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Global China, the United States and the New Geopolitics of Latin America

There is no din from the noise of clattering pots, blaring horns or shouting through megaphones, but it is just as effective. Positioned in front of the home of a debtor, a man dressed in an absurdly large top hat with a black coattail and a black briefcase stands day after day proclaiming through his silent presence to all that the family inside owes money and was refusing to pay it back. The *cobrador del frac* is a very old tradition of shaming, one which was brought over by nineteenth-century immigrants from Spain and Portugal with antecedents in the Middle Ages, and is still in practice in cities and small towns across Latin America and the Caribbean as well as in the 'old country'.¹ US Secretary of State Mike Pompeo, stuffed and suited though he was on his whirlwind tour of Latin America in 2018, cannot have epitomized the typically silent *cobrador del frac*, yet his persistently decrying the dangers of Latin American debt owed to China smacked of that role.

The conversation about China and development in Latin America and the Caribbean, so long the point of departure for assessing Beijing's presence in the region, was beginning to change. Debt burdens and risk management were replacing recitations of win-win formulas and calculations of market share in regional capitals as well as in Beijing. But it was more than just a reconsideration of the perils of debt-funded development, there was a recasting of a relationship once seen exclusively in economic terms to one of geo-strategic significance. Xi Jinping's Belt and Road Initiative (BRI) set in motion, by its economic aspirations and geopolitical ambitions, a process that sought to institutionalize cooperation with Latin America in a more comprehensive manner through CELAC. For important regional politicians like Bolsonaro in Brazil, this exceeded the bounds of strategic autonomy and was enough to give pause to an unfettered embrace of all things Chinese. Compounding these doubts was the alarm in Washington at the rapid expansion of Chinese diplomacy and economic statecraft in its proverbial backyard. With the US stirring into action to counter Beijing in the region, the seeds of a new geopolitics of Latin America and the Caribbean were sown.

Institutionalizing China and Latin America's Common Destiny: From Strategic Partnerships to Regional Forums

From the outset of their drive for economic engagement in Latin America and the Caribbean, Chinese officials had mooted the idea of formalizing cooperation through a regional network of strategic partnerships. Building on diplomatic arrangements with regional powerhouse Brazil, the strategic partnership formula entailed a binational commission and, in keeping with China's own evolving sense of its global diplomatic outreach at the time, a set of bilateral ministerial sub-commissions tasked with regular consultations on areas of mutual interest. Some of this initial institutional structure owed its origins to US diplomatic practices – for instance, the binational commissions and public diplomacy initiatives – and provided a basis for Chinese engagement with relatively unknown countries. However, as Chinese diplomacy became more exposed to the depth of institutionalized cooperation between the US and the Latin American and Caribbean states, its own ambitions seemed to rise accordingly.

These bilateral initiatives paralleled regional and multilateral outreach efforts; for instance, Beijing actively sought out participation in existing regional bodies like the OAS and the IDB. China petitioned successfully for a seat as observer at the OAS in May 2004 and at the IDB in 2008, while providing \$350 million to public and private sector infrastructure development.² As an observer at the OAS, Beijing could challenge the efforts of Taiwan, supported then by twelve OAS member states that recognized it, to acquire observer status a year later.

Multilateral involvement in the Western Hemisphere was not all economic. In September 2004, with the diplomatic row over China vetoing a UN peacekeeping mission to Guatemala that provoked an outcry in the UN General Assembly fresh in mind, China sent a police contingent to participate in a UN peacekeeping mission to Haiti.³ This demonstrated a new flexibility towards states like Haiti that still recognized Taiwan. Eight Chinese peacekeepers died in the course of that mission, making it not only the first Chinese UN military deployment in the Western Hemisphere but also its most costly.

CELAC and 1+3+6

In 2012, during a visit to Chile, Premier Wen Jiabao called for a China-Latin America Forum similar to the arrangements Beijing has with Africa, the European Union, and the Arab League.⁴ The Comunidad

de Estados Latinoamericanos y Caribeños, or CELAC, was the channel for this forum and it became a reality when it was announced in July 2014 by President Xi Jinping at the first Summit of Leaders of China and Latin America and the Caribbean, held in Brasilia. This is where China broached the '1+3+6' programme, a large-scale cooperation framework for 2015–2019 where '1' means 'one plan', the China-Latin American Countries and Caribbean States Cooperation Plan (2015–2019); '3' means 'three engines', the development of China-Latin America practical cooperation on trade, investment and finance, which aims to scale up China-Latin America trade to \$500 billion and investment stock in Latin America up to \$250 billion within ten years with local currency settlement and currency swaps in bilateral trade; and '6' means the 'six fields' of industry: energy and resources, infrastructure construction, agriculture, manufacturing, scientific and technological innovation, and information technologies.⁵

Next Steps: White Paper on China and Latin America and the Caribbean 2016

China's first ever White Paper on Latin America and the Caribbean, published in 2008 on the eve of the global financial crisis, displayed a cautious tone and studious economic focus, but the second White Paper issued in 2016 reflected the confidence and assertiveness of Xi Jinping's global expansion.⁶ This second paper was launched to coincide with Xi Jinping's visit to the region in November 2016. It laid out a plan for the years up to 2020, based on the China-CELAC Forum's China-Latin American and Caribbean Countries Cooperation Plan (2015–2019) – which featured 'a continued concentration on natural resources and energy, but supplemented with upstream and downstream investments to create supply chains in related industries'.⁷

These regional White Papers have been crucial for Beijing to gain trust in the region and also for Chinese diplomats to develop specialist knowledge of the various LAC countries that recognize the PRC diplomatically (as of 2021, twenty-four countries do so). These Papers also fit into the wider context of the BRI, Xi Jinping's hugely ambitious plan to lead transcontinental infrastructure development and expansion across Asia, Europe, and parts of East Africa. Evolving over time, the inclusion of Latin America in the BRI and, concurrently, the opening of the Asian Infrastructure Investment Bank (AIIB) to Latin American membership placed the region within an overarching strategic framework linking up their economies with China.⁸ The promise of a Sino-Latin American future beckoned.

Autumn of the Patriarch? US Response to China in Latin America and the Caribbean

The hallmarks of the US reaction to China's expanding presence in Latin America and the Caribbean were ignorance and indifference. Even as late as 2014, a former Obama administration Assistant Secretary of State for Western Hemispheric Affairs casually dismiss strategic concerns over Beijing's growing influence by declaring, 'I think this is great – the more money comes from China to the region, the more funds Latin Americans will have in their pockets to spend in the United States.'⁹ There were a few US diplomats on the ground in the Caribbean who voiced concerns as far back as 2005 about China's penetration of the region and, notably, its strategic implications, especially as China took up significant economic initiatives in the Caribbean. One such diplomat observed in a secret cable:

The China-Bahamas relationship fits within the broader regional pattern of expanding Chinese activity and success in its effort to supplant previous ties with Taiwan in much of the Caribbean. *However, the substantial Chinese shipping and port presence gives the Bahamas relationship an added strategic and economic importance ...* Closer ties to the Bahamas will provide the PRC a dominant shipping and cargo foothold close to the U.S. and international support in a region of growing Chinese influence. [italics added]¹⁰

Dan Burton, Chairman of the House Sub-Committee on the Western Hemisphere in hearings held in 2005 warned of the dangers to US interests if China became a 'dominant force' in the region.¹¹

Academics, in particular Evan Ellis, also raised concerns about issues such as the satellite tracking capabilities of a Chinese military base in Argentina's Patagonia region, established in 2014, or the significance of CELAC's deliberate exclusion of US representatives that same year.¹² But at least for the US defence establishment, the imperatives of carrying out the so-called 'forever wars' in the Middle East proved to be sufficient distraction from events nearer to home in the Western Hemisphere. Even the rising tempo of territorial disputes in East Asia and the South China Sea seemed to have no discernible effect on US policy towards China in Latin America. The Obama administration's supreme confidence that it could manage Beijing on both sides of the Pacific through economic containment in the form of the Trans-Pacific Partnership guided its approach to Latin America and the Caribbean.

Latin Americans, habituated for generations to US dominance and its wilful exercise of its interests through hard power, expressed astonishment at the absence of a reaction to China by Washington; for example, Leonel Fernández, the former president of the Dominican Republic, wondered if the US had forgotten about the Monroe Doctrine, while former ministers in Peru and Chile marvelled at the US lack of interest in developments in their region.¹³ And while a few academics in Argentina and Chile spoke darkly of Chinese intentions in setting up the military base in Patagonia, and Argentine civil society raised questions about the lack of transparency, it was a *New York Times* investigation that brought the issue to the attention of the American public.¹⁴ But it was Chinese actions in Central America and the Caribbean – in particular Panama with its iconic canal – combined with the arrival of Trump's 'America First' that made Washington receptive to misgivings about Chinese intentions, and ultimately caused a change in US policy.

Strategic Competitor

The designation of China as a 'strategic competitor' in the US National Defense Strategy Summary in January 2018 marked a turning point in its approach.¹⁵ Availing itself of its considerable power in the region, the US introduced measures designed to countervail growing Chinese influence.

Chief amongst these was a public campaign by US Secretary of State Mike Pompeo to tour the region and pressurize countries to review their foreign policies towards Beijing. And the US Department of Treasury became a leading tool in raising the costs of closer engagement with China. Legislation such as Countering America's Adversaries through Sanctions Act (CAATSA), enacted in December 2020, penalized with real sanctions foreign governments as well as individuals seen to be operating against US interests. Crucial to the success of this policy was the instrumentalization of institutions, such as 'lawfare', the mobilization of law to pursue national security aims.¹⁶ Concurrently, the securitization of telecommunications, long debated within defence and security communities in the US, came to the forefront as a critical part of the Pompeo public campaign to resist the extension of Huawei's 5G into foreign markets (see below). The activities of Chinese companies like CHEC, CCCC and CRBC – which the World Bank had blacklisted in the past from participating in procurement bids due to fraud, bribery and other irregularities – received continual scrutiny. Those caught in corruption in association with Chinese firms who held US bank accounts or interests in the US were potentially liable for punitive sanctions, including denial of visas to visit relatives in the US.¹⁷ Even US

enforcement of transparency in the global fishing industry, enshrined in the 2016 UN-brokered Agreement on Port State Matters, held implications for China's subsidized fishing fleet's unreported catches in the waters off of the Pacific coast of Latin America.¹⁸ Pompeo's 'naming and shaming' of Chinese fishing practices in August 2020 called out Beijing both for its failure to promote sustainability and for its fishing fleet's systematic violation of sovereignty.¹⁹

The onset of the US-China trade war in 2018, as noted elsewhere in this book, produced a variety of contrary impacts on Latin American economies. On the one hand were countries like Mexico that exported goods of which some components depended on the Chinese supply chain and were thus potentially affected by tightening rules of origin or security prohibitions. On the other were those like Brazil and Argentina, which stood to benefit from the end of US agricultural trade with China to expand their own market share in soyabeans and other agricultural products.

The destabilizing effect of the Trump administration's trade war on the global economy and its single-minded attacks on China's contribution to Latin America's debt-financed development inspired criticism within the US foreign policy establishment. Amongst them were former US Assistant Secretary of State for East Asian and Pacific Affairs, Kurt Campbell and academician Ely Ratner, who pointed out that 'Washington is at risk of adopting an approach that is confrontational without being competitive; Beijing, meanwhile, has managed to be increasingly competitive without being confrontational.'²⁰

The New Geopolitics of Latin America

The reassertion of geopolitics had an immediate effect on China's ties with Latin America and the Caribbean. Recasting China's development agenda in terms that ruptured a core appeal of Chinese power – that of an alternative to the dominant hegemon – took direct aim at the celebrated binary of 'win-win' development. This transformed the modalities of agency by Latin Americans reacting to Chinese 'entreaties' into ones that assumed a patriotic veneer of resisting possible infringements on sovereignty. On their side, Chinese worries about the rising costs of debt and related complications of involvement in the region produced its own recalibration of risk exposure.

Development Reframed

The most obvious reframing is the one that interpreted development finance, that lodestar of China's strength on the global stage, as 'debt-trap diplomacy'.

After acquiring a ninety-nine-year lease for a port facility in Sri Lanka in 2017 to meet outstanding debts owed to China, China's asset recovery strategy came under closer international scrutiny. The apparent pattern of employing assets seizures to offset inability to meet scheduled debt payments was denounced by Washington as part of a campaign warning of the dangers of borrowing from China. While concerns about Chinese lending practices have been raised before, most were addressed to countries outside Latin America and focused on issues like the budgetary implications of non-repayment or the lack of proper environmental impact assessments for given projects.²¹ What was different now was that Chinese loans were construed to be deliberate policies to entrap recipients into a spiralling cycle of debt that would ultimately result in China taking over key national assets. As these assets were, as represented by critics, key infrastructure projects like ports, railways and airports constructed by Chinese firms and financed by Chinese loans, this discourse naturally inspired wariness about engaging economically with China.

Alongside development finance was a concern amongst Latin American policymakers that China's overall economic effect on the regional economy would combine deindustrialization with reprimarization. Certain US economists like Dani Rodrik ascribed 'premature deindustrialization' to globalization and trade liberalization; that is, labour was being pushed out of manufacturing into services before the per capita incomes befitting upper-middle income emerging economies were being hit. This meant the services added too little value. Self-inflicted conformity to the Washington Consensus had quickened the trend.²² Other Latin American economists like Paul Cooney noted another regional trend towards reprimarization, or expansion of economic activity in the primary sector (*viz.*, mining, oil, beef, soya), which correlates with the growth of the commodities markets and in the wake of expanding trade with China.²³

This matter was not politicized as much (so far, at least) as were features in the development finance contest, but public debate – partly inspired by Bolsonaro's incendiary rhetoric and experiences in countries with significant Chinese involvement like Venezuela – now goes well beyond the uncritical embrace of 'China as the alternative'. The irony that Brazil, which as late as the early 1990s had dominated bilateral trade with its exports of industrial products and imports of Chinese oil, and whose multinationals had been exemplars for Chinese SOEs seeking to penetrate developing markets across all regions, was now beholden to China. This was a shock.²⁴ The unenviable position of countries like Venezuela, which had courted China and absorbed more than half of all Chinese investments and loans in its region, gave further pause. Recent sectoral gains in agricultural trade notwithstanding,

it was becoming increasingly clear that the new political economy of South-South cooperation being forged between China and Latin America would produce its own set of risks to the region's development aspirations.

Agency Reconsidered

Agency in cases of Latin American and Caribbean relations with China is demonstrated through one key tendency above all: namely, seeking out an alternative to the US, whether it manifests as a search for new sources of development finance and markets or for an ideological ally. In the parlance of Russell and Tokatlian's work on relational autonomy, it includes strategic alignment with great powers ('coupling'), balancing and hedging against great powers ('accommodation' or 'limited opposition') and collective action ('challenging').²⁵ However, in the context of settled US dominance in the Western Hemisphere, agency is primarily pursued to create policy conditions for relational autonomy within the framework of an international political economy whose power, rules and logic are determined by US hegemony. The pursuit of an alternative path to development which would break this dependency, and allow Latin American governments to choose 'neo-extractivist' domestic policies over neo-liberal ones, for instance, was the driving force behind their manoeuvres towards China.

Besides new sources of development finance and new markets as different as Brazil and Jamaica, a related dimension is the ideological motive behind such actions. Alignment with China by the Bolivarian republics was framed in terms that foregrounded the affinity of Latin American leftist ideologies with China's formal stance as the last major bastion of communism in the world. Parties of the left recognized that, in reorienting their political economy towards 'South-South' trade and investment, they would be contributing towards systematically realigning the international order as a whole. Bolivia's key economic adviser, Carlos Villegas, spelled out the rationale for engaging with China in geo-political terms in 2006:

(The) United States is no longer the only axis of economic and military hegemony. Now, a triad dominates the world – the United States, the European Union and Asia – and the only thing we're doing is looking at reality and making contact with the different countries.²⁶

But the anti-imperialist rhetoric stoked by the Bolivarians merely disguised their continuing dependency on the US in the teeth of the expanding Chinese presence, and it glamorized China's overwhelmingly

commercial motives and practices, captured in the marketing jingle 'win-win'. The Venezuelan government's inability to make basic interest payments forced Beijing to 'bring in advisors, they suggest changes in Venezuelan economic structure ... they start to impose conditions that they didn't include when Venezuela had a budgetary surplus and political and economic stability'.²⁷ Yet in a country with the region's most expansive Chinese debt and investment profile, this is a wearily familiar feature of the traditional creditor-debtor relationship, and one supposedly escaped by stepping outside of Western strictures. That China is an alternative for Latin America is still held to be true, but what the longer-term implications of dependency on China mean is only now beginning to be recognized by the countries of the region.

China Re-evaluates Risk in Latin America and the Caribbean

For Beijing, the outreach to Latin America and the Caribbean, which began in earnest in 2004, has become an exercise in tempering expectations and recalibrating risk assessments. In particular, Latin American populism, with its dizzying array of putative ideological expressions, came as a shock – Chávez on the left and Bolsonaro on the right – either of which might enhance or distress Chinese interests. Resource nationalism introduced uncertainty in contractual arrangements as much as militant trade unionism scuppered infrastructure projects. And volatility in commodity prices coupled with collapses in demand in key Western markets for Chinese-produced goods held serious implications for repayment of dollar-denominated debt. The region's election cycles that so often alternate friendly governments, such as Correa's in Ecuador or Kirchner's in Argentina, with opposition figures introduced the possibility of hostile turns in policy or even debt defaults.

All of this has taken place in a worsening global economic context, which saw a dramatic decrease in lending by Chinese policy banks. In 2019 the amount lent to the region was the lowest in a decade (only \$1.1 billion).²⁸ Yang Chengxu, a former ambassador and head of the influential China Institute of International Studies (CIIS), spelled out the problems facing China in Latin America in an op-ed for a Chinese newspaper in January 2020:

The disorder in Latin America is expected to continue to spread this year. Maduro proposed holding parliamentary elections, which seemed to be intended to defeat the opposition. Latin America is full of turmoil. The root cause is the widening gap between the rich and the poor and the sluggish economy. Even if the regime changes, the basic problems of people's livelihoods are difficult to solve.²⁹

For China, this shapeshifting terrain of domestic politics and regime change clouds relationships and exposes the vulnerability of seemingly secure economic ties.

Geopolitics Ascendant – Huawei and Covid Diplomacy

Determined to reduce Chinese penetration in key technology sectors in the global economy, the US initiated a global campaign targeting China's telecom giant Huawei. Once a small operator in Shenzhen, it grew into a multi-billion dollar global business producing routers, switches and smartphones. It entered the Latin American market in the early 2000s. Its price-competitive technology and hardware communication systems gained a foothold in these developing markets, and within a few years it had secured important stakes in improving the telecommunications infrastructure in countries like Chile.³⁰ The Chinese government's ambitious strategy to transform its own economy from a manufacturing hub to a (if not 'the') leading technological innovator and driver of the Fourth Industrial Revolution – epitomized by its widely publicized 'Made in China 2025' strategy – caused alarm in Western business and industry circles and spurred the Trump Administration into action. For instance, Huawei and ZTE were designated threats to US national security in a series of steps starting in May 2019 that forbade US companies to engage in business with them, and, after legislation was tightened in May 2020, effectively blocked or at least discouraged non-US firms and governments from working with them as well.³¹

The impact of this on Chinese interests in Latin America was not long in coming. Sino-Chilean plans to build a submarine fibre-optic cable from Chile directly to Shanghai, announced in 2017, became a target of public and private pressure from the US, including a lightning visit to Chile by Pompeo in advance of the Chilean president's visit to Beijing. Subsequently, the Sino-Chilean project was dropped by Piñera's government. Santiago then announced that a submarine cable from Chile to Australia would be built by Japan.³² In Brazil, US pressure contributed further to divisions within the Bolsonaro Administration over allowing Huawei to play a role in the development of 5G networks in the country.³³ Others like Argentina and Mexico carried forward their existing arrangements with Huawei. The Pompeo-led campaign did have one additional impact: Huawei smartphone sales to the region plummeted in 2020; however, a host of smaller Chinese brands stepped in to take its place, partnering with local firms in Mexico, Peru, Brazil and Chile.³⁴

The outbreak of Covid-19 in October 2019 in Wuhan shook the international system as few things had in the new century. Raging across the world and settling in Latin America by early 2020, the virus brought millions

of deaths, social isolation and economic dislocation to societies already burdened by the weight of inequality. In Brazil, Ecuador and elsewhere in the region, censure of Beijing for not handling the contagion was coupled with a spike in anti-Chinese xenophobia, leading to everything from discrimination to stoppage of ongoing infrastructure projects.³⁵ The Bolsonaro government in particular deliberately fanned popular anger at China with a series of tweets that claimed the virus was 'part of a plan of world domination', inspiring Chinese officials to retort on social media.³⁶

After initially struggling to contain the spread of the virus in late 2019, a more confident Chinese government sought to turn its success into a public outreach campaign aimed at Latin America and other parts of the world. In June 2020 Beijing mobilized state and private resources, including billionaire entrepreneur Jack Ma's Alibaba Foundation, to distribute millions of masks, PPE equipment, and testing kits to countries in Latin America and the Caribbean as part of a 'health silk road'; for instance, Venezuela was the largest recipient of Chinese medical aid (\$41 million), while Chile received \$12.6 million, Brazil \$9.7 million³⁷ and Peru \$7.5 million, as well as grants, donations and loans for health infrastructure.³⁸ As Chinese scientists worked on devising a vaccine, arrangements were made to test and distribute inoculations in partner countries. Interestingly, in Brazil this meant that Chinese officials worked together with more than one federal state in defiance of the national government, to jointly administer trials of Sinovac. The death of one of the Brazilian participants inspired yet another anti-Chinese outburst by Bolsonaro, but this did not slow the process of rolling out the programme.³⁹ With the US reeling from its own failed response to Covid-19 and the lack of any coordinated outreach to Latin American countries, China's soft-power 'vaccine diplomacy' scored considerable successes for its contributions across the region.⁴⁰

In this geopolitically charged climate, it was not always just the US that exerted pressure on Latin American and Caribbean states. When El Salvador's President Bukele announced that his country would receive an unprecedented \$150 million grant from Beijing, critics were quick to remind the public that this was a much-diminished level of support compared to what had been promised to his predecessor for breaking with Taiwan. It transpired that Japan had blocked China's funded proposal of a mega-port by indicating it would withdraw its own multi-million dollar aid to the country if Bukele authorized the project.⁴¹

For Beijing, these unwelcome and, in its view, egregious attacks merited public pushback by a more forthright engagement with the Latin American public via social media; for instance, in response to Pompeo's efforts to drum up support around the region, Chinese embassy officials noted with sarcasm:

It seems that some U.S. politicians cannot go anywhere without attacking China, tarnishing China's reputation, starting fires and fanning the flames and sowing discords ... They can go on talking the talk if they so wish, but we will continue walking the walk. The world will tell plainly who is stirring up trouble and who is trying to make a difference.⁴²

As troubling for the CPC was the disquietude of some Latin American partners on matters such as Xinjiang and Hong Kong. That former Chilean President Michelle Bachelet, one of the two Latin American leaders who participated in the seminal BRI summit in 2017, and had received China's support to head up the UN Human Rights Council, could become a major critic was unexpected. She called for UN observers to be allowed into the Uighur detention camps and offered carefully worded criticisms of the suppression of demonstrations in Hong Kong.⁴³

Resources, Railroads and Migrants Redux – Global China's New Silk Road and the Remaking of Latin America

In examining China-Latin America relations, one cannot resist reading the present through the shadows of the past. The restoration of China's pre-eminent role in Latin American economies marks a return to the primordial forces and relations that forged the modern world. Historical globalization began with the countries of the Iberian Peninsula scrambling to develop new trade routes with Asia and China discovering new sources of precious metals and markets through exchanges with Europeans in the Western Hemisphere. This triangular trade relationship of China, Latin America and Europe thrived for two hundred years, fed by the appetite for resources and finished goods on the back of exploitation of indigenous peoples and African slaves. By the nineteenth century, Spanish state monopolies had given way to nascent Anglo-American multinational firms like W. R. Grace and Company, who traded in guano, cotton and Chinese indentured labour with representative offices in London, New York, Lima and Canton.

When scholars say China isn't rising but is being restored to its historical stature on the international stage, then surely Latin America's position within that historical political economy occupies a critical place in China's return to global power. Latin American resources – silver in particular – were the beating heart of Imperial China's financial system for nearly three hundred years and fanned out across Asia from the sixteenth to the eighteenth centuries. Latin American consumption of Chinese products – the refined silks for dresses worn from Mexico City to Buenos Aires, ivory statues of

the Virgin Mary found in churches and homes, ubiquitous *qianban* plates, cups and vases used by elite families in Lima and Havana, the sophisticated cannons in Veracruz produced by *Sangley* smiths imported from Manila – were all a crucial part of the colonial economy. Moreover, efforts by Europeans and Latin Americans to produce copies of silks, porcelain and other products for the local market – an ironic twist on the contemporary debates on intellectual property that point an accusing finger at China – failed to meet the demand for high-quality Chinese goods and, ultimately, were overwhelmed by Chinese imports. As we demonstrate in this book, the contours of independent nation states and their role within the emerging industrial international economy owes much to this past.

In the contemporary twenty-first century, of course, the European world occupies a different position – and by extension, so does contemporary North America – in relation to China: no longer merely a consumer of Chinese merchandise but today also a recipient of its capital and technology. For Latin America, China's return represents a new market for resources and some products as well as a steady flow of Chinese consumer goods, financial investment, technology and even labour (albeit not in its nineteenth-century form!). US, Canadian and European multinationals operate alongside Chinese SOEs and Latin American *multilatinas*, raise capital in New York, London and Hong Kong as well as in local Latin American stock exchanges and find they are even edged out of markets by joint Sino-Latin American ventures. No longer passive, Chinese diplomacy now looms large in the capitals and boardrooms across the region, leaving the once-unassailable US dominance scrambling to regain its standing.

While the putative 'Cold War' between the US and China hots up around the world, this global competition as played out in Latin America and the Caribbean may in fact obscure the future determinants of China-Latin America relations. Consider that it took less than ten years from China's joining the WTO in 2001 to becoming the second largest trading partner with behemoth Brazil in 2010. From there Beijing has gone on to become a leading investor in key resource sectors such as copper, iron and lithium in the region. China's role as creditor in Venezuela, Ecuador, Jamaica and Surinam is assuming alarming proportions and, contrary to the thrust of the debt trap diplomacy narrative, poses significant risks for China.

And yet there is little evidence that China is prepared for the depth of complexities arising from closer economic ties with the region. Heeding the lessons of Latin American economists like Carlos Díaz Alejandro, whose work reflected on historical patterns of conduct in Latin America in order to ascertain the dangers of a systemic crisis, becomes an imperative under these circumstances.⁴⁴ Moral hazards associated with debt have intertwined with

domestic and foreign expectations, producing, according to Díaz Alejandro, a volatile cocktail that has tipped the region into economic depression before.

Moreover, evident amongst the Chinese was a growing nervousness about meeting Latin Americans' soaring hopes for the relationship. As one Chinese scholar-turned-businessman bluntly put it to his Latin American colleagues: 'It is not realistic to go beyond complementary economies.' If this assessment proves true, the 'complementarity' of a relationship principally defined by the exchange of Chinese finished products for Latin American resources is deeply troubling for those who anticipated that engagement with China would spur development advances. Already, as indicated in our book, there is scepticism of Chinese intentions in official circles across the region, which seems impervious to efforts to dispel it. To cite but one example, the Consul General of the Brazilian Consulate in Shanghai, Marcos Caramuru de Paiva, declared back in 2011 that 'China's strategy is very clear: it is doing everything possible to control the supply of commodities.'⁴⁵ This perspective is bolstered by a growing recognition that more comprehensive integration into global value chains with China may offer an array of financial, policy and even political ties alternative to the US, but it doesn't reduce Latin Americans' exposure to the vagaries of outside influence. In the end, the vulnerability is self-inflicted. The inability of Latin Americans to integrate into global value chains with China is the rub in China-LAC trade relations. Mercosur keeps Argentina and Brazil in their own little box, and Mexico with but a toe in the door lacks the domestic industrial policy needed to wedge into a stable niche in China's value chains.

Even the process of policy formulation and alignment envisaged in bilateral comprehensive strategic partnerships and reinforced through high-level strategic dialogue and inter-ministerial cooperation may not be enough to reconcile such fundamental differences. In their seminal study, Dezalay and Garth identified a transformation of Latin American elites from 'heritiers' of European legal culture to technocrats of US neo-liberalism in conjunction with shifts in global economic power away from Europe to the US.⁴⁶ Is China's global ascendancy going to produce another 'retooling' of the Latin American elite towards one that finds its ideological lodestar in Beijing? There is arguably preliminary evidence of that process in the Bolivarian Republics' promotion of 'neo-extractivism', the embrace of China's state-led development paradigm and the corroding effect all of this is having on human rights.

As important as elite orientation is the response of local communities and society as a whole to the increasingly prominent role of China in the economic and political life of their countries. Here, the conduct of managers of Chinese SOEs in the mining community, the role of Chinese competitors

operating in the same sector as locals, and the views of myriad retail business owners will all shape how Latin Americans understand and experience this burgeoning relationship. As the many examples in our book show, the record to date is mixed, with the ease of cultural familiarity in urban society in Peru and Brazil contrasting with the clashes with indigenous communities and labour activists in Bolivia and Jamaica. Chinese frustrations with the delays and the costs encountered in the region may yet bring about a recalibration of their exposure to risk with implications for future investment.

At the international level, Latin American responses to global transformation indicate that 'China as an alternative to the US' is a powerful message that comports well with its continual drive for strategic autonomy. One wonders, however, at what point does this impulse manifest as Latin Americans seeking out alternatives to China's dominant position in their country's economic and political life? Would the US, Japan or European countries – perhaps even Brazil or Mexico – be approached to offset Chinese influence? The role of Pacific Alliance countries in supporting the reworking of the TPP process in the aftermath of Trump's withdrawal suggests that this thinking is already beginning to take hold. So, too, the fact that the Lima Group adopted a position at odds with China (and Russia) on Venezuela was another indication of this trend.

In the end, China's relationship with Latin America and the Caribbean is evolving with a rapidity that both sets it apart from other traditional external powers and is also beginning to point to longer-term developments. Beijing's ability to adapt to changing circumstances, be it new domestic political conditions or the impact of the US-China fallout on trade, remains the signature feature of its approach to the region. At the same time, Latin Americans' understanding of China and the internal dynamics which drive policy is improving and, through that, the possibility of better policy outcomes that support development aspirations. In a world experiencing profound transformation, they are forging a future that will surely help define the international political economy in the twenty-first century.