Emerging Multilateralism between China and Latin America:
Patterns of International Power

Danielly Ramos Becard
University of Brasilia

Paper prepared for the annual meeting of the International Studies Association, San Francisco, USA, 3-6, April, 2013. This is a rough draft. Please do not cite. Comments are welcome.
Emerging Multilateralism between China and Latin America: Patterns of International Power

Danielly Ramos Becard
University of Brasilia

Abstract: This paper aims to understand the nature of international power in the emerging relations between China and Latin America in the multilateral arena. It inquires into the contribution of existing regional institutions in strengthening dialogue and coordination, and managing inter-state tensions, between China and Latin America. The paper tests the hypotheses that although China relies primarily on bilateral mechanisms, multilateral forums are gaining in importance for China in dealing with Latin America; and that it is at the regional level that less developed countries are more likely to be able to coordinate their relations with China on more equitable terms. To answer the question and test the proposed hypothesis, this article is divided into three parts. The first part presents the context in which the Sino-Latin American multilateral relations are inserted, as well as the theoretical and methodological framework that guides the analysis. In the second part of the article, general characteristics of China's Multilateral Relations are identified by means of China’s experiences in Asia. The third and final part analyzes the relationship between China and Latin America in the multilateral arena. At the end of the work, main conclusions about the Chinese participation in multilateral processes in Latin America are summarized.

Keywords: Chinese Foreign Policy; China - Latin American Relations; Multilateral Relations

1. Context

Over the last two decades, several systemic changes were observed in the international arena, linked to technological evolution, geopolitical changes and a new distribution of labor.

Technological developments have made possible, in one hand, the invention of new media, computing resources and transport, which generated predominantly positive impacts on the temporal and spatial approach of different countries of the globe.

Moreover, successive geopolitical transformations occurred not only from the fall of the former Soviet Union and the end of the Cold War, but also through the accelerated China’s rise, as well as the emergence of countries with rapid growth – like Brazil, Russia and India – and the disproportionate projection of the United States in the security area (LAMPTON, 2008, p. 703-704). In the early 2000s, it was noticed, in addition, the weakening of the global financial system dominated by the United States, as well as the progressive shift towards global economy centered on Asia, with its epicenter in China.
Under these assumptions, there have been changes in the pattern of inter-state relations, with the persistence of asymmetries in the relations between countries, but in more insidious ways and to solve more numerous and complex problems. Inter-state relations have also become more flexible, with multiple facets, and less formal and exclusive profile than during the Cold War period. In face of uncertainties about the benefits of greater interdependence between states, the behaviors and attitudes of states are increasingly disparate and not always consistent with each other, making it impossible to say whether the attitudes of states will be preferentially cooperative or based in conflict, prevailing, in most of the cases, choices based in national interests (SHAMBAUGH, 2011, p. 25; MEARSHEIMER, 2010, p. 396).

From this context, one can say that the rise of China not only put into question the international distribution of power based on the Euro-American axis, but rather rearranged the international division of labor, particularly imposing new structural challenges, specially to developing countries like the Latin American ones, with direct impacts on development agendas (BARBOSA, 2011, p. 1).

Over the last two decades (1991-2011), and under the influence of a context characterized by an international interdependence increasingly complex, and with frequent and deep financial crisis, relations between China and Latin America have become more intense and developed from the boost in trade and cooperation, as well as through joint investment, this one particularly in the last five years. The rapprochement between China and some countries in the Latin American region, specially Brazil, in international forums such as the G20 and BRICs (bringing together Brazil, Russia, India and China and most recently South Africa) is also seen as a tool for the acquisition of power in the bargaining processes of the international system.

Several analysts believe, however, that the interdependence between Chinese and Latin Americans became excessively unbalanced, specially at the end of the first decade of this century, which would have greatly favored China in trade negotiations, with a typical profile of traditional North-South relations, as well as in establishing the priorities of common agenda of cooperation and investments, based primarily in China’s needs of raw material and energy.

As a matter of fact, although China’s historical relations with Latin America rely primarily on bilateral mechanisms, it seems, in one hand, that multilateral forums are gaining in importance for China in dealing with Latin America and exercising its leadership capabilities. In the other hand, evidences indicate that it is at the regional level that less developed countries are more likely to be able to coordinate their relations with China on more equitable terms.

In this context, many multilateral organizations and regional processes are already investing in supporting low and middle income countries to connect and to learn from each other.

There is a common understanding that multilateral organizations are particularly well positioned to offer mechanisms, which, on the one hand, complement the often limited financial and institutional resources of their member or client countries. On the other side, as connectors between demand and supply of knowledge and expertise of both governments and non-governmental actors, multilateral organizations can also help generate good practices and facilitate learning on what works and what does not work (ECLAC, 2011).

Over the past decades, multilateral organizations in Asia and in Latin America are investing efforts in enabling knowledge sharing as a key strategy for ensuring sustainable development. Three main groups of multilateral actors engaged in this Inter-regional
Cooperation: The agencies of the United Nations System, other global and regional multilateral organizations, and regional integration processes, which all have specific roles to play in facilitating and supporting knowledge sharing between the two regions, in general, and between Latin American countries and China, in particular.

In the next sections, some multilateral organizations linking China to its own region and to Latin America region will be more carefully studied. The compared analysis intend to better understand if new patterns of relations are being created by developing countries in order to coordinate its relations with China on more equitable terms. Before that, theoretical and methodological tools used in this analysis will be presented.

**Theory and method**

According to the analysis conducted by Shambaugh (2011), it is impossible to affirm that statements and dialogues conducted by the Chinese government in the international system were subsidized by only one school of thought. In fact, different schools or fields of thought had, over the time, direct implications for the quality of bilateral relations and multilateral agreements that were conducted by China or of which she took part. In general, China has adopted different positions of integration and collaboration with respect to the international system, revealing trends whose limits were, on one side, of isolationism and, on the other side, of full engagement in global governance and its institutions.

According to the spectrum shown in Figure 1 below, the identities chosen by China in its international relations have direct effects on the quality of key multilateral relationships that she leads with.

Figure 1: Spectrum of Chinese Global Identities

Source: SHAMBAUGH (2011, p. 10)

At one end of the spectrum is the nativism school of thought. This school puts together populist, nationalist or even extreme xenophobe visions. Such views often lead governments, or part of them, to nurture distrust with respect to the external environment and international
institutions, raising actions of national autonomy or even international isolationism. In particular, this type of vision warns against the establishment of any kind of partnerships and strategic alliances, which would threaten the very existence of the nation.

The realist school, in its turn, places the nation-state as the central unit of the analysis, considering the state sovereignty principle as being above any other, rejecting arguments that transnational issues penetrate through national borders. The international environment is usually seen as anarchic and unpredictable, which is why it is essential to build a strong state that can act independently in the global sphere and resist external pressures (SHAMBAUGH, 2011, p. 12). In general, realists are pessimistic about the external environment and international relations. Above all, they define national objectives narrowly and in a self-interested way. Contrary to the nativism vision, realists are not isolationists, although bilateral partnerships and multilateral relations are subordinated to the strengthening of national interests.

Some groups of Chinese analysts can be identified as belonging to the school of “Major Powers”. Those members tend to argue that a country should focus its diplomacy in the conduct of relations with major countries and blocs of the international system, giving less attention to developing countries or to multilateralism. This school argues that the absence of ties with key countries or pivots of the international system can jeopardize the achievement of national interests and hamper other regional relations. Moreover, the modernization of a country depends, to a large extent, on high technologies and capital investments, abundantly available especially in developed and emerging countries. Analysts in this group usually consider strategic partnerships with major powers as the top priority of the diplomacy of a country.

The group located in the middle of the spectrum argues that the foreign policy of a country should focus its efforts on its immediate periphery relations and countries belonging to its own region. It believes that a stable and prosperous neighborhood is vital to generate security and national development and therefore all efforts should be focused on building bilateral and multilateral arrangements with countries in its own region. Often, theorists and statesmen who advocate regional relationships do not exclude interactions with other regions or nations. But for them, there would need to balance the international relations of the country so as not to neglect its region in comparison to options regarding major powers and developing countries in other parts of the globe.

The school of "Global South" explains that China should give preference to regions or group of countries with which she identifies itself more with or have greater responsibilities or interests, regardless of whether they belong to its neighborhood. Thus, members of this school argue that a country needs to prioritize partners with shared values or history, or with whom she has business relations, and that advocate coincident or complementary interests. Relations can arise, for example, thanks to the existence of a common past of domination or exploitation, or of goals linked to a better distribution of resources in the international system.

In its turn, "selective multilateralism" thought believes that a country must expand its global involvement gradually, but selectively, and only in areas directly related to the national interest. In particular, this view explains that a country should seek, wherever possible, to build commitments, not confrontation, to enhance common ground between countries and reduce differences between them. Unlike the globalist vision, presented below, selective multilateralism is more a means than an end in itself, serving as a tool or tactic to resolve disputes or advance national interests.
Finally, the globalist view, located at the end of the spectrum, has a tendency to believe that countries in the international system can share rights and above all responsibilities in global governance, according to its size, power and influence. In this school, the emphasis on principles such as sovereignty and non-interference is smaller than on principles such as globalization and humanitarianism. Moreover, according to this perspective, transnational challenges require transnational partnerships, which should mainly use soft, not hard power, to generate systemic accommodations (SHAMBAUGH, 2011, p. 20).

In the next sections, empirical and analytical tools based on study case and compared politics will be applied, in order to understand the main patterns of China’s multilateral behavior and the nature of power in its relations within its own region and after that, with Latin American countries.

In particular, this work supports the "selective multilateralism" view combined with a "Realist" perspective. This combined theoretical tool allows to state that multilateral forums are gaining in importance for China because it permits a gradual and selective involvement with its partners, but chiefly in areas related to its national interests. In this sense, we sustain the idea that China is seeking to build commitments with Latin America in the multilateral arena to enhance common grounds and confidence, in order to attain coincident or complementary national interests whenever possible. In its turn, Latin American countries accept to deal with China under multilateral schemes because they believe that it is at the regional level that developing and less developed countries are more likely to be able to coordinate their relations with China on more equitable terms.

In the other hand, according to a realist consideration, Latin American multilateral forums are gaining in importance in China’s foreign policy, but only in relative and limited terms. Due to the difficulty of establishing confidence building measures in the presence of low common historical and cultural basis, as well as of creating projects that fits simultaneously the interests of all countries involved, the Realist vision defends that multilateral relations between China and Latin American would be mainly subordinated to the strengthening of national interests first, especially those of the stronger partner.

In order to achieve the objectives of this research, in the next sections a summarized analysis will explore the opportunities China developed in its own region and then in the Latin America one for effective coordination. The guiding methodology to study the China’s multilateral relations with Latin American countries, in particular, will be based on the inquiry about qualitative aspects of those relations, such as guiding principles, capacity development, enhanced communication and collaboration.

2. China’s Multilateral Relations in Asia

In recent years, China's multilateral relations with its partners in Asia have undergone profound changes, especially in light of factors such as: i) the Chinese political-economic ascension; ii) the relative decline of the influence and authority of the United States in Asia; iii) the increasing normative influence of the Association of Southeast Asian Nations (ASEAN) and the number of regional multilateral institutions; iv) the growth of technological and economic interdependence in the region; v) and improvement of various antagonist bilateral relations (SHAMBAUGH, 2004 : 64).
From the 1990s, in the quest for consolidation of ties with the regional plan, the leadership capacity of China proved to be quite effective - either by the increasing of its representatives’ participation in key Asian forums, either through their collaboration in creating new institutional mechanisms. The Chinese desire to play a more significant regional role, in turn, has made this country the main catalyst, transforming the Asian order (SHAMBAUGH, 2004: 65).

There are several examples to illustrate the new Asian panorama, under increasing Chinese influence. In 1995, China hosted for the first time, the ASEAN’s meetings of senior officials. Two years later, China has collaborated with the creation of the ASEAN +3 mechanism, based on a series of preparatory meetings between the ten ASEAN countries along with China, Japan and South Korea. In East Asia, China also deepened its presence, hosting the 9th meeting of Asia-Pacific Economic Cooperation (APEC) leaders in Shanghai in 2001. In Central Asia, China has sought to enhance the treatment of security issues, supporting the creation of the Shanghai Cooperation Organization (SCO) whose goals involved the resolution of territorial disputes and long-term demilitarization of borders. More recently, the organization has incorporated into its schedule the treatment of regional trade cooperation and anti-terrorism.

For China, the Asia-Pacific region acquired even greater importance in its foreign policy in the first years of the 1990s, partly forced by international isolation post-Tien-an-men, in June 1989. Since the late 1990s, and thanks to the results obtained via economic growth and the implementation of a more dynamic and modern diplomacy, China began to propose new mechanisms of association with its Asian neighbors.

According to Shambaugh (2004: 67-72), five factors contributed to the new Chinese engagement in Asia, printing changes in its regional foreign policy since the 1990s: i) the desire of some Asian countries - and in particular the ASEAN - to reinsert China in regional business, after the campaign of condemnation and isolation linked to the facts in Tien-an-men, and to accept her as an important partner, ii) the Chinese desire to increase its acceptance within the region, which was largely achieved through its responsible participation during the Asian financial crisis of 1997-1998, highly appreciated by the countries of the region, iii) the shift in Chinese perception about regional organizations, which are now viewed with less suspicion and as being compatible with the new Chinese concept of security (based on principles of peaceful coexistence, dialogue and negotiation on an egalitarian basis), iv) the Chinese belief that international alliances of the Cold War became unnecessary, opening the possibility for China to submit its own "discourse" about international relations, based on "positive sum", v) the reaffirmation of Deng Xiaoping’s thesis, from 1985, that China should be guided by the pursuit of peace and development, and that such a search should be achieved through a proactive attitude with respect to regional and global levels.

Thus, through a renewed regional approach, China has not only decided to focus on bilateral relations with strategic countries (like Japan, South Korea and India), but also increase its participation in regional multilateral processes, either with an objective to promote economic ties, or in order to reduce uncertainties in the security area.

The growing Chinese engagement in the Asian region was more evident in the economic area, thanks to its role as an engine of growth in Asia in recent years. Not only intra-regional trade relations have become abundant, but also direct investments have become more frequent. China offered also development assistance to Asian countries, either via loans or via humanitarian and reconstruction assistance in cases of natural disasters.
In the regional scene, the Chinese attitude towards security issues was also of increasing participation. From the national point of view, China was interested in developing capacities to deal with Taiwan’s independent attitudes and in building a power status through a modern military machine, which inevitably raises concerns for its neighbors. Thus, at the multilateral level, China has sought not to transform these goals into obstacles to its relations with neighbors and, therefore, put in place some "confidence building measures". Among them there is the conduction of dialogue with several neighboring countries, the exchange of information and experience among military officers, the participation in regional forum with the objective to establishing cooperation instruments in the security area, and the use of transparency through publication of reports on Chinese security area.

In order to better understand Chinese participation in multilateral processes in Asia, China’s relations with the following groups of countries were particularly studied: i) Southeast Asian; ii) East Asia, iii) and Central Asia.

**China and Southeast Asia**

Created in 1967, the Association of Southeast Asian Nations - ASEAN is the oldest regional organization in Asia. With the end of the Cold War in 1991, the organization's goals are no longer fighting the communist attitudes in the region, putting in its place the promotion of economic development and trade through the generation of interdependence among its members.

In Southeast Asia, changes in perceptions and attitudes towards China, observed in recent years, were very significant. Initially, China was mainly seen as a threat by its neighbors in Southeast Asia, in part because of territorial disputes in the South China Sea and its former support to the communist insurgency in the continent. This perception began to change since the Asian financial crisis of 1997-1998, when China – assuming the charges related to the exercise of leadership in the region – resisted to devalue its currency, benefiting its neighbors that, instead, allowed their currencies to enter into free fall.

In recent years, China's relations with Southeast Asia were seen as a means for expanding regional trade. Thus, in November 2004, China and ASEAN countries agreed to gradually remove tariffs and create the largest free trade area by 2010. China has also started to develop bilateral and multilateral security relations with Southeast Asian countries.

Faced to the traditional goals of the United States in Southeast Asia – based in the promotion of democracy, rule of law, human rights, stability and balance of power, protection of sea lanes, trade and investment interests, and more recently, the fight against terrorism – China proved to be able to offer a new architecture for the Asian region. Based not only on economic foundations, but in a broad strategic agenda, the regionalism of Chinese type proposed: i) the maintenance of a stable political and security environment, particularly on China’s periphery, in order to allow a continued growth, ii) the expansion of trade routes

---

passing through Southeast Asia, iii) the access to energy resources and raw materials in the region, iv) the development of trade relations with economic and political purposes; v) the isolation of Taiwan, vi) and the increase in the power influence of Asian countries to face any external threats and containment strategies.

To Shambaugh (2004: 76-77), China's engagement in regional processes in progress in Southeast Asia are not just an expression of a diplomacy increasingly offensive adopted in recent years. It also reflects the decision to use "soft power" in the exercise of its diplomacy, particularly through the promotion of dialogue and the establishment of standards jointly developed. In many cases, Chinese attitudes represent commitments that China has decided to take, by limiting its own sovereign interests, in exchange for benefits from the increase of regional interdependence.

Southeast Asian countries, by their side, aware of the growing power and inevitable influence of China, chose to adopt a strategy that fosters greater Chinese's engagement in the region, helping to undermine unilateral or hegemonic attitudes. Actually, this strategy involves the maintenance of relations with the United States, so as to balance influences and increase stability in the region.

Cooperation in East Asia

The creation of an East Asian community began in the first years of the 1990s through both the identification of common Asian values and the pursuit of economic growth. In face of an extremely heterogeneous community profile – are part of this group China, South Korea, Japan, Australia, New Zealand, India and the ten countries of ASEAN - the aggregating factor and parameter that generated the greatest transformations in the history of this regional structure proved to be mainly China. The socio-economic development of this country and its effects on strategic, political and economic areas are fundamental factors of change on the regional balance (ROCHER, 2006: 19).

China has become, in recent years, particularly active in East Asia, putting into practice new diplomatic resources of high quality with the purpose of promoting its regional project. If, at first, China sought to emphasize bilateral relations with its neighbors, refusing to address fundamental issues in multilateral forum, later chose to open up to the regional space. The Chinese logic that led to the choice of regional path indicates the desire to achieve two purposes in particular: i) focus on the "good sense" or "common sense" believing that geography "attracts who is close", ii) promote stable regional environment, considered more favorable to development (ROCHER, 2006; 21).

Based on the principle of "peaceful rise", China decided, especially since 2003, to recognize that its own internal harmony depended on external stability, and that she should therefore promote a controlled open door politic in a regional and peaceful environment. From 1997 - and given the financial crisis that hit Asia in general and ASEAN in particular, China began to promote effectively and vigorously regional business in East Asia. Among the measures that have marked her definitive entry in the regional business, include: i) the promotion of stability in the region, particularly through economic and financial resources, such as the choice for maintaining the value of the Chinese currency in the late 1990s ii) and
the exercise of leadership through launching initiatives that generate order, interdependence and cooperation among neighbors.

During the very first years of the twenty-first century, China has shown its ability to propose a regional agenda compatible with the central goals of its foreign policy. In this sense, many initiatives have been proposed, among which: i) the creation of a China-ASEAN Free Trade Area, in 2000, ii) the implementation of a conduct code in the South China Sea in 2002, iii) the establishment of a China-ASEAN agreement on cooperation in non-traditional security area, in 2004, iv) the signing of an agreement for oil exploration between China, Vietnam and Philippines in 2005 (ROCHER, 2006, 22-23).

In general terms, through an active exercise of leadership, China aimed to conduct the dialogue in regional forum, in order to transform them according to its own perspective, removing from the debates issues considered too sensitive or modifying rules of the game in order to stress national interests. More than institutionalize regional processes that could become intrusive instruments, rather than creating problem solving institutions, China preferred to support the proliferation of regional forums that emphasized the dialogue with its neighbors. In particular, the aim of Chinese diplomats in creating round tables was to improve the country's image in its neighborhood, dismantling the theory of "China threat".

In East Asia, relations with Japan and South Korea are considered by China as the most important ones. The intensification of economic and financial interdependence with these countries is a sign of the critical role they play in the Chinese economy. However, its regional project seems not entirely coincident with those designed by its neighbors.

Good economic relations did not produce a political renewal automatically, especially between China and its Japanese neighbors. If with South Korea Chinese initiatives usually lead to signing statements, reports and joint initiatives, with Japan the rigidity is much higher. Two factors contributed to explain the Chinese strategy towards Japan at the regional level: i) the Chinese goal of eliminating the Japanese chances to exercise its leadership in terms of regional building; ii) the interest in promoting a competitive cooperation with Japan, to favor the Chinese leadership and preserve its sovereign interests (ROCHER, 2006; 27). In this context, no formal regional structure or body control is desired by China, preferring this country only to continue the dialogue, since it promotes less embarrassment in treating with sensitive issues.

In order to defend the "noninterference in internal affairs" principle, the regional construction is delayed or even postponed indefinitely, preserving interests without promoting essential objectives in the regional plan. In this sense, nothing indicates that East Asia will be transformed, in the near future, in a regulatory space. Instead, a political game based in forces with no defined purposes is created, even knowing that a structured and dynamic Asia could prosper economic and financial interests and facilitate political understandings historically blocked (ROCHER, 2006: 28-29).

Central Asia and the Shanghai Cooperation Organization (SCO)

Since the 1990s, and after the advent of Soviet disintegration in 1991, new regional relations were established, which allowed a growing liaison between China, Russia and its Central Asian neighbors. The Chinese first concern was to restore the borders with three neighboring former Soviet republics - Tajikistan, Kyrgyzstan and Kazakhstan. In addition to
resolving historical territorial disputes, such negotiations opened, in turn, the opportunity to overcome Sinophobe attitudes and launched the foundations for cooperation between China and the countries of Central Asian region.

The Uighur separatist movement in the Chinese province of Xinjiang was a key factor in creating a common security vision between China and its Central Asian neighbors (VILLER, 2006: 263). Since 1991, such anti-Chinese group of about 300,000 people started to get involved with opposing nationalist groups in neighboring countries, threatening the stability of their respective governments. Faced with such a situation, China has sought to improve its image and get closer to its neighbors, proposing a dialogue and joint action about security to combat three movements: separatism, extremism and terrorism (VILLER, 2006: 264).

It must be noted that the Russian presence in the region was neither questioned nor ignored by the Chinese. Instead, China has sought to create an "entente" between Russian and other Central Asia neighbors, due to the strategic importance of this region for those countries. The U.S. presence in the region, in turn, also favored a closer relation between the countries in the region for two reasons in particular: i) the Central Asians countries were interested in playing a role of greater relevance in their own region, and sought to increase their autonomy towards the United States through new alliances; ii) those countries, plus China and Russia, also were not willing to submit to unilateral North-American rules, which did not take into account their own world views and their regional interests.

In light of this context was created the "group of five" in Shanghai in 1994, which was transformed, in 2001, in the Shanghai Cooperation Organization (SCO), composed of six members: China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan. Initially, the main objective of the group was to combat the influence of foreign powers in the region, but gained amplitude over the time including issues related to non-traditional security, in particular the fight against terrorism (VILLER, 2006: 266). The organization also aimed to build confidence-building measures and improve security in the region, which was achieved through the reduction of military forces and increased jointly military exercises in border areas.

Since 2003, the promotion of economic cooperation became part of the organization's objectives, reflecting the ability of the Chinese to cooperate to the region's growth through direct investment, financial support for large projects and trade promotion. There is a great Chinese interest in creating a free trade zone among members of the organization and, therefore, China is open to provide credits and to promote trade. In turn, despite the relative low amount of such trade to China, it is considered essential at the regional level, since they guarantee the economic development of Xinjiang province, and provide 80% of Chinese goods exported to Central Asian markets (VILLER, 2006: 269). China is interested in developing the Xinjiang region economically, to undermine local separatist sentiments, as well as to reduce internal inequalities between maritime and continental China, laying the foundation for the ultimate goal of redefining the balance throughout the Eurasian region (VILLER, 2006: 269-270).

Over the time, new working groups on various themes were created within the Shanghai Cooperation Organization, encouraging frequent meetings and regular coordination (SHAMBAUGH, 2004: 74). Among these themes, two gained amplitude in recent years due to its strategic importance: the construction of infrastructure and transportation and energy supply.
For the Chinese, the Central Asian region is vital to connect China to Euro-Russians and Middle East markets. China is interested in creating a "middle aisle" of approximately 10,900 kilometers, located between the trans-Siberian axles and sea lanes linking the Far East of China to the port of Rotterdam, in the Netherlands (VILLER, 2006: 271). The Central Asian countries are also interested in transforming their own region into an Euro-Asian trade route, which could pull them out of an underdevelopment condition, that has existed since the breakup of the former USSR.

In addition, the energy issue is considered important both for the Chinese and Central Asia countries. For the Chinese, the advancement of cooperation with the countries of the region will permit the achievement of several objectives in the energy area, among which: i) build alternative routes for transporting oil and gas, reducing the Chinese dependence on routes controlled by the Anglo-Americans; ii) build new routes linking China directly to important suppliers, such as Iran and those located on Caspian coasts; iii) increase the Chinese energy reserves through exploitation of new Central Asian sources.

Central Asian countries believe it is very important to promote links with China in the energy area, considering that: i) at the moment, there would be no alternative to the Chinese capital to keep on with energy exploitation in the region; ii) few foreign companies are willing to invest in businesses with uncertain profitability, in which the Chinese do not hesitate to include itself; iii) diversification of partners is considered essential, allowing both the establishment of national financial equilibrium in strategic sectors as the reduction of political pressure from abroad (VILLER; 2006: 274).

In the near future, the strengthening of ties between China and the Central Asian countries will depend to a large extent on the tools that the Shanghai Cooperation Organization can offer to achieve common goals. In this context, mechanisms that lead to the elimination of nationalist attitudes are considered central to the achievement of the ultimate goal of overcoming economic stagnation and to increase the stability and security of the region. For China, more than a threat to national interests, the success of the Central Asian community project presents itself as a prerequisite and condition "sine qua non" for its peaceful rise as a regional power.

Also in China – Latin America and the Caribbean (LAC) relations, “growing and fast-tightening (but not yet deeply institutionalized) trans-Pacific network comprising trade, investment, political and even security links in both bilateral and (increasingly) multilateral contexts” were born the last decade and resulted from opportunity-maximizing instruments created by regional institutions (DOSCH & GOODMAN, 2012), as we will show in the next section.

3. China and Latin America in the Multilateral Arena

Innovative Asia and the Pacific – Latin America multilateral forums have appeared on the scene the last years. For most governments on both sides of the Pacific, Asia and the Pacific-LAC cooperation is a relatively recent phenomenon and less extensive than their engagement with other regions (ADB, IADB & ADBI, 2012, p. 25). Although some International relations theorists have often been skeptical of cooperation, arguing that states act in response to factors that may or may not promote cooperation, some regional Latin American
institutes have been more optimistic about the role they can play in promoting successful cooperation even in the presence of some conflicts over trade practices. Since 2005, the Economic Commission for Latin America and the Caribbean (ECLAC), for example, has closely monitored developments in economic relations between Latin America and the Caribbean and China, the Republic of Korea and Japan. For the past six years, ECLAC has expanded the analysis to include the whole Asia-Pacific region, serving as a contributor to the Latin America and Asia goals of trade and investments promotion and to the economic cooperation objectives agreed upon by its member economies, in bilateral and multilateral schemes.2

Actually, the Asian Development Bank and the Inter-American Development Bank, the regions’ major development partners, have a role to play in promoting Asia and the Pacific–LAC economic cooperation. Potential avenues include conducting further research on Asia and the Pacific–LAC economic ties, organizing joint conferences and policy dialogues, exchanging operational best practices, financing results-oriented cross-regional technical assistance and capacity-building activities, and contributing to trade-related interregional infrastructure (e.g., seaports and trade facilitation) (ADB, IADB & ADBI, 2012, p. 27).

Under this renewed inter-regional atmosphere, China, in particular, has been playing a growing role in multilateral organizations in Latin America and the Caribbean (LAC). She is, for example, a founding member of the Forum for East Asia–Latin America Cooperation (FEALAC), a permanent observer at the Organization of American States (OAS) and has expanded its diplomatic ties to the Group of Rio, the Andean Community, and the Caribbean Community (CARICOM). A further indication of China’s increasing involvement in the multilateralization and diversification of trans-Pacific international relations is its emergence as a donor country. “In 2008, China joined the Inter-American Development Bank (IDB) and committed 350 million USD to public and private sector projects” (Dosch & Goodman; 2012).

With the aim of contributing to a better understanding of this blooming scenario, the next sections will analyze China’s multilateral relations in Latin America through its presence in Inter-American Development Bank (IDB), in the Organization of America States (OAS) and in the Forum for East Asia-Latin America Cooperation (FEALAC).

**China and Inter-American Development Bank (IDB)**

China joined the IDB in 2009, contributing with US$ 350 million to various programs. The funds would be distributed as follows: i) US$ 125 million in the IDB’s Fund for Special Operations, which provides soft loans to Bolivia, Guyana, Haiti, Honduras, and Nicaragua; ii) US$ 75 million will be allocated to multiple IDB grant funds to strengthen the institutional capacity of the state, including municipal governments and private sector institutions; iii) US$ 75 million is destined for an equity fund to be administered by the Inter-American Investment Corporation (IIC), which lends to small and mid-sized private business, and; iv) US$ 75 million is to be administered by the Multilateral Investment Fund, which focuses on micro enterprises.

---

2 See, for example: KING, MATTOS, MULDER & ROSALES, (2012); KUWAYAMA & ROSALES (2012); KUWAYAMA & ROSALES (2011); KUWAYAMA, LIMA & LAFLEUR (2010).
China is a non-borrowing member of the Inter-American Investment Corporation (from the Inter-American Development Bank - IDB) and from the Multilateral Investment Fund (also from the IDB).

Members in the IDB allow non-borrowing countries to substantially leverage their resources and to channel their concerns regarding development issues through the IDB. Non-borrowing members benefit in that only suppliers from member states can provide goods and services for IDB-financed projects and the Bank can only employ citizens from those countries. The IDB collaborates with member countries in sharing information about Bank projects, activities and procurement opportunities. Of the IDB’s 48 member countries, 22 are non-borrowing – including China –, meaning that they provide capital and have voting representation in the Bank’s Board of Governors and Board of Executive Directors according to their capital subscriptions (IDB, 2013).

In November 2012, the IDB approved US$ 153 million in loans to set up a new Investment Platform for Latin America and the Caribbean in partnership with the Export-Import Bank of China. The new platform is expected to mobilize as US$ 1.8 billion to form a diversified pool of investors, including Chinese investors, to fund equity investments that will support economic and financial integration between Latin America and the Caribbean (LAC) and China. The platform is made up of three regional investment funds that will deploy risk capital in infrastructure, mid-size companies and natural resource projects, including agribusiness, energy and mining, particularly in the pre-production stage. The Funds are expected to have a life of 10 years extendable by another 2 years.

Macquarie Infrastructure & Real Assets (MIRA) has been selected to manage the “LAC-China Infrastructure Fund”, which is expected to have a substantial impact on the development of the region by contributing to the enhancement of transportation and logistics facilities.

Darby Private Equity will manage the “LAC – China Mid Cap Corporate Fund”, which is expected to provide long-term financing so companies in this segment can boost productivity and compete in global markets. The fund is expected to provide assistance to improve management and governance and support expansion and modernization plans.

SinoLatin Investment Advisors (SLIA) have been selected to manage the LAC-China Natural Resources Fund, which is expected to help increase food production through investments in agribusiness, as well as the availability of raw material for industrial production through investments in mining and energy (IADB, 2013).

By the end of 2012, the IDB had approved US$ 219 billion in loans and guarantees to finance projects with investments totaling over US$ 462 billion, as well as US$ 5.3 billion in grants. Chinese subscriptions to capital stock, contribution quotas and voting power, at the end of 2012, were still small in relative terms. While the United States had 30% of total numbers of votes and Argentina and Brazil 10,9% each, China had only 0,004%. China’s low voting power is related to it still modest approved contribution to the IDB capital stock (US$ 2.7 million, in contrast with United States, Argentina and Brazil’s contribution (respectively of US$ 34,052 million and US$ 12,364 and US$ 12,364 million) in 2012.

Although 2012 IDB’s data does not yet confirm China’s leading financial role in Latin America, there are frequently new media sources that indicate the growing role China is ready to perform in the region, especially through the efforts of Inter-American Development Bank. As a matter of fact, it has been announced recently that China will help the Inter-American
Bank finance US$ 12 billion for Latin America and the Caribbean in 2013 as the region struggles to recover from the global financial crisis (SABO, QUIGLEY, 2013).

**China and OAS**

China is a Permanent Observer of the Organization of American States since May, 2004. On December 2009, the OAS and China signed two Memoranda of Understanding, one establishing ten scholarships for higher education at Chinese institutions over a five-year period, and the other renewing China’s commitment to contribute US$ 1 million over five years to OAS programs.

The main areas of Chinese cooperation with OAS are: Strengthening Multidimensional Security (CICAD); Protecting Women’s Rights (CIM); Promoting Democracy and outreach activities (DECO, SER/DIA); and Advancing Integral Development (DSD). In 2010, China’s cash contribution to the OAS was of US$ 247,390, or 1.8 % of the total amount of contributions (US$ 15,766.615). This contribution was due to investments in the promotion of Democratic values among the Youth Caribbean Through the Organization of the MOAS (US$ 40,000,00), the Harmonization and Institutionalization of Community-Centered Methodologies on Risk Identification and Risk Management in the Education Sector in the Central American Isthmus (US$ 35,000,00), the OAS Electoral Observation Mission to Haiti – Second Round (US$ 25,000,00), the Inter-American Program for the Prevention and Eradication of Commercial Sexual Exploitation, and Smuggling of and Trafficking in Minors (CSEC) (US$ 47,390,00) and OAS Emergency Scholarship Program for Haiti (US$ 20,000,00), among others.

In 2011, China was the fifth OAS’s donor, having more than doubled its, contribution compared to the precedent year, to US$668.797, from the total amount of US$ 16,638,595.

Table 1 – Contributions from OAS Permanent Members in 2011

<table>
<thead>
<tr>
<th>Country</th>
<th>Total amount in US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Spain</td>
<td>6,124,050</td>
</tr>
<tr>
<td>2. The Netherlands</td>
<td>3,514,994</td>
</tr>
<tr>
<td>3. Sweden</td>
<td>1,529,705</td>
</tr>
<tr>
<td>4. European Union</td>
<td>1,115,155</td>
</tr>
<tr>
<td><strong>5. China</strong></td>
<td><strong>688,792</strong></td>
</tr>
<tr>
<td>6. Norway</td>
<td>643,056</td>
</tr>
<tr>
<td>7. France</td>
<td>430,857</td>
</tr>
<tr>
<td>8. Finland</td>
<td>430,470</td>
</tr>
<tr>
<td>9. Germany</td>
<td>413,196</td>
</tr>
<tr>
<td>10. Israel</td>
<td>380,180</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>US$ 16,638,595</strong></td>
</tr>
</tbody>
</table>

Source: OAS official site
China’s growing presence in OAS not only indicates her willing to participate in economic but also political life in Latin America and the Caribbean. During the last years, China’s ability to develop and expand contacts with Taiwan’s friends in the region has not only permitted China’s acceptance as a formal observer in the OAS, on May 26, 2004, but also allowed China to continue strongly objecting to Taiwan’s efforts to seek OAS observer status (DUMBAUGH & SULLIVAN, 2005).

**China and FOCALAL / FEALAC**

In the last years, the Asia-Pacific region continues to deepen its regional integration efforts, while the Latin American and Caribbean region seeks a more coordinated approach among countries. These sustained efforts on both sides are being complemented by bi-regional cooperation on different fronts. The Forum for East Asia – Latin America Cooperation (FEALAC) is playing a role in deepening these South-South linkages between Asia and Latin America and the Caribbean.

The Forum for East Asia–Latin America Cooperation (FEALAC) is an organization made up of 34 LAC and Asian states, created in 1998. FEALAC’s primary aim is to foster economic and political cooperation in a variety of policy areas, including education, science and technology, innovation, and poverty reduction. It does not explicitly seek to liberalize trade relations or promote economic integration between the regions.

FEALAC still has weak institutional foundation, with no permanent secretariat and ministerial-level meetings held only every three to four years. A possible advantage of this institutional structure could be less bureaucracy and greater flexibility.

Despite these potential benefits, there is evidence that the forum has suffered from a lack of commitment and attention from some members. Key initiatives, such as support for small- and medium-sized enterprises (SME), identified as a priority area since 2002, show few tangible results to date. An online secretariat—an essential tool for a grouping of 34 geographically dispersed economies—was only set up in 2011. During the group’s Senior Officials Meeting in 2010, the delegates took steps to address these concerns, adopting a strategy to increase awareness and generate stronger commitment among members. The strategy has given birth to a FEALAC Vision Group, charged with raising the forum’s profile. It is still unclear whether FEALAC will emerge as a robust forum for interregional cooperation.

China’s participation in FEALAC is modest but growing tightly. As a matter of fact, since 1999, when the organization was created, China has never occupied a place as regional coordinator nor served as a hosting country for annual meetings. In despite of that, in 2011 she was the second FEALAC country to present the highest number of national projects, or 38 of the total of 203 projects between 1999-2011, (after Thailand, with 40, and before Brazil, with 8 projects) (FEALAC, 2011).

China intends to broaden its activities in multilateral organizations as FEALAC. In a speech on January, 2010, before the FEALAC, the Foreign Minister of China outlined three areas where China seeks greater cooperation with the Latin America and Caribbean (LAC) region: i) achieving complete global recovery from the recent and ongoing economic crisis; ii) promoting environmental protection and sustainable development; iii) and engaging in social
Final Remarks

In recent years, China has established a strategy of pragmatic leadership in its own region. Thus, this country has used its economic power resources to act proactively in times of crisis and to strengthen economic interdependence in Asia. A fundamental connection between China and ASEAN, for example, became true with the effective Chinese action in Asian financial crisis of 1997-98. This partnership is rising sharply in recent years, when China became the largest market for ASEAN exports.

In Latin America and the Caribbean, China has emphasized the establishment of a regional strategy of cooperation, with the use of soft power resources - in particular, the choice of multilateralism and institutional strengthening, promotion of guiding principles of the region (such as developmentalism, pacifism and education) and the attractiveness exerted by its development model. This strategy has contributed to foster Latin America’s support to Chinese initiatives in the region.

The Chinese initiatives, especially the funding of infrastructure, energy and agribusiness projects through IDB’s structures, have generated a positive reaction in LAC countries. As a matter of fact, LAC’s position towards China evolved from the indifference in the 1980s to a position of great openness and collaboration in relation to Chinese proposals in the 2000’, which shows a process of confidence building among these actors.

We can conclude, therefore, that the Chinese objectives in Latin America and the Caribbean, in particular the development of its own material capabilities (via obtaining energy, raw materials and consumer markets for its manufactured goods) via soft strategic performance in multilateral processes have been gradually attained. In turn, China has proved willing to increase its communication and cooperation with Latin American partners, either through participation in annual meetings and joint projects, either through funding projects, especially those of direct interest to China, linked to economic assess to Latin American market.

Bibliography


