



Turning Points: The Shifting Geopolitics of South America

China in Latin America & the Caribbean

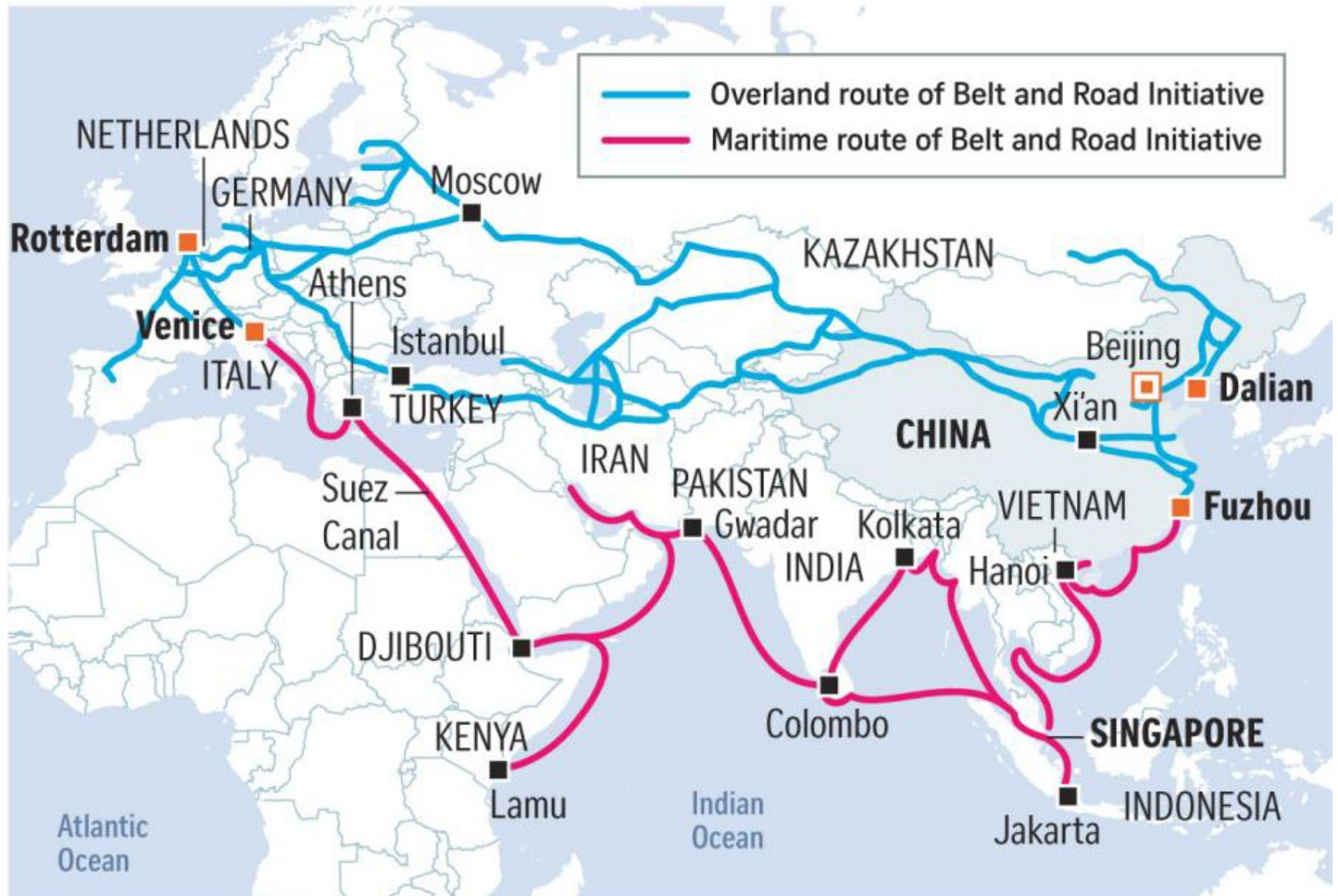
Second Meeting of the China-CELAC (Community of Latin America and the Caribbean), Santiago, January 2018. Chinese Foreign Minister Wang Yi stressed that the BRI would “inject new energy into the China-CELAC comprehensive cooperative partnership and open up new prospects.”

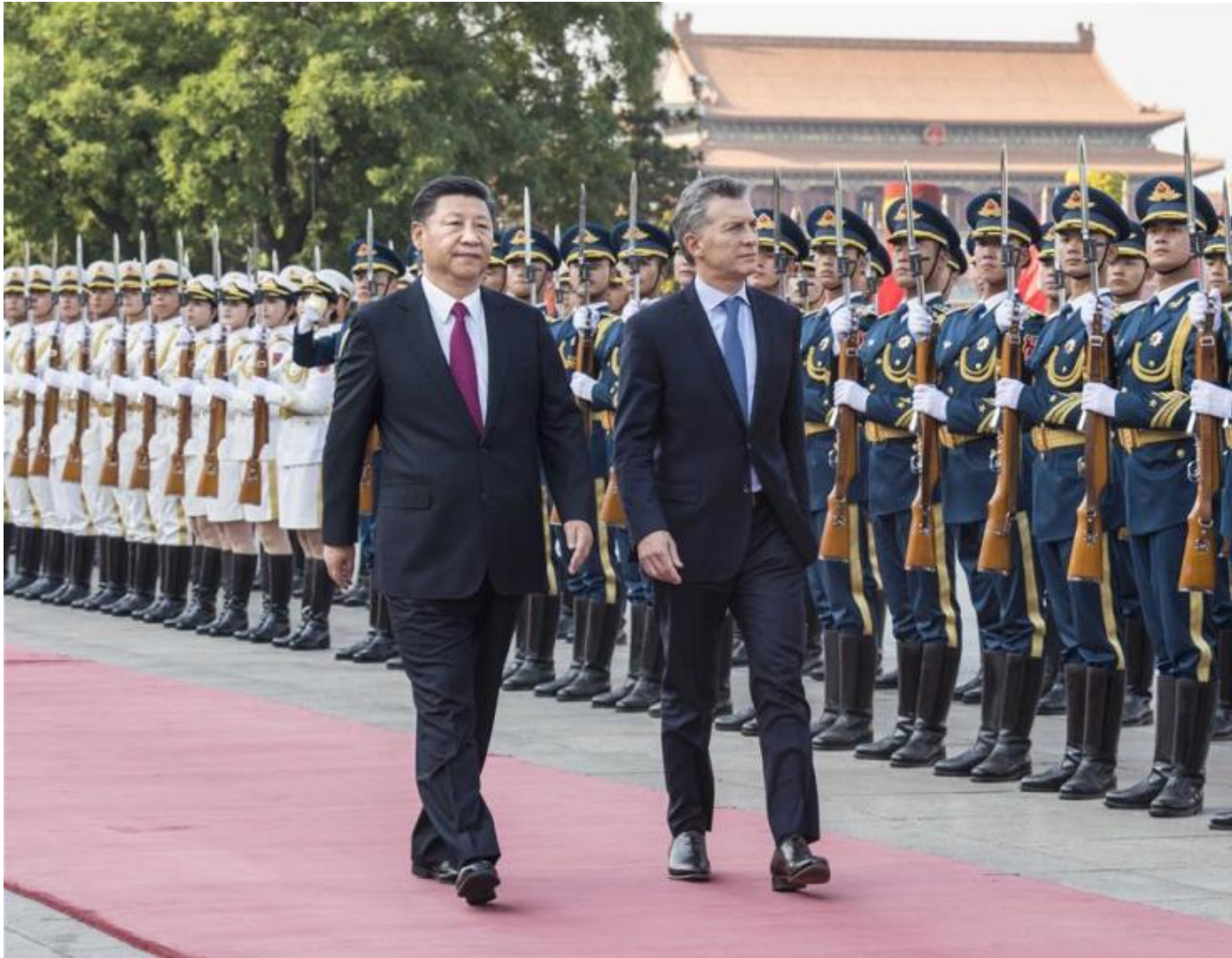
Dr Michael Sullivan, CBLG,
Flinders University.
Hawke Centre
3 October 2019



Brazil, Argentina, Venezuela and
Cuba, July 2018.

- ❑ China's Belt & Road
- ❑ The Monroe Doctrine
- ❑ Venezuela
- ❑ Panama Canal
- ❑ BRICS
- ❑ Mercosur



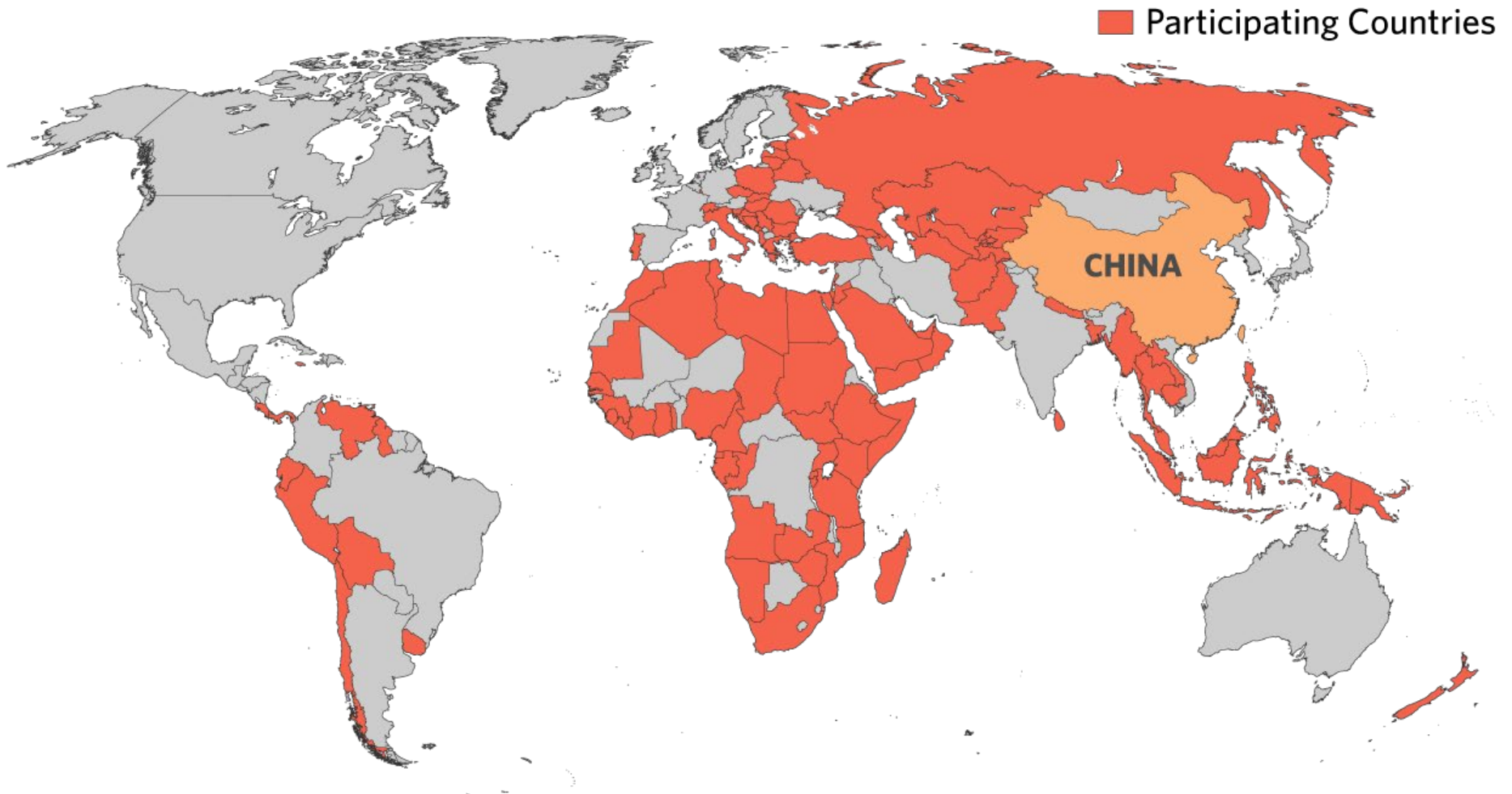


Chinese President Xi Jinping holds a welcome ceremony for his Argentine counterpart Mauricio Macri May 17, 2017. (*Xinhua*/Li Tao)



<https://www.ussc.edu.au/programs/america-in-the-indo-pacific>

China's Belt and Road Initiative



Source: China's Belt and Road Portal

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<https://worldview.stratfor.com/article/china-changes-gears-belt-and-road-initiative>



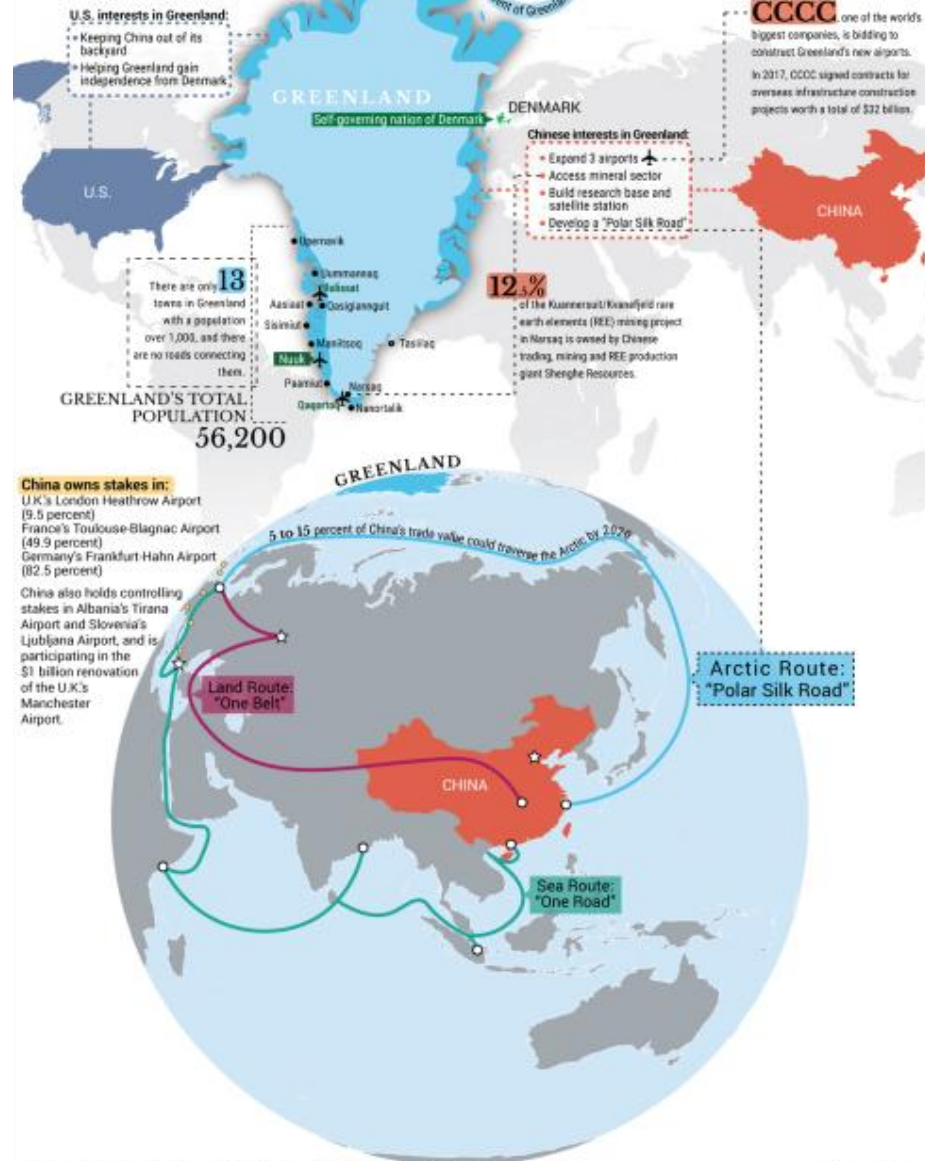
<https://geopoliticalfutures.com/polar-silk-road-china-comes-greenland/>



<https://www.beltandroad.news/2019/05/11/china-to-contribute-to-sustainable-development-of-arctic/>

China's Arctic Interests

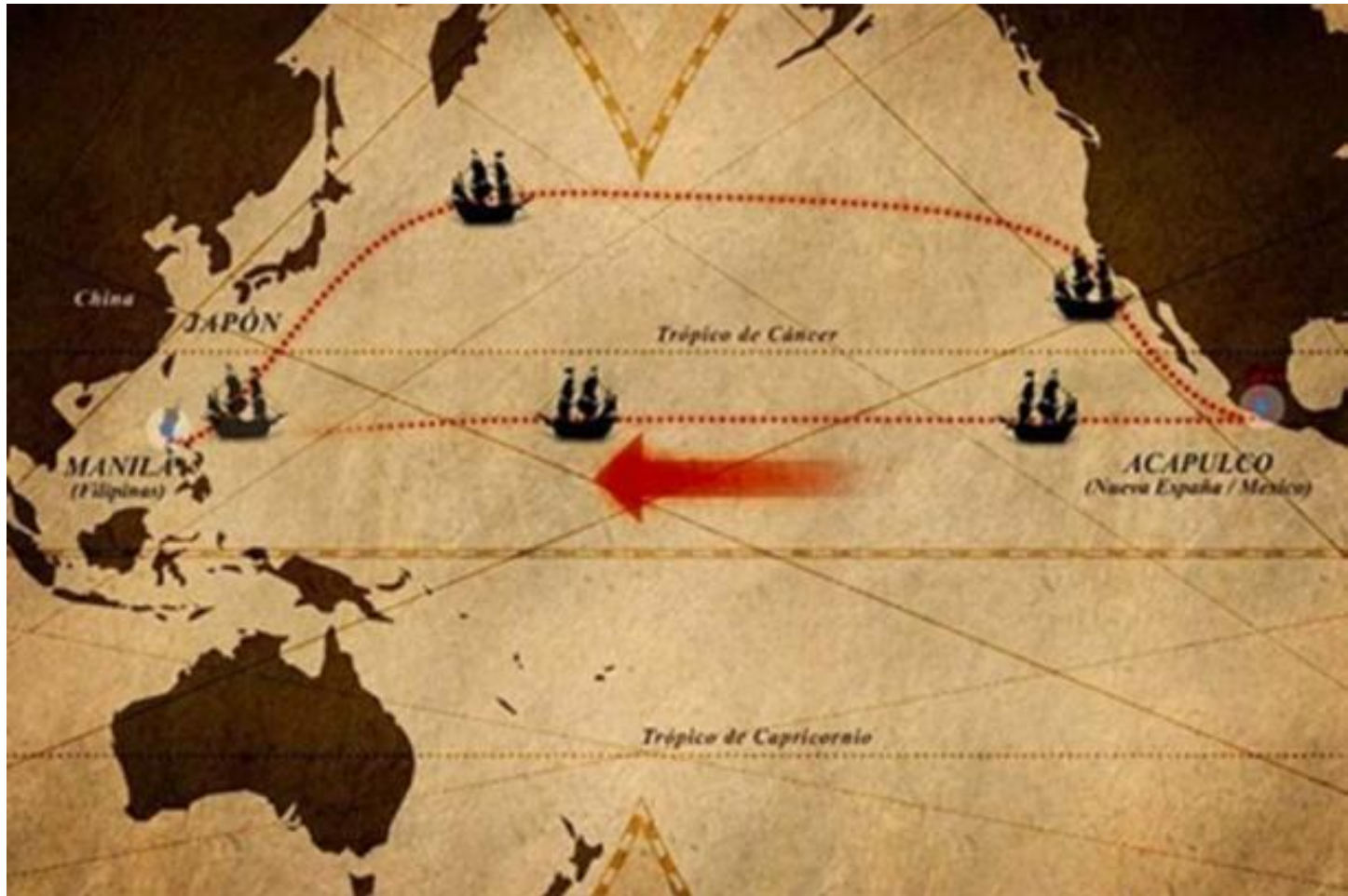
Greenland, one of the world's least accessible places, is looking to upgrade three airports in an effort to open itself up to affordable flights bearing tourists, repatriates and immigrants. The United States, warning that China uses its economic influence to establish a military presence, sees this as an opportunity for China to militarize much too close for comfort.





<https://www.officialgazette.gov.ph/2015/04/28/ph-mexico-push-to-nominate-manila-acapulco-galleon-trade-route-to-world-heritage-list/>

Map showing the routes between Manila and Acapulco.



<https://www.ancient-origins.net/history/trading-treasures-and-curiosity-fascinating-history-manila-galleons-007607>

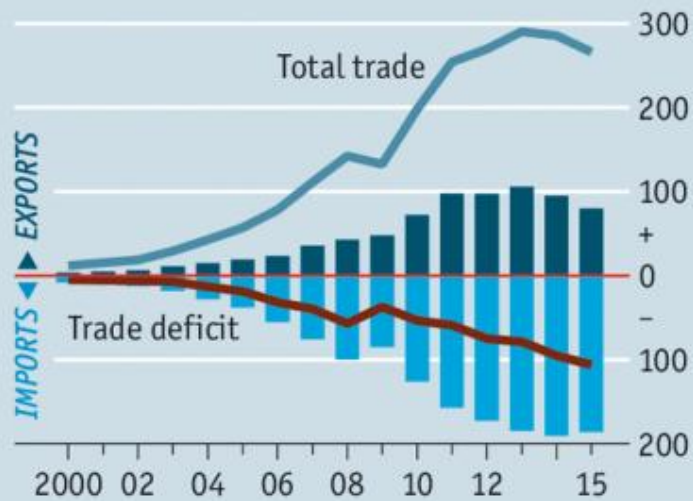
□ since 2005, China's state-to-state financing amounts to **US\$150b**, of which **US\$127b** has gone into infrastructure, mainly roads, railways and ports.

This is about 10% of all of China's Outward Direct Investment (ODI).

- ❑ Between 2008-18, China became LAC's largest foreign creditor of about **US\$150b**.
- ❑ There are about **150** infostructure projects, and about half are in the construction phases.
- ❑ China plans to double bilateral trade to **US\$500b** by 2025 and to increase ODI to **US\$250b**.

Partners in decline

Latin America and the Caribbean,
merchandise trade with China, \$bn



Source: Thomson Reuters

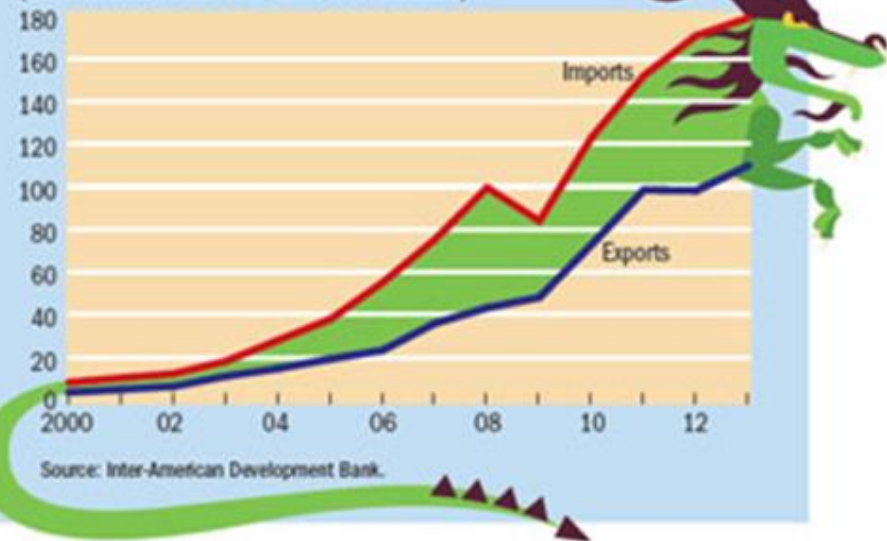
Economist.com

<https://trustlcnnews.wordpress.com/2016/11/18/a-golden-opportunity/>

Roaring dragon

China's bilateral trade with Latin America has increased substantially since the turn of the century, with its sales to the region outpacing its purchases.

(Latin American trade with China, billion dollars)



Source: Inter-American Development Bank.

<https://www.imf.org/external/pubs/ft/fandd/2014/12/elson.htm>

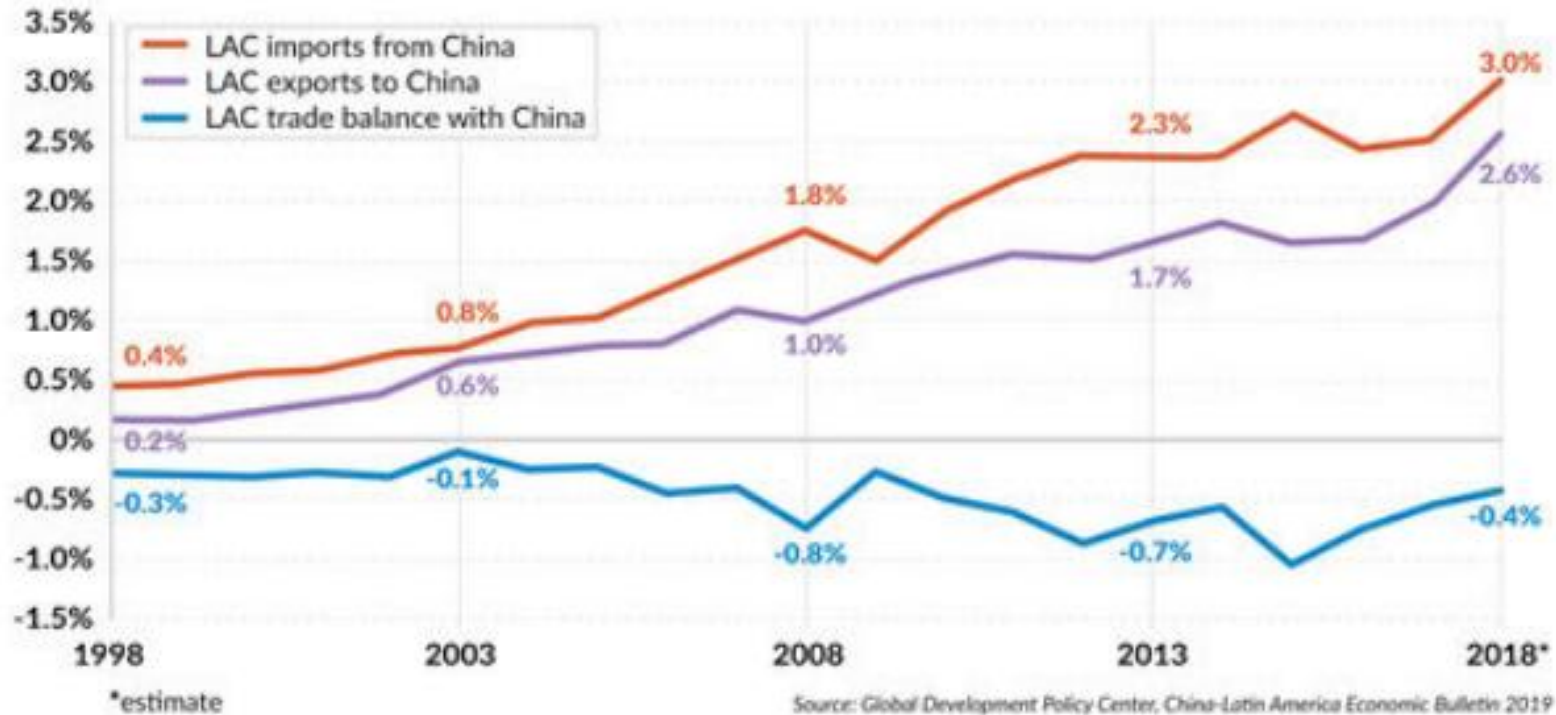
Year	Total	Exports to PRC	Imports from PRC	Balance
1950	1.96	1.91	-0.05	-1.86
1960	31.3	21.0	10.3	-10.7
1970	145.8	70.6	75.2	4.6
1980	1,331	843	488	-355
1990	2,294	1,513	781	-732
1995	6,114	2,967	3,147	180
2002	17,824,400	8,336,160	9,488,240	1,152,080
2003	26,806,810	14,929,380	11,877,430	-3,051,950
2004	40,000,000	21,700,000	18,300,000	-3,400,000

<https://www.e-ir.info/2012/07/23/does-chinese-growth-in-latin-america-threaten-american-interests/>

Rising tide of trade

Latin America and Caribbean (LAC) trade balance with China, 1998-2018

Percent of LAC GDP



Source: Global Development Policy Center, China-Latin America Economic Bulletin 2019

Belt & Road and Latin America

What is the Belt and Road Initiative (BRI)?



The BRI aims to expand China's overseas investment by establishing land ("Belt") and maritime routes ("Road").

China has promoted the BRI as an opportunity for nations to develop infrastructure and create new trade opportunities with Chinese enterprises.



LAC countries currently with BRI agreements:

- Antigua & Barbuda
- Barbados
- Bolivia
- Chile
- Costa Rica
- Cuba
- Dominican Republic
- Ecuador
- El Salvador
- Guyana
- Jamaica
- Panama
- Trinidad & Tobago
- Venezuela
- Uruguay

Timeline of key events:



Criticisms:



There are concerns over the debt burdens that small or weak economies take on when borrowing for BRI projects and the economic benefits these will deliver



Some fear China's aim to control every link in supply chains and its growing portfolio of key sectors such as energy



BRI investments mostly focus on projects and sectors that carry big risks for the environment and the rights of indigenous communities

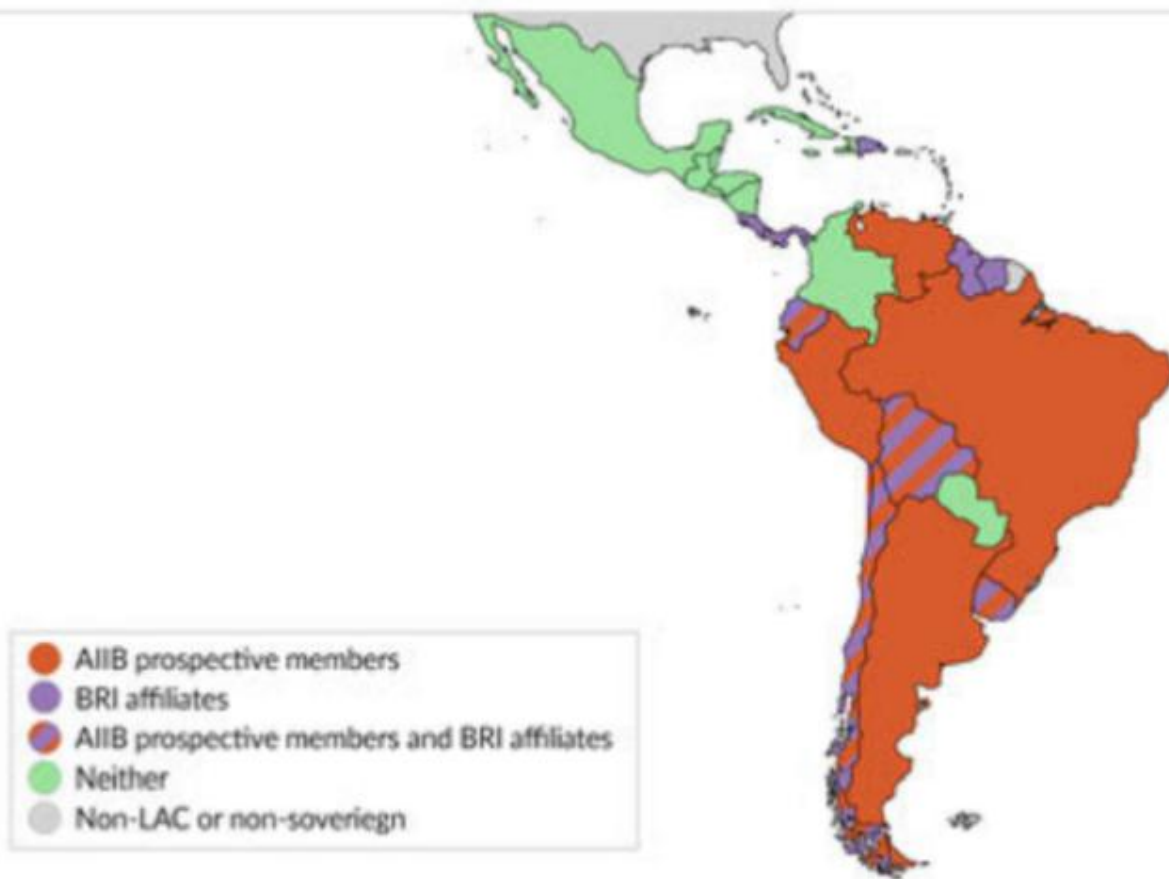
LATIN AMERICAN (LA) BRI COUNTRIES	CARIBBEAN (C) BRI COUNTRIES	NON-BRI LAC COUNTRIES WITH SIGNIFICANT* CHINESE INVESTMENTS
Bolivia	Antigua and Barbuda	Argentina
Chile	Barbados	Brazil
Costa Rica	Dominica	Colombia
Cuba	Grenada	Mexico
Dominican Republic	Guyana	
Ecuador	Jamaica	
El Salvador	Suriname	
Panama	Trinidad and Tobago	
Peru		
Uruguay		
Venezuela		

 Memorandum of Understanding signed
  Document of Cooperation or Diplomatic Relations Document signed

* Significant where Chinese investment > US\$1 billion in the 2008–2018 period, as per the Global China Investment Tracker
 Source: News sources

Multilateral agreements

Connections to the Asian Infrastructure Investment Bank (AIIB) and Belt and Road Initiative (BRI) in Latin America and the Caribbean



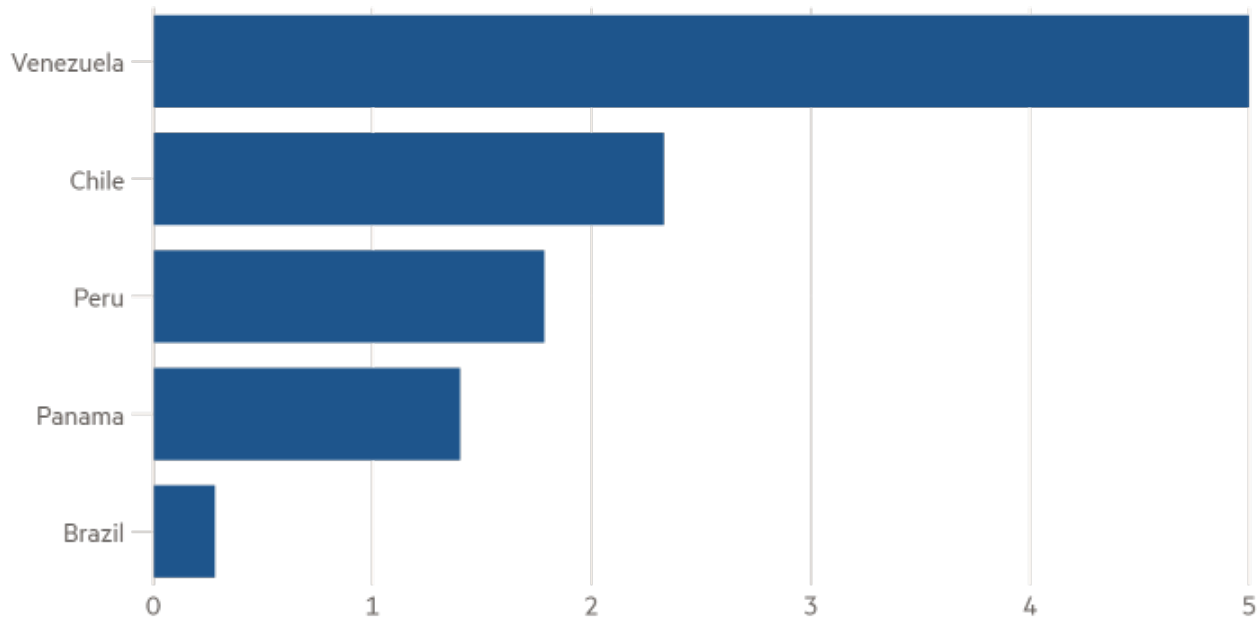
AMERICAN PARTNERS

China has been rapidly adding countries in Latin America and the Caribbean as partners in the Belt and Road Initiative.



Chinese investment in Latin America

\$bn (June-Dec 2018)

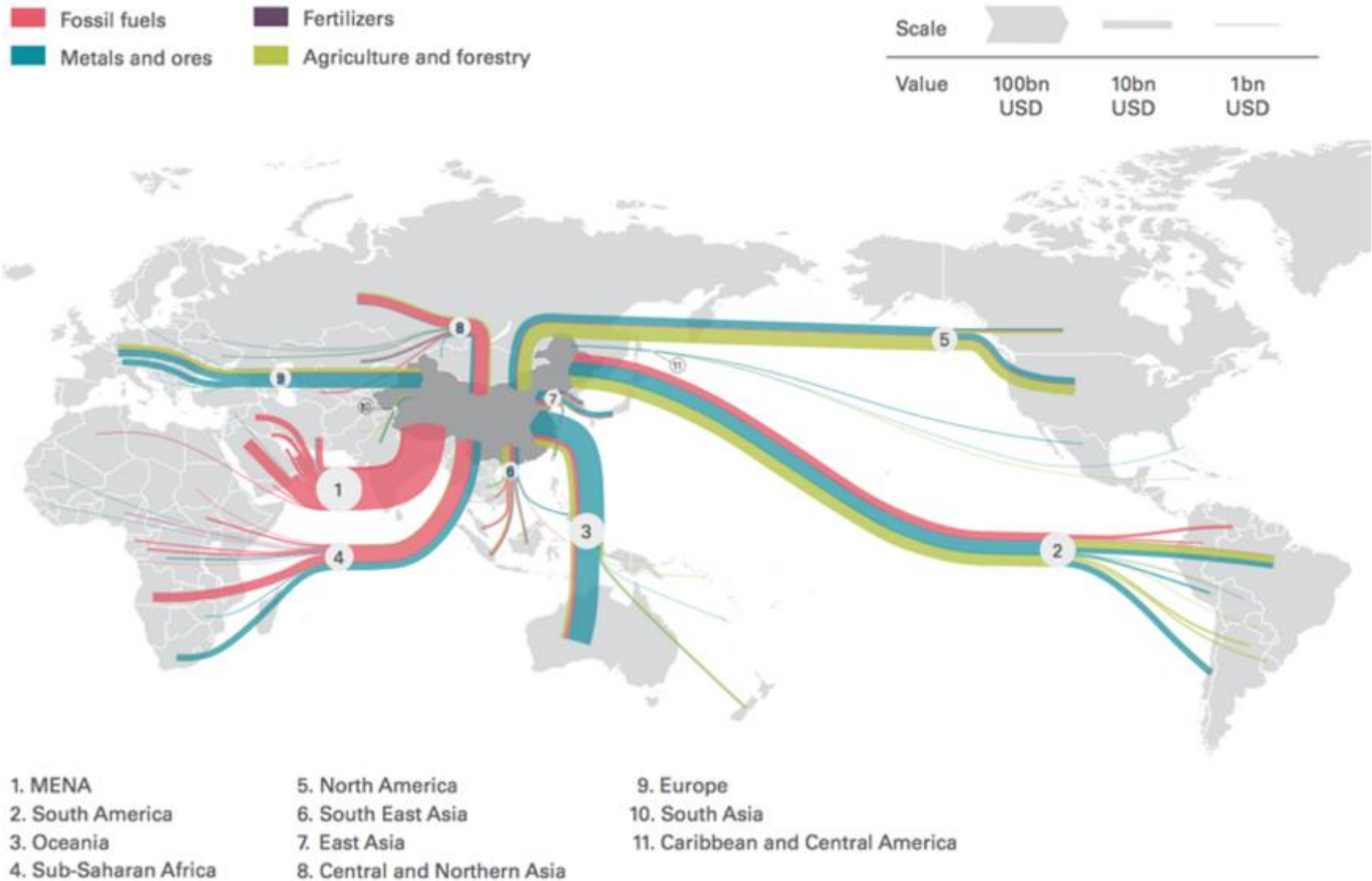


Source: Novam Portam

© FT

https://www.ft.com/__origami/service/image/v2/images/raw/http%3A%2F%2Fcom.ft.imagepublish.upp-prod-us.s3.amazonaws.com%2F4b46c4be-2963-11e9-a5ab-ff8ef2b976c7?fit=scale-down&quality=highest&source=next&width=700

Resource flows equal to or greater than \$1 billion in 2014, equalling 98.3% of all resource flows into China



https://chinadialogue-production.s3.amazonaws.com/uploads/content_image/content_image/2662/Screen_Shot_2017-05-11_at_12.25.09.png

Chinese Transport Infrastructure Development in Latin America

Planned and Completed Projects, 2002 - 2018

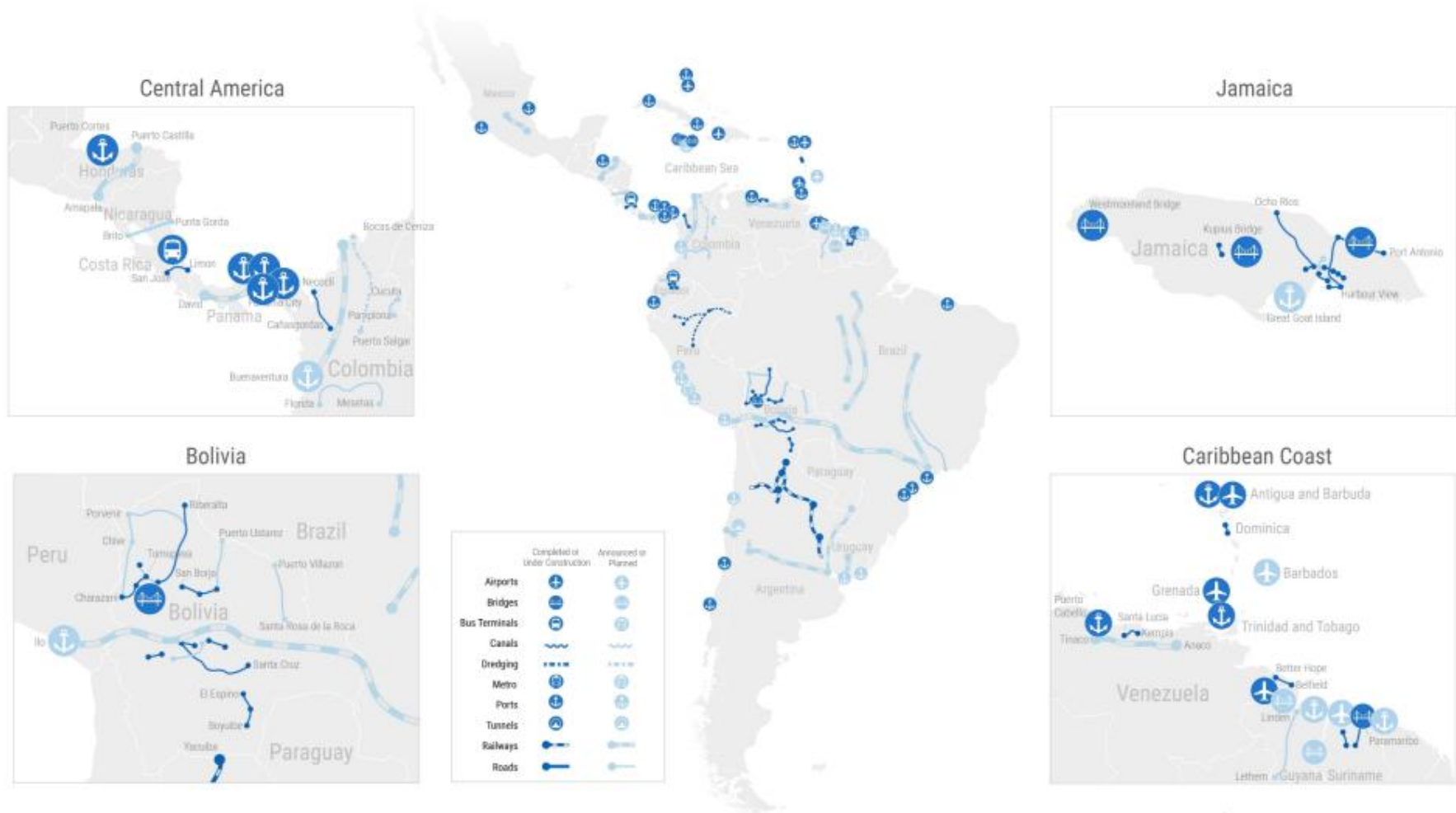
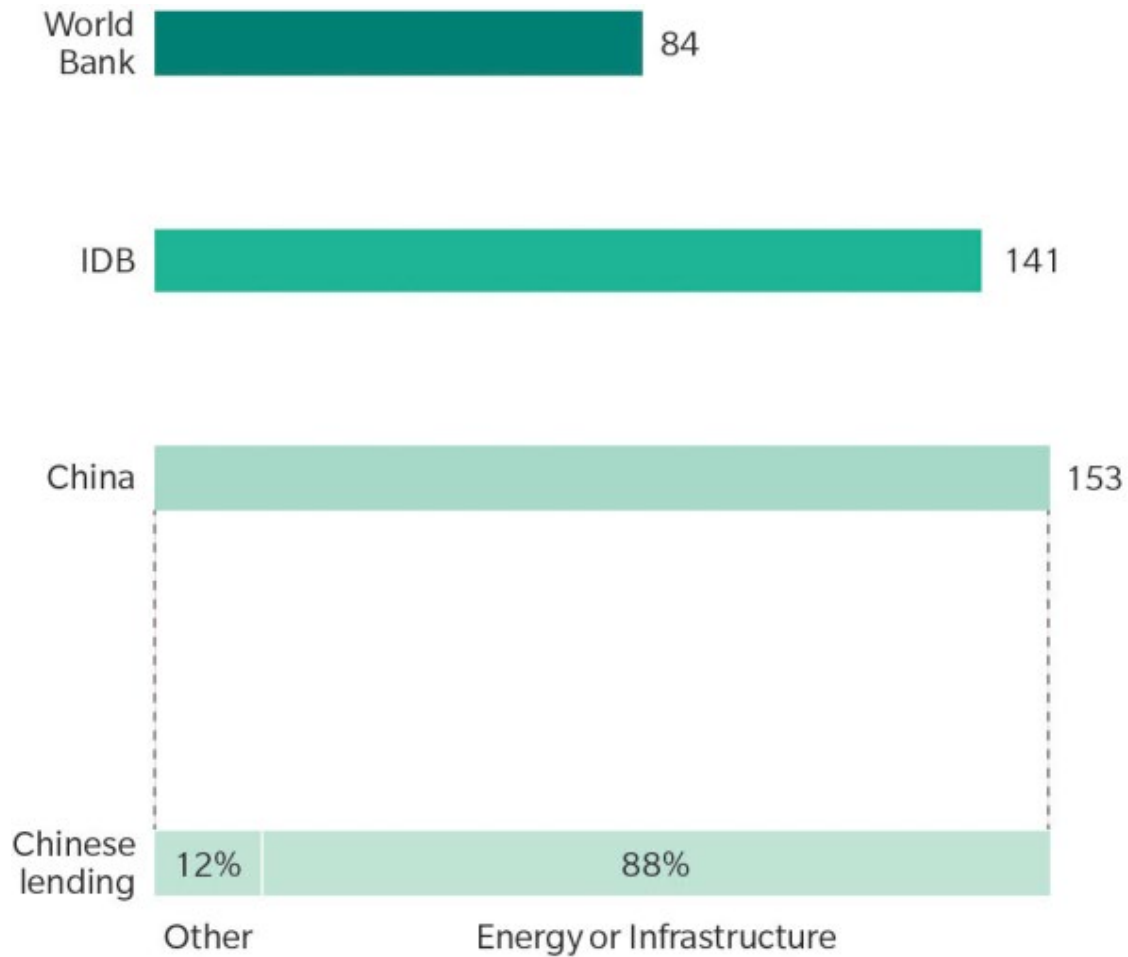


Image Credit: Ruiyang Huang / Inter-American Dialogue
 *Where several routes are proposed, we have selected one as representative of the project.



Note: Major lending organizations under the “China” category include the China Development Bank and China Export-Import Bank

Source: Marsh & McLennan Insights analysis, IDB Annual Reports (Loans and Guarantees Approved), World Bank Annual Reports (New Commitments), China-Latin America Finance Database, based on Gallagher 2013





Source: André Soares, with data from the Chinese Ministry of Finance.

Table 1. China: Financing in Latin America, 2005-2018

Country	Amount (U.S. billions)
Venezuela	\$67.2
Brazil	\$28.9
Ecuador	\$18.4
Argentina	\$16.9
Trinidad and Tobago	\$2.6
Bolivia	\$2.5
Jamaica	\$2.1
Mexico	\$1.0
Other Countries	\$1.3
Total	\$141.3

Source: Gallagher, Kevin P. and Margaret Myers, "China-Latin America Finance Database," Inter-American Dialogue, 2019.

<https://chinaus-icas.org/blog/>

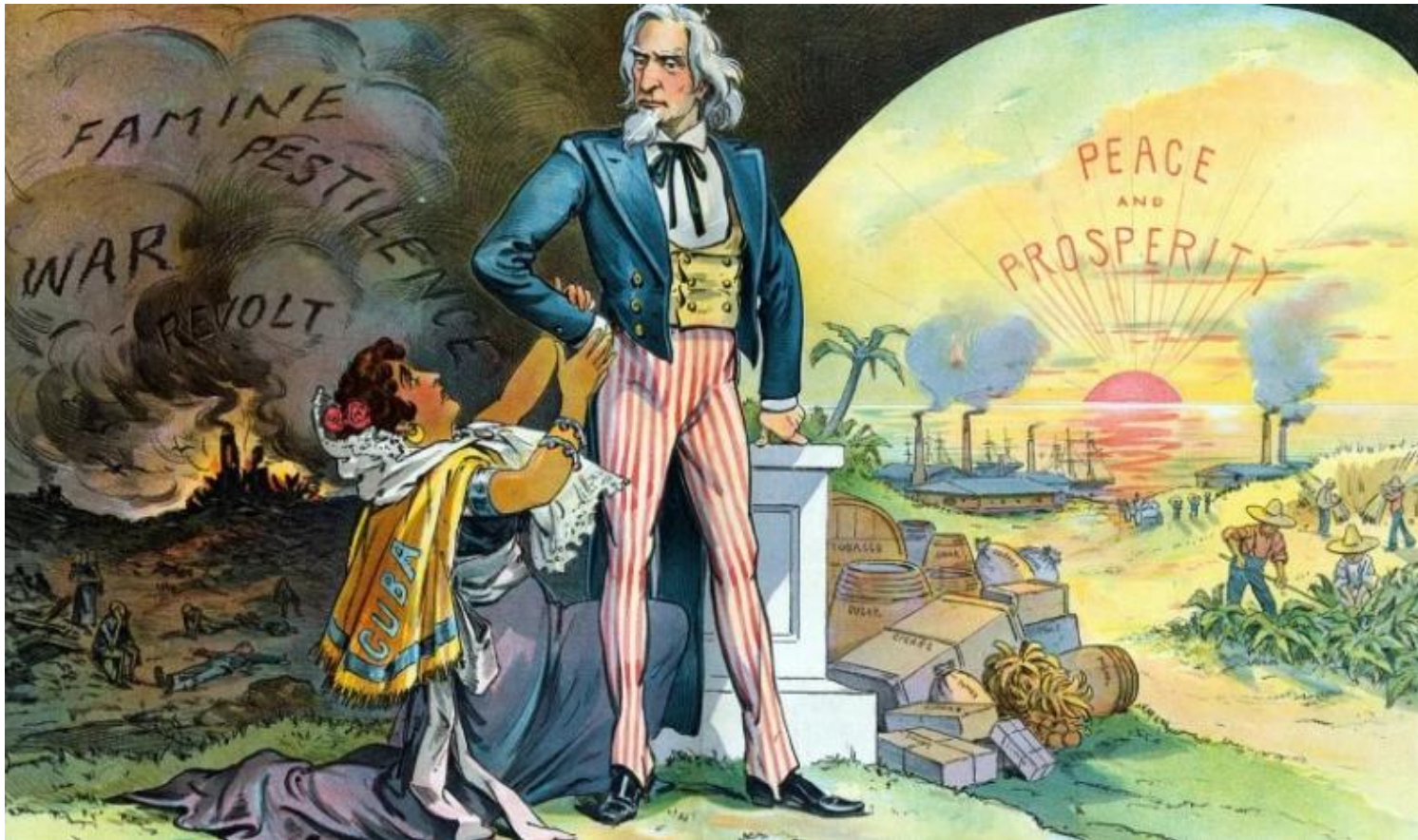




https://www.huffpost.com/entry/washington-chinese-monroe-doctrine_b_5716865



<https://www.theintelligencebrief.org/single-post/2018/05/20/America-Needs-A-Monroe-Doctrine-20>



<https://globalaffairspressdotcom.wordpress.com/2016/07/20/moscow-challenges-the-monroe-doctrine-russias-military-facilities-in-latin-america-video/>



EXPANSION!
The western patrol's long stretch.



China

**Southeast
Asia**

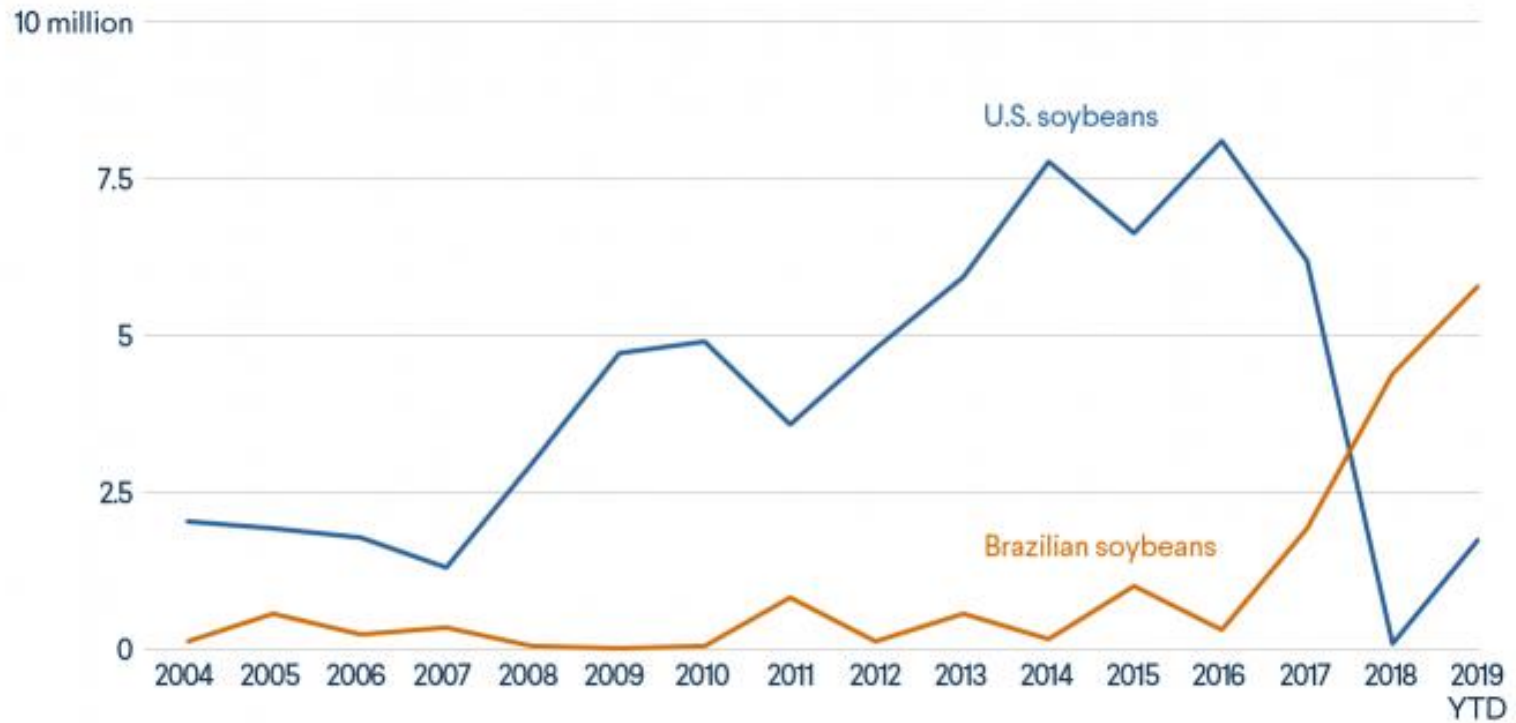


‘The next thing to do,’ *Puck*, 1898.

<https://imperialglobalexeter.com/2018/12/12/top-10-of-2018-6-empire-by-imitation/>

Brazil Is Becoming a Major Soy Supplier to China

Soybean exports to China (metric tons)



Source: Bloomberg.

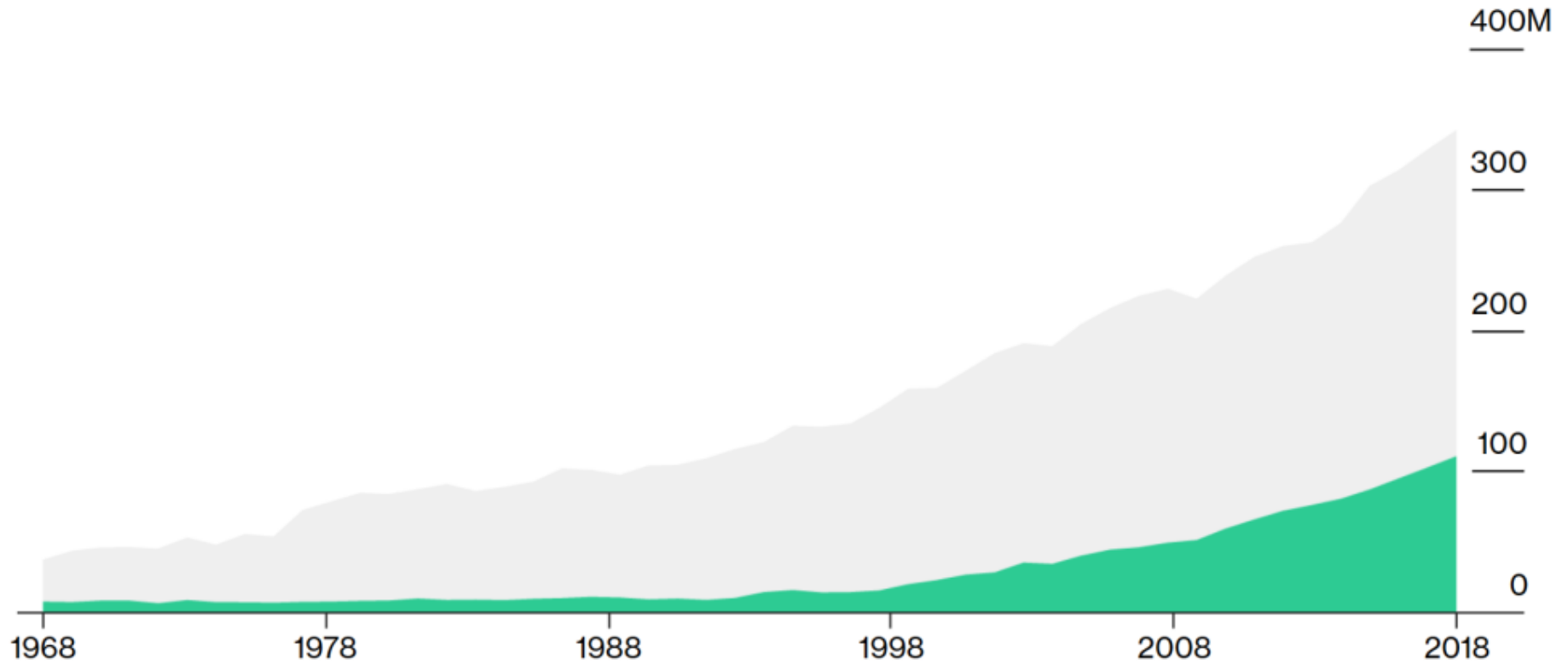
COUNCIL on
FOREIGN
RELATIONS

<https://chinaus-icas.org/blog/>

Global Soybean Consumption

China now makes up a third of the world's demand, metric tons

■ China ■ Rest of the world



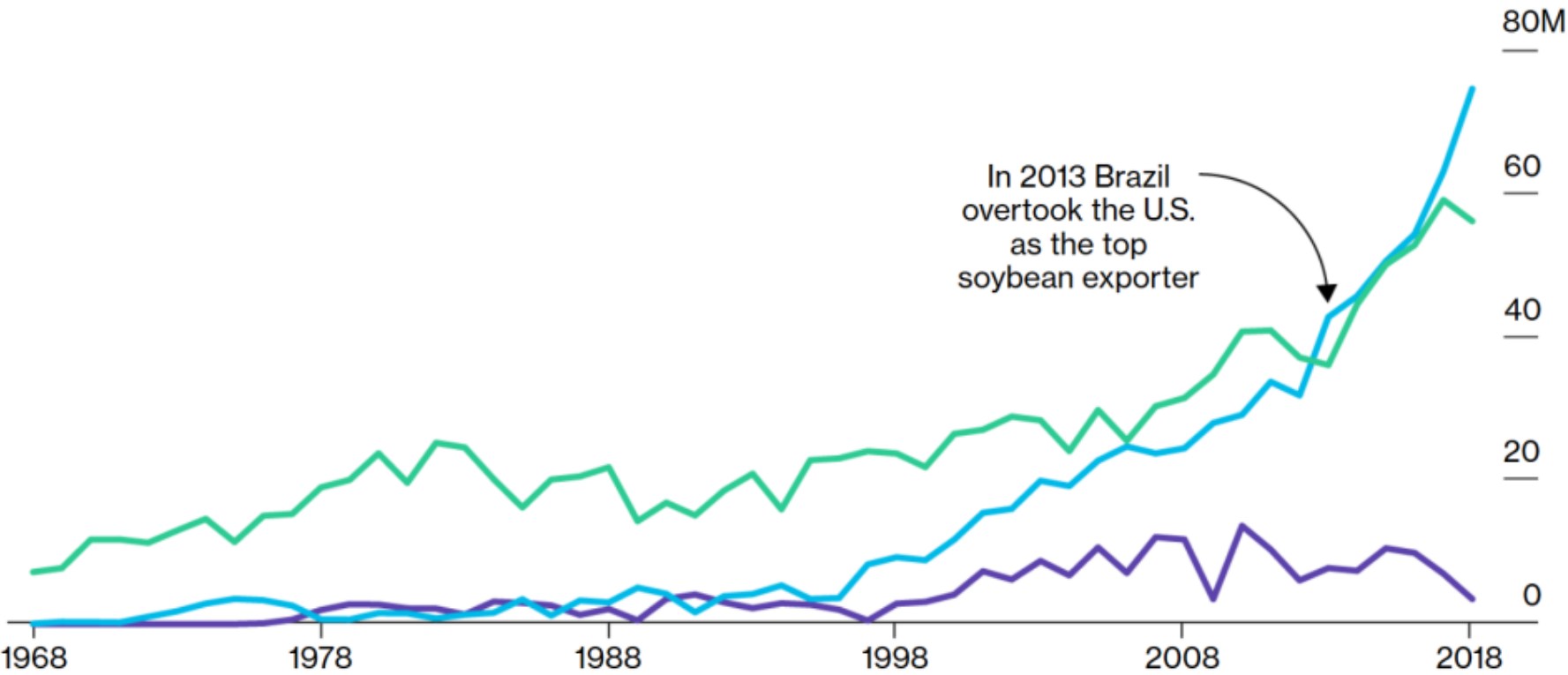
Source: U.S. Department of Agriculture

<https://www.bloomberg.com/graphics/2018-soybean-tariff/>

Brazil Has Overtaken U.S. Soybean Exports

Metric tons

■ Brazil ■ U.S. ■ Argentina



Source: U.S. Department of Agriculture

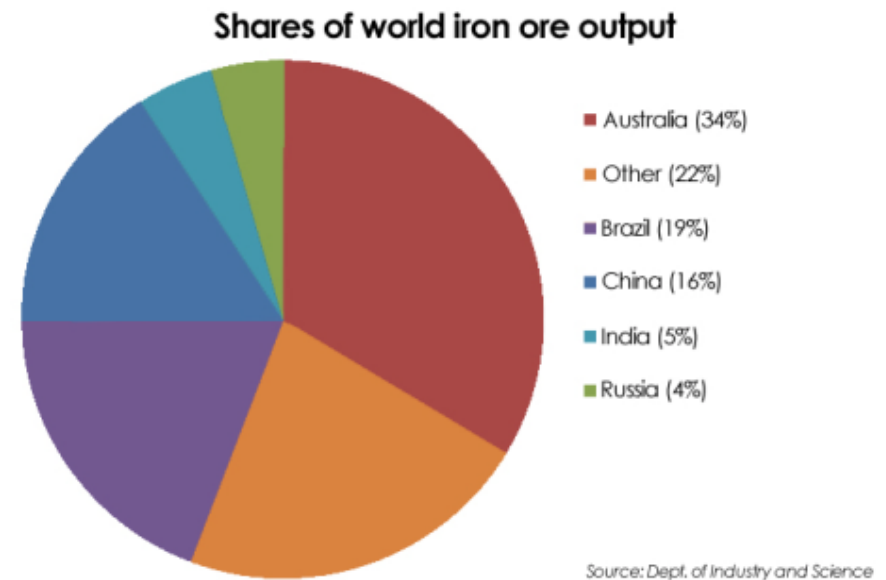
Overview of Trade Between Brazil and China



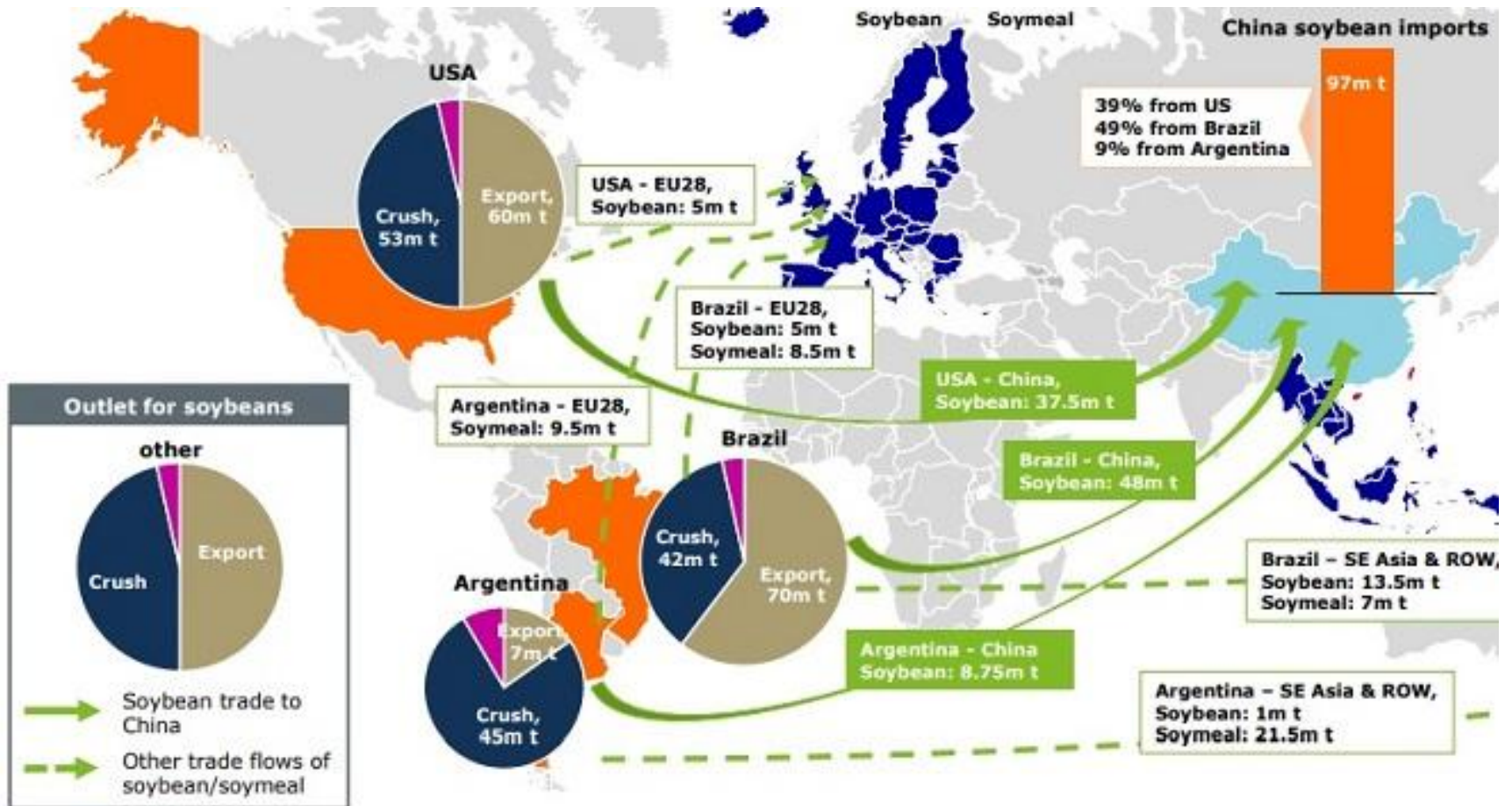
https://link.springer.com/chapter/10.1007/978-3-030-19645-5_1



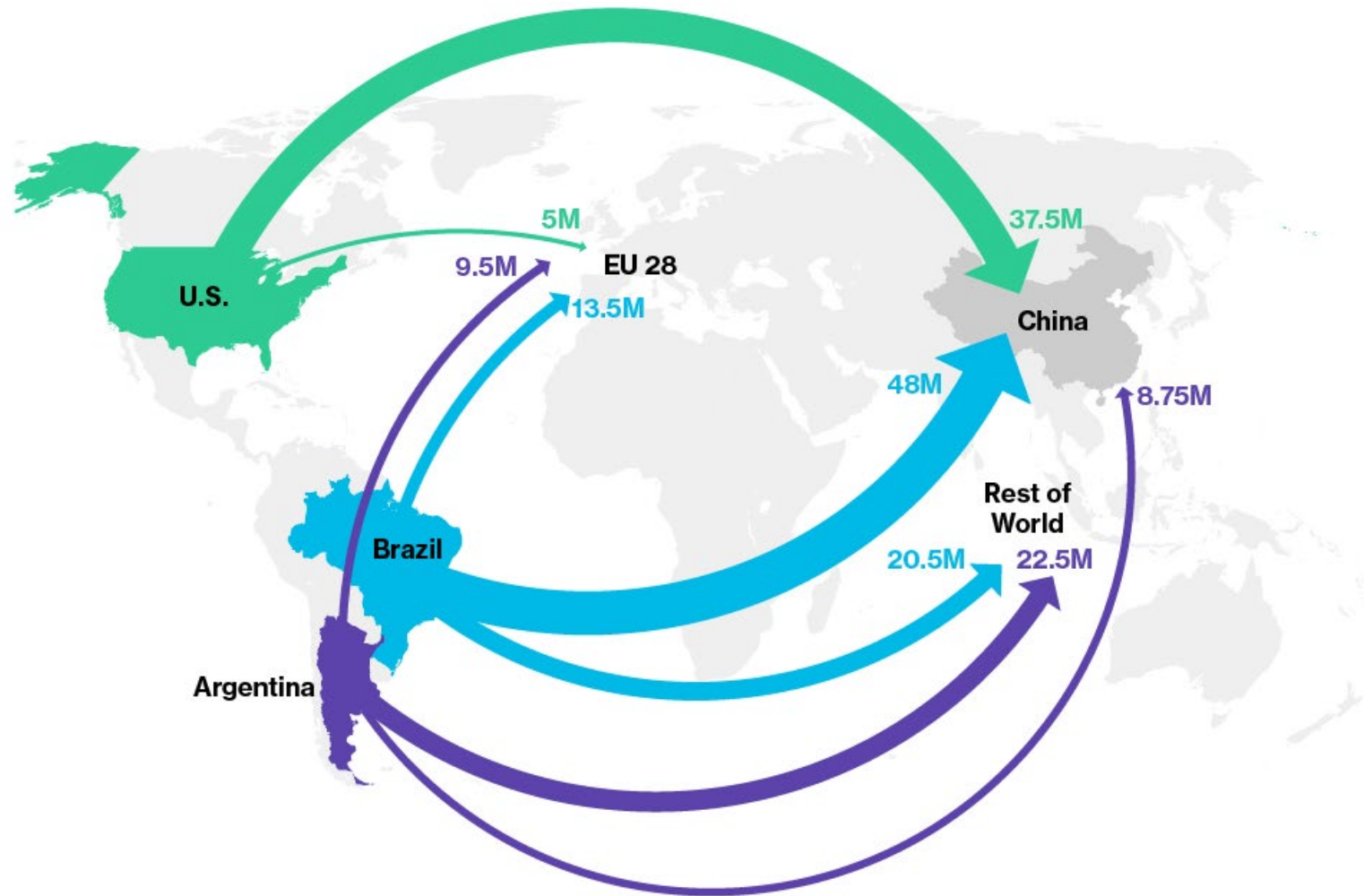
<https://www.abc.net.au/news/2015-06-03/fact-check-australia-share-iron-ore/6483632>



<https://www.abc.net.au/news/2015-06-03/shares-of-world-iron-ore-output/6515982>



<https://chinadaily.com/2018/11/28/the-soybean-trade-triangle-argentina-china-and-u-s/>

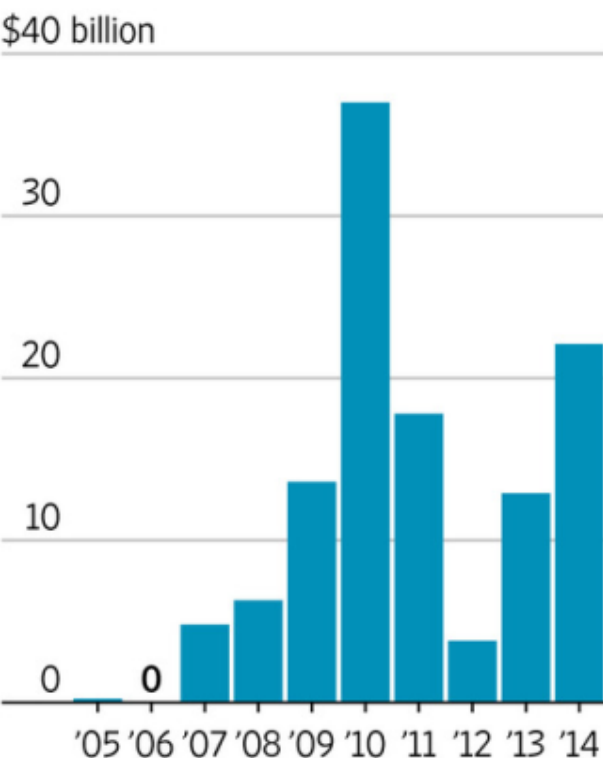


<https://www.bloomberg.com/graphics/2018-soybean-tariff/>

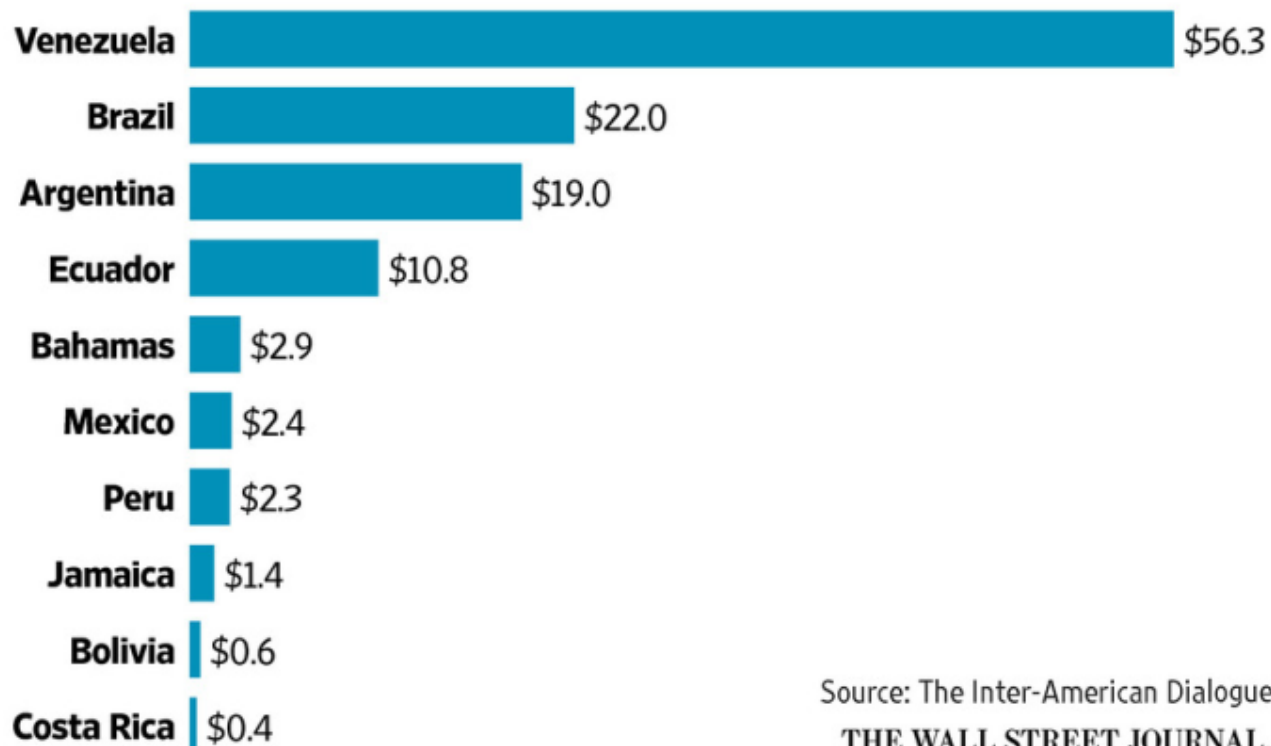
Deep Pockets

As Latin American countries struggle to revive growth, China has emerged as a leading source of much-needed capital. Chinese loans to countries in Latin America and the Caribbean:

Total value of loans, by year



Top recipients of loans, 2005–2014, in billions



Source: The Inter-American Dialogue
THE WALL STREET JOURNAL.

<http://newsasia.net/china-says-u-s-criticism-of-its-role-in-latin-america-is-slanderos/>

Cash for Caracas

China has been financing Venezuela in exchange for oil.

China Development Bank's loans to Venezuela since 2008

Borrower	Year	Loan value
Joint Chinese-Venezuelan Fund	2008	\$4billion
Corporación Venezolana de Guayana	2009	1
Joint Chinese-Venezuelan Fund	2009	4
Petróleos de Venezuela, S.A.	2010	15
Bandes	2010	20
Joint Chinese-Venezuelan Fund*	2011	4
Joint Chinese-Venezuelan Fund†	2012	4
Joint Chinese-Venezuelan Fund	2013	5
Joint Chinese-Venezuelan Fund*	2014	4
Joint Chinese-Venezuelan Fund†	2015	5

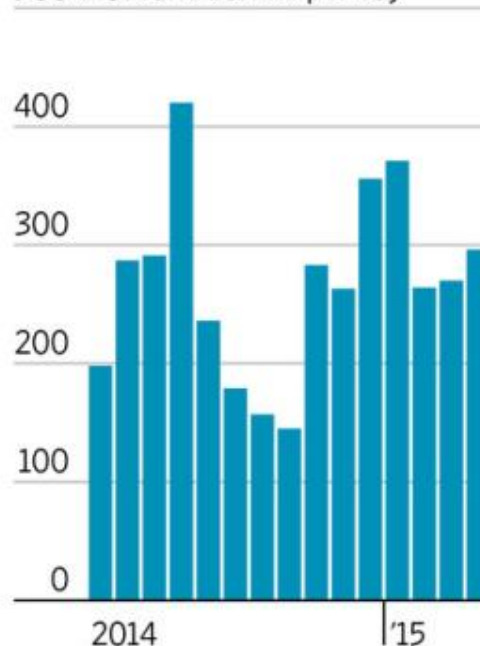
*Renewals of 2008 loan †Renewals of 2009 loan. 2105 figure includes \$1 billion of new lending.

Sources: Venezuelan government's Gazette, Inter-American Dialogue, Eurasia Group, BofA Merrill Lynch (loans); China's General Administration of Customs (oil imports)

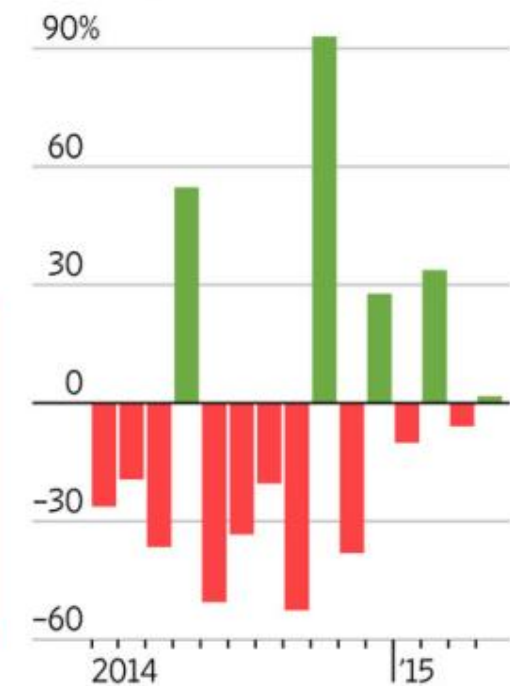
THE WALL STREET JOURNAL.

China's monthly imports of crude oil from Venezuela

500 thousand barrels per day



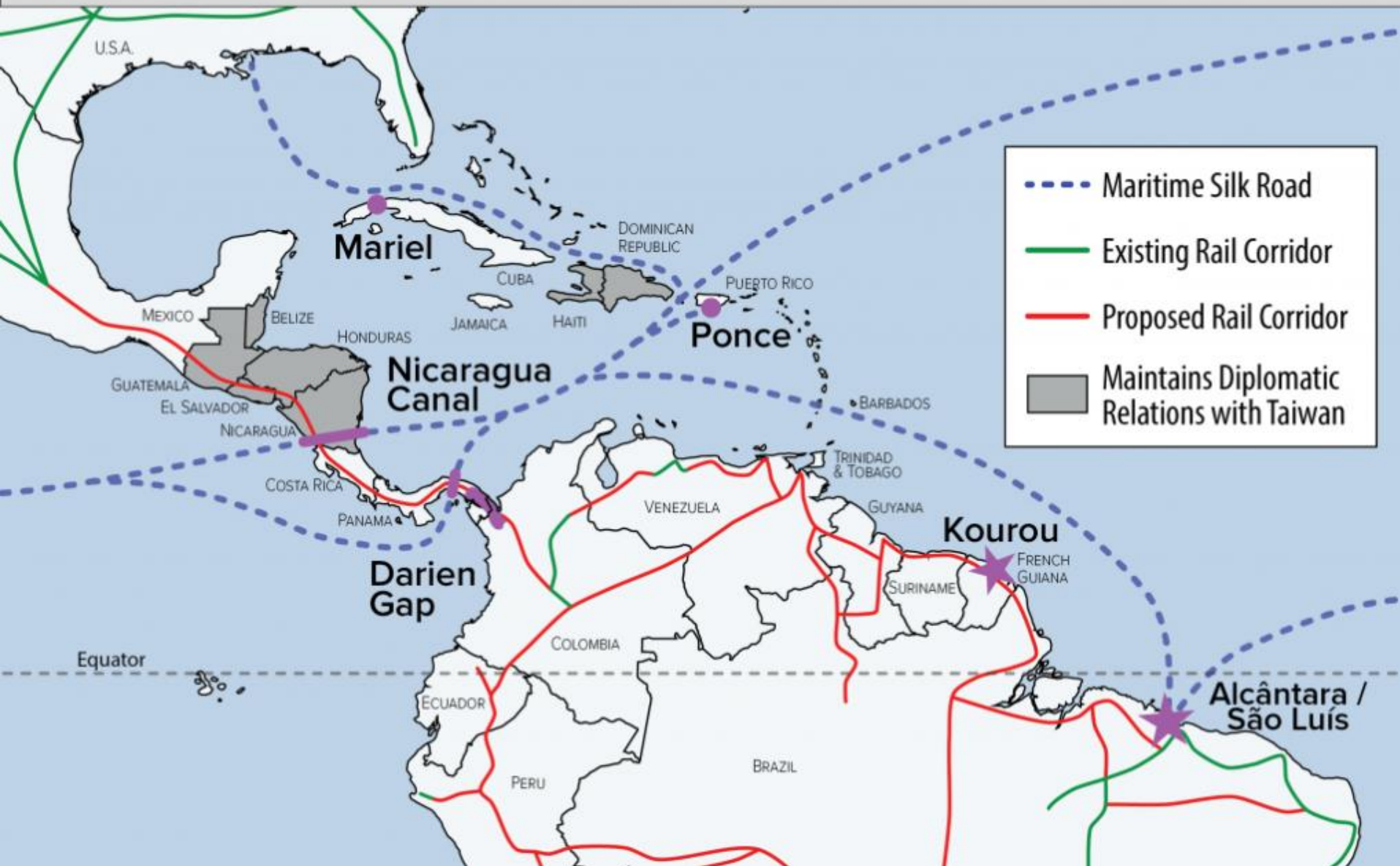
Monthly change in imports, year on year



Caribbean & West Indies Nations That Have Joined China's Belt & Road Initiative



The Caribbean Basin Belt and Road





Duelling canals



TORONTO STAR GRAPHIC

Countries that have diplomatic relations with Taiwan




East Asia and Pacific

 Nauru	 Marshall I.
 Palau	 Solomon I.
 Kiribati	 Tuvalu













Africa

 Burkina Faso	 Swaziland
---	--

Europe

 Holy See
--

Latin America and Caribbean

 Belize	 Nicaragua
 Dominican Rep.	 Panama
 El Salvador	 Paraguay
 Guatemala	 St. Kitts and Nevis
 Haiti	 St. Lucia
 Honduras	 St. Vincent and the Gren.*

* Saint Vincent and the Grenadines doesn't have an embassy in Taiwan.

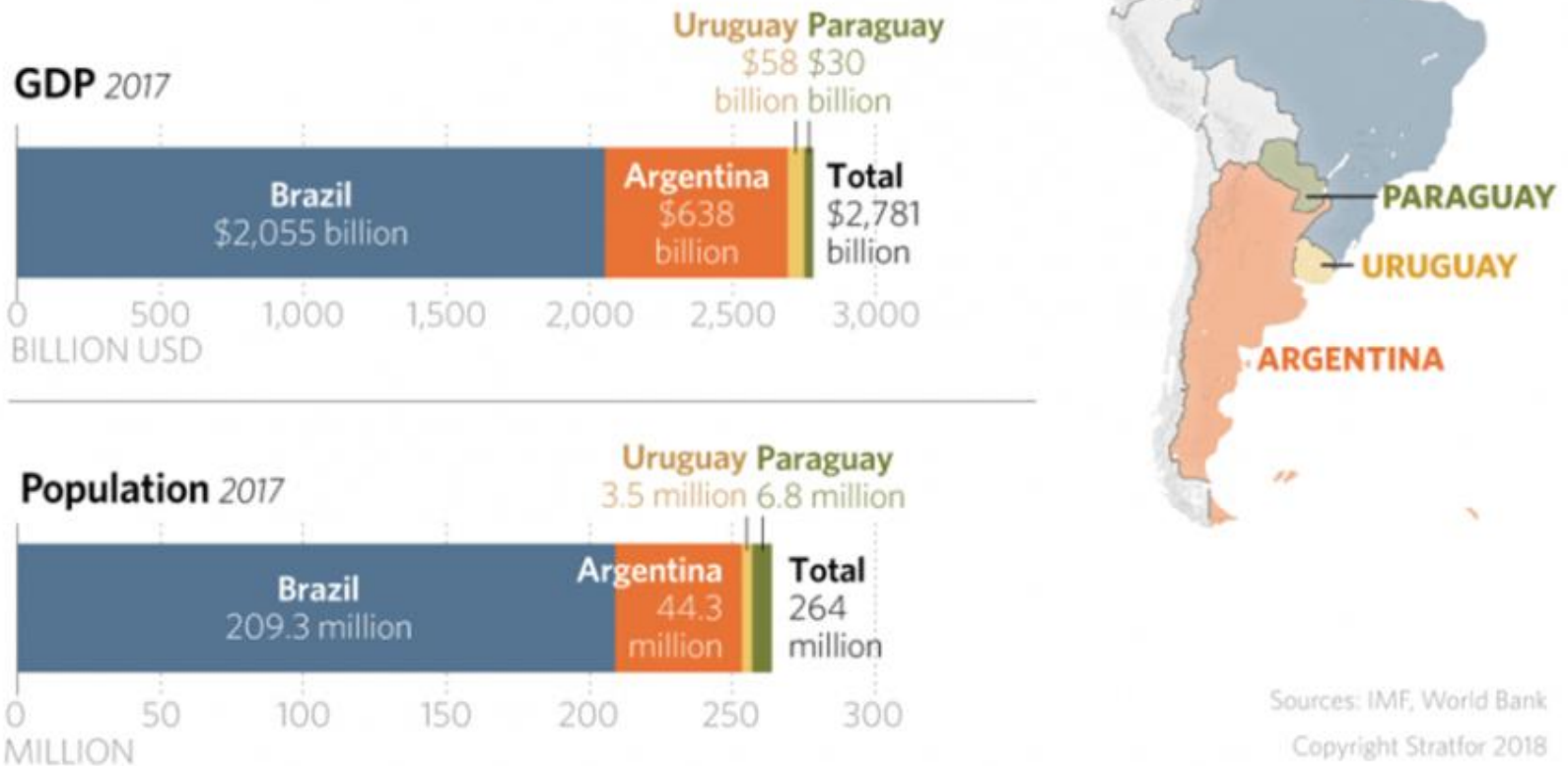
Source: Taiwanese Ministry of Foreign Affairs

THE WASHINGTON POST

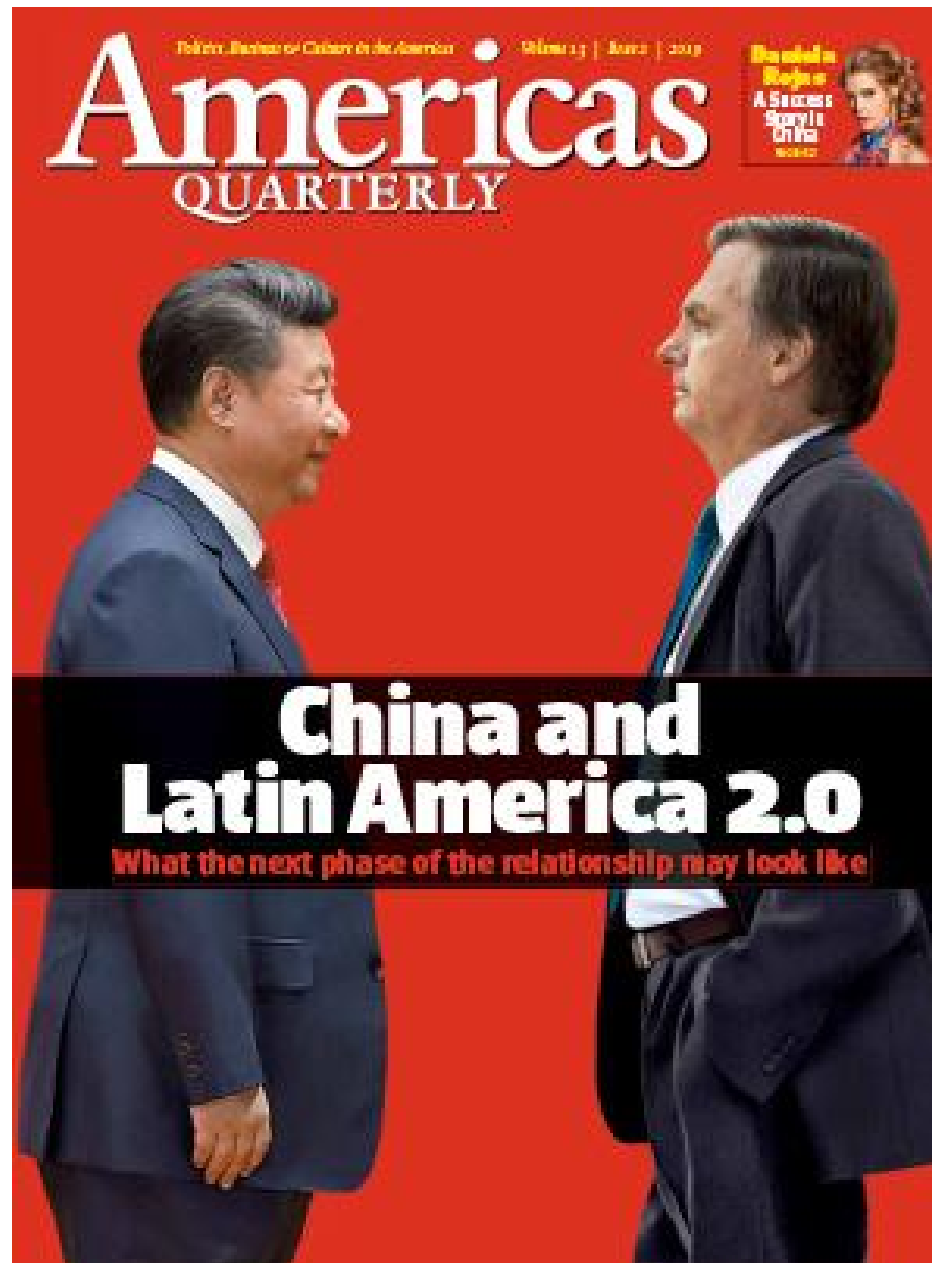
<https://www.washingtonpost.com/news/worldviews/wp/2017/01/13/taiwan-was-already-diplomatically-isolated-now-beijing-wants-to-make-it-worse/>

Mercosur Member Countries

Brazil is Mercosur's largest economy and most populous member. It also is the main barrier to Mercosur negotiating a free trade agreement with China, the bloc's top trade partner

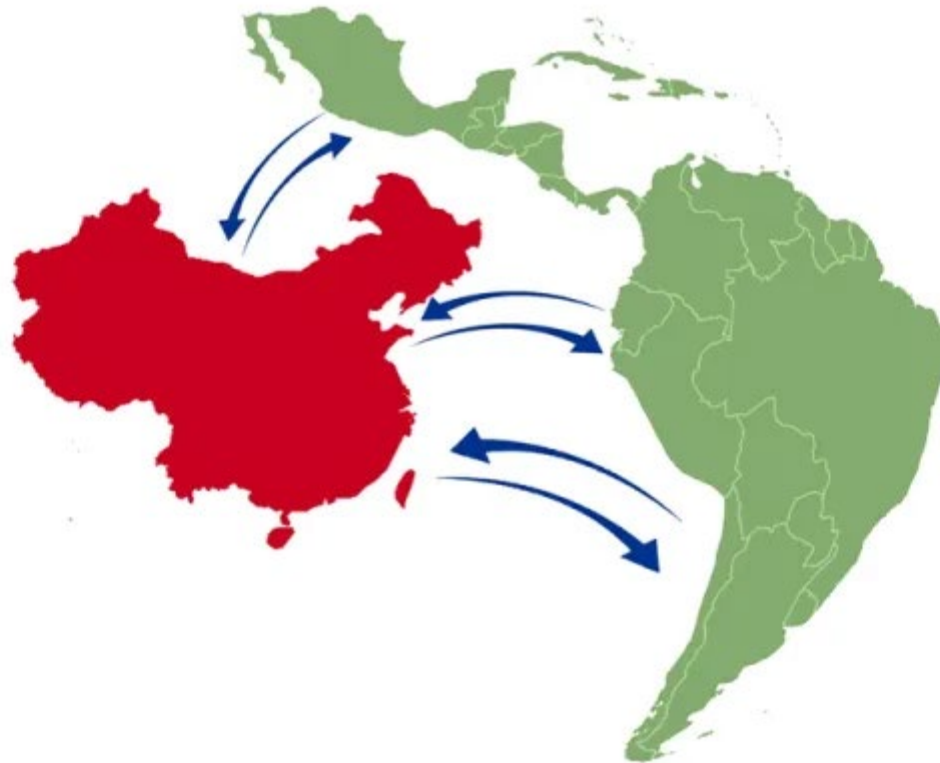


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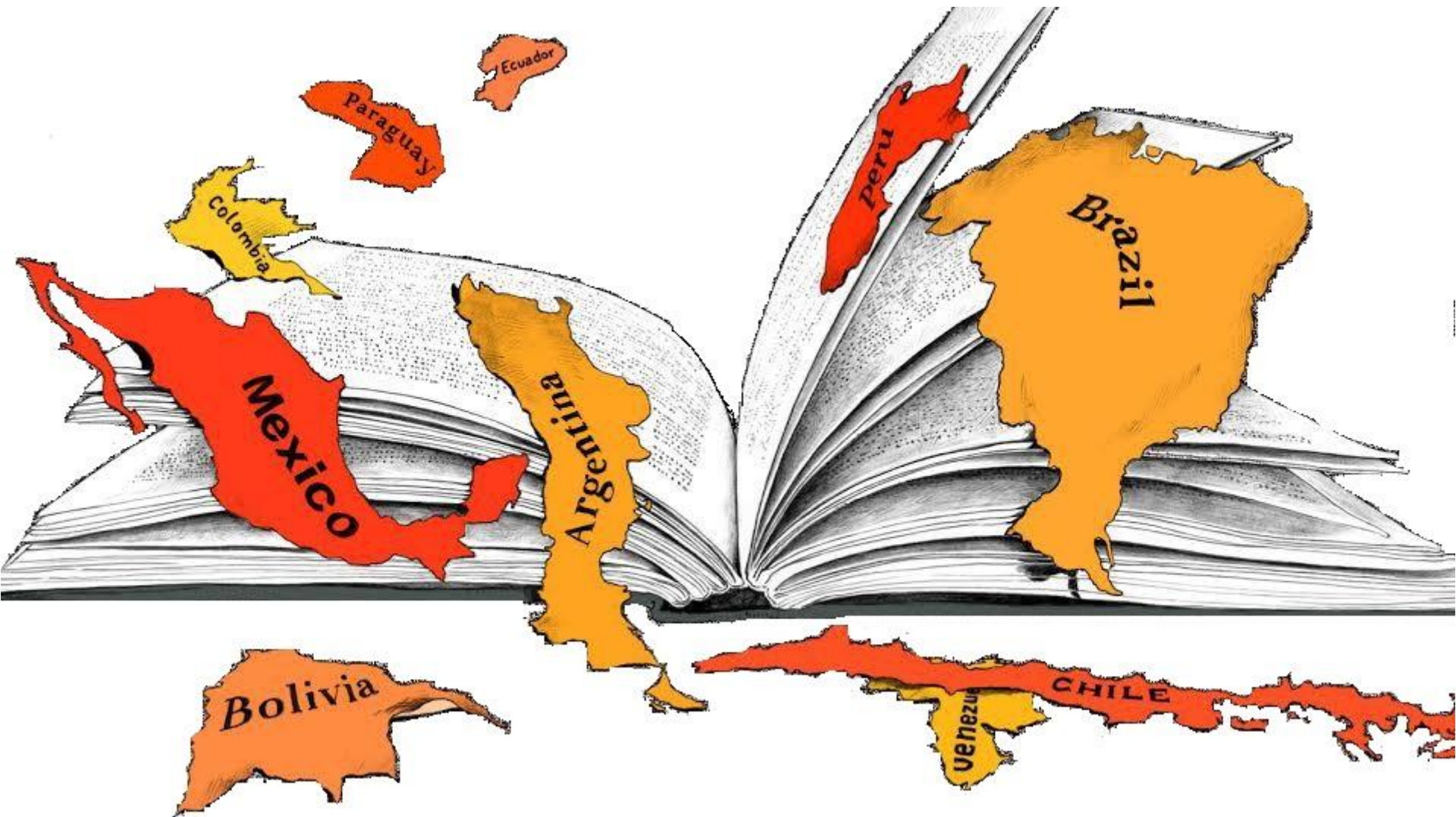
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<https://www.beltandroad.news/2019/05/12/youth-forum-on-latin-american-studies-held-in-east-china/>



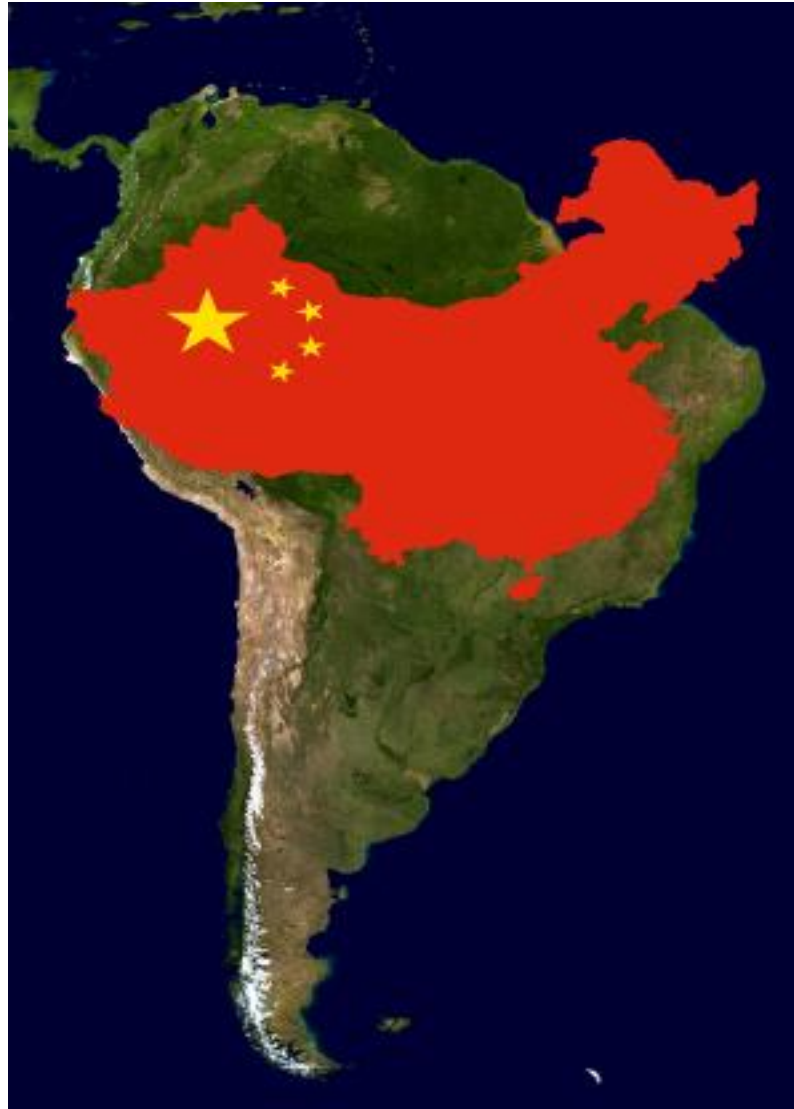
<https://trustlcnews.wordpress.com/2016/11/18/a-golden-opportunity/>

South America's Lithium Triangle





<https://cronicon.net/wp/la-geopolitica-de-la-integracion-regional-en-america-latina-debates-estrategicos-en-torno-a-ee-uu-y-china/>



<http://www.barucapital.com/uncategorized/chinese-commodity-demand-impact-on-latam/>