direct investments or as a contractor.⁷⁸

In conclusion, "development interests" are and will remain essential for Sino-Latin American relations, to which end the exploration of new growth opportunities is the priority.

1.4.2 Expanding Investment in Resource-Based Industries Is an Effective Way to Align Sino-Latin American "Development Interests"

First, more direct investment in resource-based industries can ensure China's economic interests in Latin America. At present, China's direct investments in Latin American resource-based industries are relatively lagging behind because, on the one hand, China missed a significant chance to buy companies shares (e.g. iron mine companies) in such industries during the 1990s, a period which featured the privatization of industry in Latin America; on the other hand, China fails to exert influence on the Latin American industries given current relatively inadequate investments. China is not trapped in an awkward situation because it imports great quantities of bulk commodities such as oil, soybeans and iron ore, yet it doesn't have much of a say in their pricing. Take iron ore as an example: from 2003 to 2008, the international negotiated price of iron ore rose by 397.8%, which cost China nearly 700 billion yuan in extra payment or twice of the profit of domestic iron and steel companies during the same period.⁷⁹ In the long run, insufficient resource supply will be a major barrier to China's development. Thus, it is urgent for China to invest in Latin American resource-based industries, either by buying shares or via other channels, so as to stabilize price and supply. Since the second half of 2008, influenced by the reduction of overcapacity, a slowing demand and the international financial crisis, the global mineral industry entered a new round of adjustment and some important mineral products such as crude oil, copper and aluminum have undergone falling and fluctuating price. Against this backdrop, China will enjoy new opportunities for merger and acquisition in Latin America. China should take this advantageous opportunity to directly invest more in Latin American resource-based industries like

⁷⁸ENR website: <http://enr.construction.com/people/toplists>.

⁷⁹*How Japanese Financial Groups Deal with the Negotiation of Iron Ore*, China Youth Online—China Youth Daily, July 24, 2009. http://zqb.cyol.com/content/2009-07/24/content_2771521.htm.

energy resources, mineral products and agriculture, and use local resources to build production bases and sell products via the transfer of domestic resource-intensive industries to Latin America. The above investment strategy in terms of resource-based industries will not only allow China to optimize domestic resource allocation and reduce its dependence on foreign resources, but also tap into more markets as a solution to industrial overcapacity in China.

Second, the expansion of investment in resource-based industries is consistent with Latin America's "development interests". Latin American countries possess abundant resources but to some degree face financial and technological limitations, which hinders the development of said resources. Direct Chinese investments are likely to alleviate these limitations and create job opportunities as well, thus aligning with Latin American economic interests and realizing a win-win cooperation. Take Brazil as an example: the discovery of the new Tupi and Carioca oil fields makes it a potential major oil country, but it is technically difficult and expensive to prospect the two oil fields because they are located deep under sea. As per Swiss Bank Corporation estimates, the development of the two new oil fields calls for an investment of approximately 600 billion US dollars.⁸⁰ Undoubtedly, international investors including China are conducive to speeding up the development of Latin American oil fields and shoulder risks in the new technological research, development, and investment. Venezuela also faces similar limitations in terms of oil prospection, such as outdated technology and inadequate refining capacity. Thus, China's petrochemical enterprises can not only provide capital for the expansion of production, but also help increase efficiency in the development and utilization of oil.⁸¹

1.4.3 Addressing Trade Frictions in a Proper Way Can Facilitate Sino-Latin American "Development Interests"

Trade is the main channel for the alignment of Sino-Latin American economic interests. However, there have been occasional trade conflicts in the past, exerting a negative impact on Sino-Latin American relations. WTO data show that Latin America has taken protective measures mainly against China, and its anti-dumping policies towards China are more severe than those towards other countries, some of which overly strict given the current bilateral trade volume. Since the global financial crisis, countries in Latin America such as Argentina and Brazil have frequently taken remedy measures against China-made products, which are potential causes for additional trade frictions. In the short term, such trade frictions hinder China's exports to Latin America as well as China's economic recovery. In the mid and long run,

⁸⁰*Brazil: The New Major Oil Country*, contained in *The South of China Today*, November 24, 2008, the 18th edition.

⁸¹*Agreement on Heavy Oil Recovery and Refinement* is signed by CNPC and Venezuela, Xinhua Net, May 13, 2008. http://news.xinhuanet.com/newscenter/2008-05/13/content_8162051.htm.

these frictions will damage both sides' interests as well as the sound development of Sino-Latin American trade.

The root cause of trade frictions is the competition between both sides; the immediate cause is that China overly concentrates on certain trade areas. The data from China's Ministry of Commerce show that over 75% of the frictions take place between China and Brazil, Mexico, Chile, Argentina and Venezuela. Meanwhile, China engages in inter-industry trade with most Latin American countries, while its intra-industry trade is limited to a few Latin American countries such as Costa Rica, Mexico and Honduras.⁸² This single and highly concentrated trade model means that part of China's exported goods may compete for markets with similar goods produced locally in Latin America, leading to bilateral trade frictions. Thus, one effective measure to alleviate trade frictions and promote sustainable trade development is to reduce trade concentration. It is possible to diversify our trade ties. For example, China can continue its inter-industry trade with countries like Venezuela and Bolivia where competition is less fierce and more complementarity. In contrast, China can develop intra-industry trade and cooperate with countries like Mexico, Peru and Columbia, where there is more competition, via an appropriate division of labor in the electromechanical, textile and chemical sectors, thus achieving breakthroughs in terms of bilateral trade.⁸³

1.4.4 Promotion of Chinese "Soft Power" in Latin America Is an Historical Necessity for the Alignment Of Sino-Latin American "Development Interests"

In the Eleventh Conference for Diplomatic Envoys on July 20 2009, President Hu stressed that we should endeavor to set up a Chinese image that is amicable and more morally appealing, enhance public and cultural diplomacy and conduct various cultural exchange activities, so as to promote the quintessential culture of China.⁸⁴ As a kind of soft power, culture serves as a bridge for Sino-Latin American friendly exchanges and cooperation. In view of the past 60 years of history, China's diplomatic relations with countries in Latin America were practically initiated with cultural exchanges, and finally formal diplomatic ties were established through gradual and varied interactions.⁸⁵ Recently, increasing Sino-Latin American cultural exchanges have brought continuous cultural visits and other cultural activities as well as person-

⁸²Data Resource: online news and statistic data from China's Ministry of Commerce.

⁸³This paper estimates Balassa Revealed Comparative Advantage (RCA) with the UNCOMTRADE data, concluding the comparison of competitiveness in comprehensive state power and industry between China and Latin America.

⁸⁴*The Eleventh Conference for Diplomatic Envoys was held in Beijing, People's Daily*, July 21, 2009, the first edition.

⁸⁵Xu Shicheng: *The features, historical relations and mutual influence between cultures of China and Latin America, Study of Latin America*, 2006(5), p. 53.

nel exchanges. However, mutual understanding still needs to be deepened in view of geographical and cultural factors. As Sino-Latin American economic and trade relations progress, negative arguments such as that of “neocolonialism” or the “China threat theory” may have a negative impact on China’s image.

In order to improve Chinese “soft power” in Latin America, China can introduce its traditional culture to Latin America through various channels and learn from Latin America’s culture, making China and Latin America “role models in terms of active interaction between different cultures”.⁸⁶ More and more Confucius Institutes in Latin America serve as a bridge enhancing Chinese cultural influence, promoting people-to-people exchanges and spreading the idea of harmony. Meanwhile, the rapid development of the Chinese economy is attracting the attention of Latin American politicians and scholars who show interest in the “China model”. Thus, academic exchanges meant to promote “learning from each other for development” can be conducted between China and Latin America in order to make Latin American intellectuals and elites more deeply and rationally understand China’s development. Moreover, China should enhance media communication with Latin America and improve its “power of discourse” in bilateral direct communication. The influence of Western media should be valued and their platforms can also be utilized by China. For example, *The Economist* successively accused China of neocolonialism in 2006, while on March 15 2008, a cover story entitled *The New Colonialists—a 14-page Report on China’s Need for Natural Resources* conveyed a different idea, revealing that China’s rejuvenation is beneficial to Latin America as China’s demand for resources stimulates Latin America’s exports while there is no evidence that China’s exports expel Latin America from other markets or take the form of neocolonialism.⁸⁷ This article had a great response, helping reduce the misunderstanding to some degree. Thus, China should have more of a say in western media and promote Sino-Latin American win-win cooperation via the influence of the western media.

1.4.5 Deep Strategic Mutual Trust Is an Important Condition for the Alignment Of Sino-Latin American “Development Interests”

With complicated and profound changes in global patterns, developing countries aspire for equal participation in international affairs. Faced with the international financial crisis, emerging economies like those of Latin America play an important and irreplaceable role in reshaping the international political and economic scene. President Hu pointed out: “The international financial crisis impacts the present international political and economic system and the international economic management

⁸⁶Hu Jintao: *Work together to create a new prospect for China-Latin America ties—Speech in National Congress of Brazil*, November 12, 2004, *People’s Daily*, November 14, 2004, p. 1.

⁸⁷Zheng Bingwen: “The Bankruptcy of the Neocolonialism Argument,” *China Securities Journal*, March 31, 2008, A11.

structure, multipolarizing the world.”⁸⁸ At present, Sino-Latin American relations are getting stronger; in particular, relations with Brazil, Argentina and Mexico have been upgraded from bilateral to international, and strategic interaction on international multilateral topics is gradually enhanced. China and Latin America share common grounds in terms of the latest multilateral topics such as global economic recovery, opposition to trade protection, the reform of the international monetary system and the United Nations climate change negotiations. Based on common interests, China and Latin America can consult and coordinate with each other under the framework of the G20, the BRIC and the G8+5. With increasingly similar interests, from deepening bilateral relations to a bilateral cooperation on global topics, China and Latin America should not only join hands to safeguard the legitimate interests of developing countries, but also to further expand their strategic consensus and deepen mutual trust in order to make the international political and economic patterns more conducive to developing countries.

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