**China-Latin America Relations: beyond bilateral economic relations. (DRAFT)**

**Introduction**

Relations between Latin America and China have been rather unimportant if looked at from a broad historical perspective. From a systemic and structural point of view, the international system was centered on the capitalist core countries for centuries. Relations between peripheral countries from different world regions tended to be very sparse, while relations between core and periphery were much denser due to political links and economic links related to the different profiles of economic specialization. Core countries were more industrially advanced and capital rich, while peripheral countries specialized in natural resources of different sorts and received capital from the capital exporting core countries in terms of loans and foreign direct investments.

Latin America and Africa were not very relevant for China prior to the 1990s (Armony, 2011, p. 24; León Manríquez and Álvarez, 2014, p. 15) and China was not very relevant for Latin American countries. This started to change somewhat in the 1990s, but China’s importance for the region particularly started to grow from 2001 when China joined the World Trade Organization (WTO). The basis for China’s importance was first and foremost China’s growing demand for natural resources. African countries and Latin American countries therefore became increasingly important for China. In the case of Latin America this was particularly true for the South American region (Vadell, 2013, p. 37). This growing Chinese demand for commodities was linked to its continuous economic expansion after the initiation of liberal economic reforms in the late 1970s. From a Chinese perspective, Latin America was particularly relevant as a trade partner that could provide needed inputs to the Chinese economic development process, which increasingly led to a model based on urban production of manufacturing products thus changing China’s traditional model that had been rural dominated. In fact, China’s trade boom with the region was particularly centered on a few Latin American countries. In 2006, six Latin American countries were particularly significant for Chinese trade. Five of these were South American commodity exporters while the sixth was Mexico. In 2009, the five most important trade partners in the region were all South American (Vadell, 2013, pp. 44-45).

The economic relationship between China and regional partners in Latin America takes on the character of a clear North-South relationship Chinese demand of raw material harmonizes the regional offer (Oviedo, 2014), with the partial exception of Mexico. However, Mexico runs large trade deficits with China and faces the stiff challenge of Chinese manufacturing competition in its own and in third country markets. In 2009, Chinese exports to Mexico thus reached 31.9 billion US $ while Mexican exports to China were at the much lower rate of 2.2 billion US $ (Hearn, 2011, p. 140). The challenge from China in the manufacturing sector is common to all of Latin America, though arguably most relevant for those Latin American countries that have the most significant manufacturing sectors, namely Brazil, Mexico and Argentina. However, China’s competitive position in the manufacturing sector makes it harder for countries specializing in primary goods to diversify into manufacturing.

For Latin America, China’s economic rise and its growing clout on the international political scene has been a highly significant development providing the countries of the region with a novel international context in which to pursue their international economic and political insertion and economic development strategies. It has largely been seen as a welcome new opportunity for particularly South American energy and commodity exporting countries. Some of these experienced a golden period between 2003 and 2008 particularly, as exports to China boomed as did their terms of trade. For many countries this led to new economic growth and economic stability and offered governments more bargaining power and room of maneuver on the international scene (Vadell, 2013, pp. 37-38). In 2009, China had moved from a relatively low rank to be the biggest export destination for Brazil and China and the second biggest export destination for Peru, Uruguay and Costa Rica, and the third biggest destination for Venezuela and Argentina (Dussel Peters, 2011, p. 94), while the United States remained the biggest export destination for Colombia, Venezuela, Costa Rica, Guatemala and Mexico amongst others (Léon-Manríquez and Alvarez, 2014, p. 13). China’s rise, as well as a number of other factors, has been instrumental in provoking a new direction in the overall international context in the 21st Century when compared to the neoliberal 1990s where the United States was more solidly dominant in a unipolar world order supported by its Western coalition partners. The rise of new powers in the developing world has created a situation in which the balance of power has tipped somewhat in the direction of new powers such as China, Brazil, India and others (Christensen and Bernal-Meza, 2014) thus offering Latin American countries more options in their international relations. The turn away from neo-liberal strategies and towards the political left in a number of Latin American countries after the neoliberal 1990s can be seen as being partially a response to this new international context, though developments in national contexts likewise are of key importance. This has meant that Latin American strategies of development and their foreign policy orientations have become decisively heterogeneous and moved away from a homogenous approach of neo-liberalism and preference for relations with traditional Western partners in the 1990s (ibid). Therefore, China-Latin American relations are best analyzed through a lens that looks not only for similarity but also for difference in mutual relations. This said there are significant aspects of relations between China and Latin American countries that follow similar paths due to similar aims that guide China’s relations with Latin American countries in general as well as the other way around, i.e. similar aims guiding different Latin American countries in their relations with China. Another reason for similar tendencies is related to the temporal development of China-Latin American relations. Whereas the commodity boom in the 00s represented a significant opportunity to many Latin American countries, the end to the commodity boom in recent years represents a danger for many Latin American countries specializing in commodity exports that are increasingly dependent on the Chinese market (Akyüz, 2012, p. 2). This problem is of course most acute for those countries that specialize in the primary sector. The tendency of volatility in the prices of primary goods was already observed by Raúl Prebisch several decades ago and was a central reason for the emphasis of the Latin American historical structural school of thinking on the need for Latin America to industrialize.

The present analysis seeks to provide a broad analysis of China-Latin American relations after 2001. I seek to analyze both the Chinese perspective and different Latin American perspectives, but the main emphasis is on the Latin American perspectives as I compare and contrast different national strategies and responses. Most analyses of China-Latin American relations have focused on bilateral economic aspects due to the impressive expansion of trade after the beginning of the 21st Century. Between year 2000 and 2009, China thus went from being a relatively insignificant trade partner for most Latin American countries to being a quite significant trade partner for most Latin American countries. According to Dussel Peters (2011, p. 95) only 1 % of regional trade was with China in 1995, while the figure was 20.38 % in 2009. Latin America is not nearly as significant from the perspective of its contribution to overall Chinese international trade. Nevertheless it is significant as a growing market for Chinese manufacturing exports and foreign direct investments and especially as a source of commodity imports to China.

Economic relations between China and Latin America follow a typical North-South model. China exports manufacturing products to all of Latin America while it imports almost exclusively natural resources, mainly from a few countries (Dussel Peters, 2011: 94-95). After 2009 China has furthermore become a major source of foreign direct investments and financial lending to Latin American countries.

The debate on China’s relevance for Latin America in the first decade of the 21st Century tended to portray China as an important positive new opportunity for Latin America. Much of the discussion, however, engaged in the theme of Latin American “winners” and “losers” from the rise of China. In this literature, South American commodity exporting countries were generally seen as winners due to improved terms of trade for the commodity exporters, while Mexico and Central America were seen as “losers” as they did not get same benefits in this sector. Instead they faced tough competition from Chinese producers in their home markets as well as in third markets (Gallagher and Porzecanski, 2009). This, however, has also been the case for those South American countries that have a significant manufacturing sector, and a more recent focus has been the danger of Latin American “de-industrialization” and the “yellow danger”, particularly as several Latin American countries face economic stagnation, an end to the boom in commodities prices and growing dependence on the Chinese market and Chinese financing. A recent phenomenon in China-Latin America relations has been a sudden explosive growth in Chinese foreign direct investments in the region as well as growing Chinese financing to countries in the region after the outbreak of the international financial crisis, particularly from 2010 and ahead. This aspect contributes to a continued tendency to also see China as a source for important opportunities and solutions to problems as Latin American countries tend to seek to attract Chinese funding. This issue will be analyzed later in the text. China’s “going global” strategy that was initiated in 2001 with the aim of joining global competition for market share (Becard, 2014, p. 146) and access to needed inputs into the Chinese economy. China’s importance as an investor in Latin America has been on the rise in the period after the international financial crisis and China has now become an indispensable partner for a range of countries in the region stirring fears of Latin American dependence on China and potential risks for national autonomy in this context.

The focus of the following analysis is broader than analyses that exclusively emphasize bilateral economic relations from a Latin American perspective. Nevertheless, the bilateral economic aspect is quite central to the analysis as it is arguably the backbone and main focus of China-Latin American relations seen from both a Chinese perspective and for Latin American national perspectives. However, geopolitical and geo-economic issues are also significant from both perspectives and will therefore also be drawn into the analysis. The historical focus is on the 21st Century and the context of ongoing transformations in the international system at the current historical conjuncture.

In the 21st Century, the international system has been going through transformations related to the diffusion of power towards China and other emerging countries including the other BRICS countries. This tendency took further speed after the international financial crisis that broke out in 2008 (Bernal-Meza and Christensen, 2014).

The analysis seeks to give a general picture of developments in China-Latin American relations through a comparative and typological approach. It centers on three cases treated as typologies that represent three different types of countries. The country cases are all South American, namely Brazil, Venezuela and Chile. The country cases have been chosen based on their differences within three areas or criteria: Firstly, economic development strategy within the continuum of economic development strategy between orthodox and heterodox strategies. Chile is the most orthodox, Venezuela the most heterodox, while Brazil is an intermediate case. Secondly, economic specialization profile. Venezuela is highly specialized in the energy sector. Brazil is the most diversified economy. Chile is an intermediate case. The third criterion is based on foreign policy orientation. In this realm all three country types pursue a strategy of national autonomy, however based on different overall foreign policy orientations in terms of alliance patterns. Venezuela and Brazil have both adopted post-neoliberal regionalism and seek to promote a multipolar world order, though with some differences in their policies towards the United States and in their ideological orientations. Chile has maintained its strategy of open regionalism and its foreign policy largely focuses on economic issues through a liberal strategy of insertion in the global economy. The three typologies that are constructed on this basis do not represent all Latin American country cases, but they are useful for comparisons between countries nevertheless. The aim with this comparative and typological approach is to consider to what extent relations between China and Latin America are similar or different across typologies and to consider what may be the reason behind this?

The analysis draws on the *realist* current within Latin American IR theory known as “autonomy theory” or “independentista” theory (Giacagglia, 2012). Hélio Jaguaribe, one of the most prominent thinkers of the classical autonomy school, argues (1979) that “autonomy” is to the periphery what “hegemony” is to the core countries. Peripheral countries are thus seen as striving for autonomy from foreign incursion in their domestic policy strategies while the more powerful countries are depicted as engaged in a struggle for dominance or hegemony. The “autonomy” school suggests that dependent peripheral countries can and should seek to develop *autonomous* or *independent* foreign policies and development policies and that autonomy is possible even for dependent countries in a peripheral position in the global system.

**Background context**

In the 1990s, Latin American development strategies and strategies of international insertion followed a quite similar pattern based on neoliberal economic reform strategies with an emphasis on economic openness. Neoliberal orthodoxy and alignment with the United States in terms of development strategy and to a large extent in terms of international insertion strategies were widely followed by Latin American countries. “Open” or “New” regionalism was part of this trend as the new emphasis on regionalism in the 1990s followed neoliberal strategies of economic openness and integration into the process of economic globalization. Such strategies were hoped to re-ignite economic growth and put Latin American countries in a system of international respectability with alignment to the United States and the Western world that came victorious out of the “Cold War”. It was largely assumed by strategists and policy makers in Latin American governments that the context of uni-polarity, with the US as the only superpower left, and a fast process of economic globalization as the countries of the former Soviet bloc joined the international capitalist system meant that there was no alternative to a neo-liberal strategy of openness and alignment with the Western world. This was seen as a pre-requisite to turn around economies after the experience of a “lost decade” of Latin American development in the 1980s. The vision was widely shared by Latin American governments leading to a situation characterized by clear “centripetal” tendencies towards development strategies of economic openness and macroeconomic orthodoxy as well as close to a farewell to active industrial development strategies. There was a revival of regionalist projects in the region. Apart from the revival of existing regionalist projects such as the Andes Pact and the Central American Common Market, new initiatives were taken. The Common Market of the South (Mercosur) was created in 1991 amongst Brazil, Argentina, Uruguay and Paraguay with a vision of creating a Customs Union. NAFTA was created in 1994 between United States, Canada and Mexico and the United States proposed the extension of NAFTA to take a hemispheric form through the Free Trade Area of the Americas (FTAA) initiative. This idea reflected ideas of Pan-American union from the 19th Century as well as the ideas of significant economic elite constituencies in the United States at the end of the 20th Century. Aldo Ferrer disagreed with the world vision behind the neoliberal strategies discussed above calling the belief and world vision the “globalization myth” (Ferrer, 1997). The myth consisted in the belief that there was no better alternative to the overall strategy I describe above. From the perspective of “autonomy” theory, the above mentioned strategies represent a strategy of alignment with the US hegemon rather than a strategy of *autonomy* (Tickner, 2003). However, other currents of thinking see this strategy as a pragmatic strategy aimed at maximizing autonomy, influence and development in a context of national weakness and high levels of *external vulnerability* (see, e.g. Vigevani and Oliveira **?**, 2003).

The national outcomes of the strategies pursued in the 1990s were varied. A widespread tendency when considering the two decades of the 1980s and the 1990s together was one of de-industrialization. Only Mexico and Brazil fared reasonably well on this count, whereas various South American countries did poorly. In terms of economic growth and economic stability results were quite varied. Particularly Chile fared well in developmental terms, and in terms of strengthening the foundations for a stable economic development path. However, a relatively big number of Latin American countries experienced severe problems of economic instability towards the end of the 1990s.

**The new external and internal contexts of the 21st Century**

The economic instability and weak economic growth performance in many Latin American countries in the late 1990s was associated with rising poverty figures and rising economic inequality and led to “the rise of the left” or a political “pink tide” with the election of governments of the political left or center-left starting with Venezuela’s election of Chávez as president in 1998. Later Brazil, Argentina, Uruguay, Bolivia, El Salvador, Paraguay, Ecuador, Nicaragua and others followed suit (Panizza, 2009).

The global context was at the same time gradually undergoing some significant changes which contributed to the change in domestic governments and in strategies of national development and international insertion. The economic dynamism of particularly China, but also India, was a significant element in the evolving global context. China’s liberal economic reform process had allowed China to make significant strides forward with double digit yearly economic growth figures and a reshaping of China’s economic model in the direction of an economy based largely on urban manufacturing production and exports in a mixed economy in which state-owned enterprises (SOEs) continued to play an important role. India has experienced significant economic growth as well, and after two decades of rather unstable economic development outcomes, the 2000s became an exceptionally dynamic period for the Brazilian economy, although the international financial crisis in the last part of the decade put a temporary stop on Brazilian economic growth results.

China’s and to some extent also India’s dynamic economic growth changed conditions in global markets in the 2000s. There was a tendency towards improving terms of trade for countries specializing in natural resources and commodities such as energy, food, foodstuff and metals (Vadell, 2013; Dussel Peters, 2011). This helped ease the external constraints experienced by many Latin American countries in the 1980s and 1990s. The international financial crisis in the last part of the 2000s was centered in the dominant developed core countries. Taken together these two contextual tendencies of the economic rise of large peripheral countries and the economic crisis of a number of large developed core countries created a process of diffusion of power from the North and West towards the South and Asia (Christensen and Bernal-Meza, 2014) and thus a new global context for Latin American development and strategies of development and international insertion in which China plays a rather significant role. Contrary to the centripetal tendencies of the 1990s, the 21st Century is characterized by centrifugal tendencies in Latin America as countries react in different ways to their situations. This is true for their development strategies, their strategies of international insertion and their overall foreign policy orientations. In the area of regionalist projects, a new trend of “post-neoliberal” regionalist projects has emerged alongside strategies of “open regionalism” following the tendencies of the 1990s (Riggirozzi, 2012).

The analysis now turns to study this new context and the new developments in the 21st Century with a focus on relations between China and Latin America and an emphasis on the Brazilian, Venezuelan and Chilean cases, though comparisons will be made to other Latin American countries in order to assure a broad analysis of the theme.

**Brazil**

Brazil is one of a kind. No other Latin American country fits into the typology of Brazil, though Brazil can still be compared fruitfully with other countries in the region. In terms of the three criteria used to construct the Brazilian typology, Brazil pursues an economic development strategy that is a mixture of orthodoxy and heterodoxy. Many analysts of Brazilian economic policy since 2003 have seen it as an element of neoliberal continuity. This is largely based on its maintaining strict fiscal rules and an overall orthodox macroeconomic policy orientation coupled with relatively liberal trade policies (Burges, 2009, pp, 195-196). Burges speaks of neoliberal continuity with special Brazilian characteristics such as an important emphasis on social policies aimed at reducing poverty and inequality (ibid). However, this is not the full story. The heterodox side of the story includes the re-introduction of industrial policies now with a strong focus on promoting the international expansion of a number of strong Brazilian companies. This policy was supported by the Brazilian National Development Bank’s lending policies (Boschi and Gaitán, 2010, p. 9) and led to growing Brazilian investments first in South America and Africa and later to the main developed country markets (Cervo, 2012, p. 50). The second criterion looks at the country’s economic specialization profile. Brazil is the most diversified economy of the three cases used in this comparative typological analysis as it has maintained a large manufacturing sector unlike most other Latin American countries, with the exception of especially Mexico but also Argentina. The third criterion looks into the foreign policy orientation. In this realm, Brazil from 2003 has been very focused on strengthening national autonomy as well as to promote Brazil as a Great Power with significant influence on the international political scene where it seeks to promote a multipolar order and thus reduce the dominance of the United States through different means such as coalition building with “like countries”, i.e. other big peripheral countries such as China, India and others. In this respect, no other country in the region equals Brazil. Brazil successfully managed to become a “global player” through its own strengthening and through coalition making with other big peripheral countries as well as through a strategy of giving preference to cooperation with the South (Vigevani and Cepaluni, 2007). For Brazil, China was a very important chip in its aim of promoting multi-polarity in the global system, as well. The Lula government considered that the international system had become increasingly dominated my *hegemonic structures* dominated by actors and interests in the dominant core countries and it wished to alter this situation through the promotion of multi-polarity and the rise of Brazil and other great peripheral states within the global system (Guimarães, 2005). This Brazilian world vision and strategy was reflected in various ways in Brazil’s strategies of insertion in the global system and its policies towards China. Thus, in 2004, Brazil recognized China as a market economy. And, in that same year the two countries signed COSBAN, a strategy of enhanced bilateral cooperation.

Brazil furthermore strongly emphasized regional cooperation at the level of South America and promoted the creation of what became the Union of South American Nations (UNASUR) in 2008. Unasur can be considered a post-neoliberal form of regionalism that emphasizes the construction of South America as a regional actor leaving behind the mainly trade-oriented “open regionalism” strategy pursued through Mercosur in the 1990s. After 2003, Mercosur takes on a decisively more post-neoliberal form (Christensen, 2007; Riggirozzi, 2012). Brazil’s attempt at becoming a regional leader and its entrepreneurial approach to constructing coalitions of large developing countries on the international scene sets it aside as one of a kind in a Latin American context. With regard to criterion one, Argentina largely followed a similar economic development strategy to Brazil’s with the difference that Argentina was really not as advanced that it could pursue the outward expansion of big national companies to the extent that Brazil did. The other relatively highly diversified Latin American economy, Mexico, basically continued pursuing and orthodox and liberal economic policy and thus differs significantly from Brazil on the first and the third criterion. Furthermore, Mexico, unlike Brazil and Argentina was not able to reap the benefits from China’s appetite for natural resources in the 00s as it is strongly specialized in manufacturing production. Therefore, China was mainly faced as a major challenge to the Mexican economy. The expiration in 2005 of the Multi Fiber Agreement at the World Trade Organization hits the Mexican (and Central American) textile and garment industry very hard and Mexico sees its exports in this sector fall quickly after 2005 with loss of exports and a huge trade deficit to China as a consequence (Cornejo and Navarro, 2010, p. 88; Vadell, 2013, p. 45). Mexico and Central America therefore came to be seen to be “losers” with the growing presence of China in the region and in the global economy where China pursued its strategy of a growing manufacturing exporter as well as an importer of commodities. Brazil and Argentina, on the other hand, gained strongly from China’s demand for commodities (Oviedo, 2014). Both became major exporters of soy, while Brazil became a major exporter of iron ore to China.

China has mainly been interested in bilateral economic relations with Brazil (**…2011)** as its main interest in Brazil and in Latin American generally is to get access to natural resources from the resource rich region. Initially, the Chinese government was somewhat hesitant in engaging in South-South coalitions in opposition to the United States which it considered its most important partner or relationship (Flemes, 2010**)**. However, there was an apparent change in the Chinese posture following the outbreak of the international financial crisis in 2008. After this China has pursued a more activist international strategy aimed at increasing its global influence (Xing and García Agustín, 2014). In 2009, the BRIC group held its first presidential BRIC Summit. The focus was two-fold, firstly to coordinate positions with the other BRIC states in order to develop a common stance in the negotiations taking place in the financial G20 of the biggest national economies in the world as well as more generally to develop common views on global economic governance (Christensen, 2013). The other aspect on the BRIC agenda was intra-group relations, with an emphasis on trade and development collaboration, e.g. cooperation between national development banks.

Prior to the international financial crisis, China became increasingly important for Brazilian international economic relations. In 2009, China became Brazil’s biggest export destination (Xing and Christensen, 2012), and from 2010 China became increasingly important as a foreign investor in Brazil (Oviedo, 2014). However, the biggest industrial employer organizations in Brazil, Fiesp and CNI, were critical of the government’s willingness to treat China as a market economy. They found that the relationship between the Chinese state, Chinese financing institutions and Chinese businesses did not follow standard market procedures giving thereby Chinese companies unreasonable competitive advantages. In practice, the Brazilian government has listened to such criticisms and has pursued an active anti-dumping policy (Xing and Chritensen, 2012) as has Argentina. In 2010, Argentina faced an adverse situation in China with regard to its exports of soy oil. According to Raúl Bernal-Meza (2012), though China argued that technical reasons were behind this policy, the real reason was that China wanted the process of extracting oil from the soy grains to be carried out in China to benefit Chinese companies in value-added activities. This incident created strong skepticism towards China in Argentina at the time. However, both Brazil and Argentina have attracted major direct investments from China since 2010, largely in infrastructure, energy and the commodities sector as well as in some other sectors such as IT and electricity. Though, the two countries see Chinese investments as an opportunity in a situation where both countries face stagnation after a fall in commodity prices, Danielly Ramos Becard (2014, pp….) points out that Chinese investments tend to push out Brazilian producers and therefore do not lead to a transfer of technology to Brazil. Furthermore, FDI in the manufacturing sector that are announced by Chinese investors are often not carried out in reality. Therefore Chinese investments tend to either go to natural resource oriented sectors which are strategically prioritized by the Chinese government or alternatively lead to the substitution of Brazilian owners by Chinese owners. Another worry related to Chinese buying up of land. This worry has led to some legal measures aimed at restricting the buying up of land (Christensen, 2016, *forthcoming)*. Immanuel Wallerstein notes that Brazil needs to protect itself against China’s strength as Brazil is suffering with actual and future potential Chinese investments in areas of fundamental importance for the Brazilian economy (Wallerstein, 2014, p. 486). Therefore, Chinese investments are not necessarily a *panacea*. Worries about growing dependence on China and possible negative consequences in terms of the protection of national interests and autonomy are therefore growing in Brazil, where the government seems to be considering a possible shift in its international strategies. Debates on stronger links to traditional powers and OECD economies, not the least the United States and the EU are particularly noticeable although a diversification towards other markets is also considered.

In the case of Argentina, we also see debates on possible risks to national sovereignty or autonomy from certain Chinese investments. However, Argentina is receiving substantial Chinese investments, particularly in infrastructure. Mexico is also interested in Chinese investments and may hope for investments in the oil and petro-chemical sectors that underwent legal reforms in 2013 opening them further up to foreign investment. In the case of Mexico, China has generally remained a challenge rather than an opportunity throughout the last 15 years, although, as mentioned, there is a hope that Mexico will be able to gain more from bilateral economic relations in the future.

**Venezuela**

Venezuela’s type is shared to a large extent by countries such as Bolivia and Ecuador and to some extent Cuba and other Latin American countries that share Venezuela’s characteristics in the area of the three criteria used to construct this typology. In terms of the typology, Venezuela pursues an economic development strategy that is markedly heterodox. This heterodoxy is especially noteworthy in terms of Venezuela’s nationalizations of foreign companies in a series of sectors considered to be strategic, such as the oil sector. Heterodoxy is also clear in a number of other areas with strong state interventionism in the economy, e.g. in order to set prices according to political and social considerations. Venezuela has furthermore invested heavily in social policies at home and development aid to foreign countries. Regarding the second criterion, i.e. the national model of production, Venezuela is characterized by its strong dependence on just one sector, namely the oil sector. Ecuador shares this characteristic, while Bolivia is also specialized in the energy sector, though particularly in the area of natural gas. Other countries that are largely mono-cultural or have a production model that depends on very few dominant production areas could fall in Venezuela’s typology if they also largely share characteristics in the first and third criteria. In any case, criteria two is considered a key criterion in terms of the typologies, since it is assumed that the economic model is likely to be of key importance in the area of international relations. In the third criterion on foreign policy orientation, Venezuela represents a radical posture of Anti-Americanism, or rather a posture that sees the United States’ governments in the last 15 years in a very negative light. Venezuela seeks to confront US designs and the US foreign policy agenda on a number of fronts in a policy that aims at defending national autonomy and sovereignty. This is very noteworthy in the economic sphere where Venezuela is markedly anti-neoliberal and favorable of a strong state presence in the economy and favors strongly interventionist policies in the market based on political and social criteria. Venezuela works for the creation of a post-hegemonic multipolar world order that should not be dominated by the United States and its allies in the Western World. Nor, should it be dominated by the logic of liberal market capitalism. This is reflected broadly in its patterns of coalition making at the regional and at the global level. Regionally, Venezuela is a member of the autonomy-oriented South American Union of Nations (Unasur) and the Community of Latin American and Caribbean States (CELAC) as well as Mercosur and ALBA. ALBA belongs to the generation of post-neoliberal regionalism but also is characterized by its post-hegemonic aim (Riggirozzi and Tussie, 2012) and the idea that integration in ALBA should be considered the integration of peoples rather than of markets or states. This reflects a socialist ideological agenda not reflected in other regionalisms in Latin America. In order to pursue its global strategies, Venezuela sought to strengthen relationships with a number of non-Western powers with an intention of diversifying markets and finding new sources of in-going investments (Ellner, 2012) as well as to pursue its anti-hegemonic agenda. Venezuela was particularly focused on OPEC countries and a number of states that were seen as being in opposition to the United States like Venezuela itself. Many of these states also belong to OPEC (Iran, Iraq, Libya and Russia). The relationship to China can be seen as part of this trend. For Venezuela, this relationship was considered to be markedly positive and to contribute with an alternative to the United States for Venezuela, although the US continues to be the biggest export destination for Venezuelan oil that makes up around 95 % of total exports. Oil is thus by far the most strategically important product in the Venezuelan economy. This is a good fit for China, as stable access to oil import is of key strategic importance in its foreign policy.

Like Brazil, Venezuela has developed close ties with China in the last 15 years. In 2004, Venezuela accepted China as a market economy as did Brazil (Xing and Christensen, 2012). Since 1999 bilateral trade between China and Venezuela has grown by more than 5000 percent and hundreds of cooperation agreements have been made between the two countries (Ives, 2015) in a number of sectors, particularly the oil sector. As in the case of Brazil and most of Latin America as a whole the economic relationship between the two countries follows a markedly North-South pattern with China exporting manufactures and importing commodities. Oil is of particular importance to China as China is dependent on a growing level of oil imports. Therefore countries with significant oil production and export capacity are of particular importance to China (Bonilla Martínez, 2014, p.255). The Chávez government and later the Maduro government have been enthusiastic about the increasingly close relationship to China. This enthusiasm is linked to the anti-American sentiment in the government. The anti-neoliberal sentiment in the government and much of the Venezuelan government was based on the negative experiences with neoliberalism in the 1980s and 1990s and was supported by the popular basis of the government that wished to see a more socially inclusive development after a period with neoliberalism that had led to high levels of poverty and economic inequality (Weisbrot, 2006). China was seen as a new opportunity for Venezuela. The 2000s were marked by a boom in oil prices, at least until the international financial crisis in 2008, and contributed to windfall income for Venezuela from oil exports. Much of this money was channeled from the big state oil company PDVSA and went to a large extent towards different social programs and foreign assistance, e.g. to ALBA partners.

Most analysts tend to argue that China’s interest in Venezuela and other oil and energy rich countries in the Andes region is largely a function of its dependency on oil imports and need for stable access to such imports. It is typically argued that China has been careful to make it clear that its policy should not be seen as a challenge to US leadership and hegemony in Latin America, since China’s relationship with the United States is the most prioritized bilateral relationship for China. However, regardless of the real aims pursued by China, it is quite clear that its relationship with countries such as Venezuela, Ecuador, Bolivia and Nicaragua has in fact made it easier for these countries to challenge US leadership, and the United States has lost influence in this type of countries to a very significant extent. At the present time (2015), the United States is pursuing a policy of sanctions against Venezuela that may in part be motivated by a wish to undermine the Bolivarian government that is under pressure due to domestic political instability that is linked to Venezuela’s deep economic crisis at the moment of writing. The official argument of the U.S. government for the sanctions policy is based on human rights issues, however.

From early on in the Chávez government, Venezuela’s domestic political situation was one of extreme polarization between the government and the conservative opposition. The opposition was very negative of the statist direction taken by the government. In 2002 this led to a coup. United States was amongst the very few states that managed to recognize the legitimacy of the coup government before a wave of social protests from pro-Chávez supporters brought the Chávez government back to power few days later. As a response to the tense and polarized atmosphere, the government decided in 2004 to carry out a plebiscite in order to determine of Chávez should be revoked from or stay in power. The result of the vote gave the government a major victory with more than 62 % of the vote (….). Based on this newly revealed democratic legitimacy and an improved economic situation that can be linked to rising oil prices and therefore also to China, the Chávez government decided in 2005 to announce that the so-called “Bolivarian Revolution” would work towards introducing what it called “21st Century socialism”. A major and deep economic reform process with a radical heterodox orientation followed. Amongst the measures were the introduction of nationalizations of private companies in a number of sectors considered strategic, policies of price control with a social aim, the creation of state companies and cooperatives etc.

The interventionist and socially oriented economic policies that followed seemed to work well for some time as Venezuela’s economy boomed helped along by massive oil revenues. However, instability in international oil prices after the international financial crisis that broke out in 2008 has shown how fragile the Venezuelan economy is and how vulnerable it is to price volatility in the key oil sector. While the Venezuelan government maintained its economic policy orientation after the financial crisis the economic basis for its policies came under strong pressure. In this context, China stepped in with financing to Venezuela as well as with FDI. As the economic instability has worsened in Venezuela after 2013 its dependency towards China has grown as have China’s oil backed loans to Venezuela. The same situation can be seen in the case of Ecuador (Ives, 2015). Venezuelan president Maduro speaks positively of the Chinese influence in Venezuela highlighting that the Chinese financial assistance is not tied to conditions of structural economic reforms as was the case with assistance from the International Monetary Fund and Western powers in the 1990s. However, this does not change the obviously fragile situation of the Venezuelan economy. Venezuela is experiencing high levels of inflation and negative growth that is contributing to popular discontent and further political and social instability in the country. The government seems confused and unable to find solutions to the economic challenges and is deeply dependent of Chinese assistance. This is leading to worries in the political opposition to the government of the threats this may pose to Venezuelan autonomy and sovereignty linked to a growing Chinese indirect control of Venezuelan oil deposits as loans from China are typically tied to future oil contracts and exports to China.

**Chile**

Chile’s typology is that of a country that pursues orthodox economic policies. There is a strong focus on achieving economic stability by way of reaching satisfactorily strict fiscal results in order to keep state debt at a low level. Within the criteria of economic policy orientation, Chile’s typology is furthermore characterized by its preference for liberal economic policies, e.g. by the use of a large number of preferential free trade agreements (FTAs) with different trading partners. This is a policy that aims at providing for successful export performance and a stable balance of payments. The other countries in the Pacific Alliance, Colombia, Peru and Mexico pursue the same type of economic policies. The wide use of FTAs can furthermore be seen as a way to diversify economic partners and in that way contribute to strengthening national autonomy. All of the countries in this group have historically had close economic and commercial ties with the United States. Therefore, China’s rise as a trading partner and as an economic partner has therefore also been welcome as it tends to reduce the dependency on the US economy. This is especially an issue for Mexico. However, while China has become Chile’s biggest export market, Mexico has not had the same kind of success due to its great difference with Chile in the second dimension of the Chilean typology, namely the national economic model. Chile, Peru and Colombia have economies that are much more diversified than in the case of the “monocultural” Venezuelan typology, but less diversified than Brazil and Mexico which both have significant manufacturing sectors. In terms of the third element in the Chilean typology, Chile’s foreign policy priorities strongly emphasize economic aspects over political aspects it can be argued. Like other South American states Chile and other countries in this typology such as Peru and Colombia are members of Unasur and CELAC, something that can be seen as their support for policies inspired by regional autonomy seeking. Chile participates in negotiations in the Trans Pacific Partnership (TPP) group as does Peru, while Colombia is considering to also join the TPP, which consists of a group of liberal countries that includes the United States but not China. From a Chilean perspective the TPP can be seen as one more piece to its liberal strategy. China is in any case of great importance to Chile and the two countries have had an FTA since 2001. China is Chile’s biggest export market and relations are generally excellent (Bernal-Meza, 2014). China is also quite important for Peru and Colombia. Exports to China have grown and so has Chinese FDI to these countries. Chile, on the other hand has not been successful in attracting FDI from China, though it is interested in receiving Chinese investments, something that is true across the three typologies.

In Chile there is widespread satisfaction with the government’s very positive view of relations with China, in spite of the fact that it repeats the North-South economic pattern also found in typology one and two, i.e. China exports manufacturing goods to all three types of countries while they mostly export commodities in the case of the South American countries, whereas Mexico and Central American countries have more difficulty penetrating the Chinese market due to their greater specialization in manufacturing than in the case of South American countries. However, Chile differs on one aspect from other countries in this typology in that it is not an important recipient of Chinese investments or financing.

**Conclusion**

What stands out in the analysis is particularly the common pattern shared by countries across the three typologies when it comes to the pattern of trade between China and Latin America. China basically exports manufacturing goods to Latin America whereas it imports commodities. According to Ratliff (2012) this should not be seen as necessarily something negative for Latin America, as China is largely to be seen as an opportunity for Latin American countries. However, as Ratliff notes, it is problematic if Latin America is unable to benefit sufficiently from the relationship with China, as this could mean a reversal in economic model for Latin American countries returning to much stronger levels of participation for primary sector production as in the period prior to the introduction of import-substitution and industrialization strategies.

From the Chinese perspective, it seems evident that China has very clear and stable objectives in their economic dealings with Latin America. China is interested in exporting manufacturing products to growing Latin American markets, to import commodities and raw material from Latin America in those sectors where the Chinese economy and population depend on imports. China is particularly interested in importing oil and assuring a stable access to continued flows of oil imports. Finally, China sees an interest in investing in Latin America in order to further the goals just mentioned, as well as to lend money to Latin American countries. Not the least to those countries that are energy-rich, since the creation of a level of financial dependency of oil and energy-exporting Latin American countries is a way for China to stabilize its access to energy imports.

From a political perspective, China is interested in good and cooperative relations with Latin America as part of its overall strategy of economic rise. At the same time China also has an interest of becoming influential in Latin America for the same reason. To what extent this is also part of an undeclared struggle with the United States for hegemony or a leadership position in the region and in the world is less clear. It is clear, however, that China is in fact becoming more influential in the region particularly in the Venezuelan typology but also in the Brazilian typology, while the US has conversely become less influential than it used to. This is due to Latin American international policy strategies aimed at defending own autonomy and also contributing to a multipolar world order. This is evident in the Brazilian case as China and Brazil have entered a number of international coalitions that are often in opposition to the United States on certain aspects. Venezuela and countries in its typology similarly see China’s emergence as a great power as positive from the perspective that it tends to reduce their dependence on the United States and therefor increases their autonomy and reduces US influence. The Chilean typology countries are also interested in more autonomy but are less actively trying to reduce US influence in the region, though their membership in CELAC and UNASUR can be seen as a way to seek to avoid strong US influence in the region and to assure own room of maneuver.

**Bibliography** (will follow later)