Sino-Latin American Relations: Retrospect and Prospects

Jiang Shixue
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I. Introduction

In discussing Sino-Latin American relations, we should keep the following ten points in mind1:

1) While some of the intellectuals in China are debating about what the mainstream of the current age is, many say that it is composed of two parts, namely, peace and development. Therefore, according to them, China’s foreign diplomacy needs to focus on this mainstream.

2) The bi-polar world system has disappeared with the ending of the cold war. The post-cold war era is characterized by what many Chinese scholars describe as “one-superpower-and-four-strongs”. The four “strongs” are Russia, European Union, Japan and China.

3) Despite its rapid growth of the economy, China still belongs to the developing world. So it always attaches great importance to the development of its relations with other Third World countries and has to defend the interests of the Third World and calls for the establishment of a new economic and political order.

4) Ever since the reforms started at the end of the 1970s, China’s economic development has been the priority for the government and the Communist Party of China (CPC), and diplomacy

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1 Throughout this paper, China means the People’s Republic of China (PRC), and Taiwan is a province of PRC.
5) Economic relations are important for the development of political relations. To diversify its external economic relations, China has been attempting to open up the Latin American market and seeking more investment opportunities.

6) China is the largest developing country whereas the United States is the largest developed one. Both have common and conflicting interests during and after the cold war era. That is to say, each needs the other badly in some areas; but at the same time each disagrees with the other in many respects. Moreover, Sino-Latin American relations are frequently influenced by the movement of Sino-U.S. relations.

7) The Taiwan issue has not been resolved yet. As a matter of fact, with time passing by, this issue has become all the more conspicuous in China’s foreign diplomacy. Regarding sovereignty, the Chinese government would not take any backward steps. However, there are still twenty-nine countries that have “diplomatic relations” with Taiwan, and fourteen of them are found in Latin America.

II. Retrospect and Prospects of China’s Foreign Policies

When the People’s Republic of China was founded on October 1 1949, the West, led by the United States, attempted fiercely to isolate the new socialist nation. Therefore, China's most pressing task was to break through this isolation by seeking assistance from the developing countries, including Latin America, as well as from the former Soviet Union. Therefore, China should, in the words of Chairman Mao Zedong:

- “Build a new stove to make meals”, meaning the new China would not recognise the diplomatic relations the old China built with the foreign powers and would also get rid of the humiliating diplomacy imposed by the imperialists before 1949;
- “Clean the house before inviting guests”, meaning the new China would eliminate the
privileges and influence of imperialism in China;

In reality, the new China’s foreign policy was “leaning towards one side”, meaning the new China would establish diplomatic relations mainly with the socialist and other countries friendly to China so as to build an international front against imperialism.

Needless to say, it was a great encouragement for China that its victory of socialist revolution served as a driving force to the emerging national liberation movement in many parts of the Third World. China adopted a policy of sincere support for this movement in many ways.

In the 1950s, China made at least two remarkable achievements in its foreign diplomacy: the announcement of the Five Principles of Peaceful Coexistence and participation in the Asia-African Conference in Bandung.

On December 31, 1953, when Chinese Premier Zhou Enlai met with the visiting Indian delegation on border dispute, he said, “I believe that relations between China and India would become better. …China has set up the principles to deal with the Sino-India relations. They have mutual respect for each other’s sovereignty and territorial integrity; mutual non-aggression; non-interference in each other’s internal affairs; equality and mutual benefit; and peaceful coexistence. It was recognised later on that the fifth principle could be realised only upon the basis of implementing the first four.

These principles, later known as the Five Principles of Peaceful Coexistence, were written into the Sino-Indian treaty regarding the border dispute signed on April 29, 1954. In the same year the Five Principles were written into China’s first constitution. During his visit to India and Burma in June 1954, Zhou reaffirmed China’s Five Principles and received positive reactions from the two hosts. In subsequent occasions, Chairman Mao Zedong also expressed his hopes that the Five Principles should expand to the diplomacy of other countries in the world.
In April 1955 the Asia-African Conference was held in Bandung, Indonesia. The significance of this international conference lay in the fact that no developed countries were invited. Led by Premier Zhou Enlai, China’s delegation played an important role in this conference which adopted Ten Principles based on China’s Five Principles.

During the period from the late 1950s to the late 1960s, the world order was increasingly influenced by the hegemonic contention between the United States and the Soviet Union. As a large country close to one the two superpowers and eager to play a role in the world arena, China’s foreign policies were greatly influenced by the world situations at the time.

As a result, efforts were made to develop relations with the developing countries in Asia, Africa and Latin America. Many agreements of economic co-operation were signed between China and some countries in these regions. Meantime, through dialogue and negotiations, China successfully settled down border disputes left over from history, with such countries as Burma, Nepal, Mongolia, Afghanistan and Pakistan. Moreover, relations with European countries and Japan were starting to move forward in a positive way.

In the late 1950s, however, while China’s relations with the developing world and some of the western countries seemed to be moving forward, its ties with the Soviet Union started to cool down. The Soviet leaders had been trying hard to make China accept what were apparently beneficial to the Soviet leaders’ vision of the global strategy. They even attempted to persuade China into giving up its positions on such important issues as Taiwan and the Sino-Indian border dispute. China’s firm standing as well as many other factors resulted in the Soviet’s decision to “punish” China by withdrawing its economic and technological assistance in the early 1960s.²

In the 1950s and 1960s China’s relations with the United States continued to be sour, ² Within one month of July 1960, the Soviet leaders called back 1,390 experts and terminated 12 bilateral treaties and more than three hundred agreements of technological co-operation.
particularly after the Korean War. But the United States’ strategy to isolate socialist China failed. By the end of the 1960s, China had established diplomatic relations with more than 50 countries in the world, and it had been playing a significant role in maintaining world peace.

Entering the 1970s, China made remarkable progress in its foreign diplomacy at least in two aspects. On the one hand, China regained its legitimate seat in the United Nations in October 1971, which made it possible for China to play a more visible role in international affairs. On the other, U.S. President Nixon paid an official visit to China on February 21, 1972, which brought about a breakthrough in the Sino-US relations.

The world community again noticed China’s position in the world arena when Mao Zedong put forward his theory of the “three worlds” in February 1974. He said to a visiting foreign government leader that the United States, the Soviet Union were the First World; in the middle were the Second World which include Japan, Europe, Australia and Canada, and the developing countries were the Third World.

After the CPC’s third plenary session of the 11th National Congress in 1978, China implemented significant adjustment in many areas, including foreign diplomacy. Deng Xiaoping changed the tone directing people’s understanding of the major themes of the era. When he met with the visiting Brazilian president J. P. Figueiredo in Beijing in May 1984, Deng said that there were many problems in the world and the two most conspicuous of them were peace and development. Later on, he expressed again his idea that the most important problem in the world could be summarised in just “four words”, East and West, and North and South. East West was related to peace, and North-South was relevant to development. This definition has facilitated the making of China’s foreign policies in the new world situations and helps pave the way of further development of its relations with other countries, including the Latin American countries.

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3 In an article published in 1924, Soviet leader J. Stalin considered war and revolution as the characteristics of the age. This ideological thinking had great influence upon China’s diplomacy before the end of the 1970s.

When the Cold War ended, China started to re-consider the world order and also the necessity of adjusting its foreign policies. It seems that both the government and the academics had the vision that China could raise its position in the changed scenario of the world. For instance, Deng Xiaoping said in the early 1990s that in the emerging new world order China could be one of the multi-poles, and the end of the Cold War could be a good opportunity for both China and the world.

Generally speaking, most of the Chinese people, particularly the academics, believe that China’s foreign diplomacy towards the new century should be based upon three pillars:

First, development is and will continue to be a dominant issue. As Deng Xiaoping said repeatedly, China should do its own things better. Indeed, only by maintaining rapid economic growth can China play an important role in the world.

Second, defending sovereignty is still on the top agenda of China’s foreign diplomacy. China has 15 neighbours that directly touch its borders. China’s border disputes with a few countries are yet to be resolved. Around China there are several “hot” spots. Japan is developing its military ties with the United States. And even inside China, separatist forces, supported by some foreign countries, are found in Taiwan, Tibet and even Xinjiang.

Finally, as a socialist country with 1) long history of rich civilization and cultures, 2) more than

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5 Undoubtedly, some Chinese scholars have had different opinions regarding the prospects of peace and development in the world. For instance, one scholar argued that NATO’s bombings against Kosovo had signified the end of the opportunities offered by peace and development. (See Zhang Wenmu: *kesuowo zhanzheng yu zhongguo de jiyu* (The Kosovo War and the Security Strategy for China in the New Century), *zhanglue yu guanli* (Strategy and Management), No. 6, 1999.

6 Wang Yizhou: *mianxiang 21 shiji de zhongguo waijiao: 3 zhong xuqiu de xunqiu jiqi pingheng* (Seeking and Balancing the Three Requirements: China’s Diplomacy towards the 21st Century), *zhanglue yu guanli* (Strategy and Management), No. 6, 1999.

7 China has fresh memories of what Japan did in the past. But Japan has become one of the major economic powers. As the leaders of both governments have maintained, the two “close neighbors separated only by a strip of water”should walk towards the future of peace.
1.2 billion people, 3) nuclear weapons and long-range missiles and 4) a seat of permanent member in the Security Council of the UN, China should play an important role in the world arena. In the words of a scholar, “China should make great contributions to the world,… and, the complexity of the [current] world politics and the connotation of progress of the time all require China to gradually strengthen its self-consciousness of acting like a big country.”

But how to act like a “big country”? Some Chinese scholars are suggesting that China would not escape from this pattern that, in history, any country wishing to become a world power started to grow out of its own region. Therefore, China should be able to play an important role in the regional affairs of Asia-Pacific.

III. Sino-Latin American Relations: A Historical Overview

As early as in 1761, a French Sinologist called J. De Giognes proposed that the New World was not discovered by Columbus, but by the Chinese. Long debates had ensued, but there is still no consensus on this historical issue. Interest seemed to have waned on this issue in the West. However, some Chinese scholars started to be interested in it and utilised classical Chinese writings and even some archaeological findings to support their argument. As early as in the 5th century a Chinese monk (or master) named Hui Sen arrived in what is called Mexico, then called Fu-sang in Chinese. Needless to say, many more Chinese historians said that it was totally nonsense.

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8China’s veto on a 1996 UN resolution to send a peace-keeping mission to Guatemala, the third veto ever used since it reentered the U. N. In the early 1970s, taught a lesson to those countries that tried to intervene in China’s internal affairs. China took back its veto on this UN resolution in early 1997, after talks were held between China and Guatemala.

9 Wang Yizhou: mianxiang 21 shiji de zhongguo waijiao: 3 zhong xuqiu de xunqiu jiqi pingheng (Seeking and Balancing the Three Requirements: China’s Diplomacy towards the 21st Century), zhanglue yu guanli (Strategy and Management), No. 6, 1999, p. 26. (Apparently, the term ‘big country” here simply means a world power.)

10 See, for example, Ye Zicheng: zhongguo shixin daguo zhanlue shizaobixin (The Inevitability of China’s Foreign Diplomacy as a World Power), shiie jingji yu zhengzhi (World Economics and Politics), No. 1, 2000.

11 The late Beijing University professor Luo Rongqu gave a systematic account of the debate in an article published in 1962. He himself disbelieved the “discovery.”
No matter who first landed on the Americas, proven contacts between China and Latin America could be dated back to the 1570s when Sino-Latin American trade started to flourish across the Pacific. China exported silk, porcelain and cotton yarn via Manila, to Mexico and Peru, in exchange for silver coins and other things. In the middle of the nineteenth century peasants from the southern part of China went to South America and the Caribbean as “contract workers” working in mines and plantations.

After the People’s Republic of China was founded in 1949, Mexico, Argentina, Chile and a few other Latin American countries made contact with China for possible diplomatic relations. Because of many factors, their efforts did not bear fruit.

Also in the 1950s, however, some Latin American countries simply followed the United States in an attempt to isolate China. For instance, in January 1950, before the UN Security Council was about to vote on the Soviet proposal that Taiwan’s seat in the UN should be replaced by the People’s Republic of China, the United States learned that Ecuador was planning to cut its relations with Taiwan. The US told the Foreign Ministry of Ecuador that, although Ecuador had its own independent right to make any international political decisions, severing the relations with Taiwan would be of great influence upon the outcome of the vote in the Security Council. With the pressures from the United States, the Ecuadorian representative to the UN, Homero Viteri-Lafronte, told the U.S. vice representative to the UN, Ernest A. Gross, that Ecuador’s vote had limited impact upon its own, but would have great significance for the United States. Therefore, for the interests of the United States, said Viteri-Lafronte, Ecuador would follow the United States’ wish and would not do anything that had the risks of damaging the U.S. interests. Guarding against further possibilities that other Latin American countries would terminate their relations with Taiwan, the United States issued a letter on February 1 of the same year to the Latin American embassies to Washington, saying that countries of the Americas should do their best to make concerted foreign policies.12

Fidel Castro’s victory in 1959 attracted immediate moral and political support from China. As a matter of fact, Cuba was the first Latin American country to recognise the new China. In September 1960, Chinese Premier Zhou Enlai told Castro, “If necessary, China would furnish all necessary assistance to the Cuban people fighting for freedom.” In April 1961, U.S. President Kennedy, who was then seen by the American public as “inexperienced in foreign affairs”, approved an exile invasion of Cuba. The Chinese government made an official statement denouncing the American action with strong wording. Throughout the whole country, public rallies were held to voice support for the Cuban people standing against U.S. imperialism. As a matter of fact, before disputes gradually erupted between the two socialist countries in the mid-1960s, China and Cuba signed several agreements of economic co-operation.

In the 1960s China also voiced support for other Latin American countries struggling against the United States. For instance, when the demonstration calling for the return of the Panama Canal was suppressed by the U.S. army in January 1964, leading to 22 deaths, Chairman Mao Zedong immediately expressed his anger. “The Chinese people always stand on the side of the Panamanian people, fully supporting their fight against the American aggressors and their just struggle taking back the Panama Canal.” When the United States used force to intervene in

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13 It is reported that, in a rally held in Havana on September 2, Castro asked the audience: “The Revolutionary Government of Cuba would like to ask the Cuban people if you would like Cuba to establish diplomatic relations with the People’s Republic of China?” The rally burst out, raising their hands and saying, “Yes, yes!” Then, walking towards the nearby head of the New China News Agency stationed in Havana, Castro said, “Here is the Chinese representative. From now on, I declare that Cuba cut its relations with the puppet regime of Chiang Kai-shek (in Taiwan).” For a more vivid account of the scene, see Wang Taiping (ed.): *xin zhongguo waijiao 50 nian* (50 Years of the New China’s Foreign Diplomacy), Beijing: *beijing chubanshe* (Beijing Publishing House), 1999, pp. 1636-1637.
15 Sino-Cuban relations turned for the worse in the mid-1960s for both political and economic reasons. Politically, it was related to the Sino-Soviet rupture, and Cuba was apparently standing on the side of the Soviet Union. Economically, Cuba was complaining that China did not provide enough economic assistance. Comparatively speaking, the political factor is more important than the economic in this regard.
the Dominican Republic’s internal political instability in April 1965, Chairman Mao made a statement of similar wording denouncing the U.S. action.

Despite the “Cultural Revolution” that caused great disaster to China’s political, economic and social development as well as to its relations with other countries, China’s foreign diplomacy did make some progress in certain areas. On December 15 1970, for instance, Chile and China established diplomatic relations. As a matter of fact, Chile was the first South American country to recognise China. After U.S. President Nixon made his historical visit to China in 1972, many Latin American countries started to change their attitudes towards China and even expressed their interest in developing relations with it. Therefore, as the following table shows, the 1970s witnessed more than 10 Latin American countries setting up diplomatic relations with China.

While many Latin American countries supported China’s re-entry into the United Nations in 1971, China used many occasions to voice its assistance to Latin America’s call for the establishment of a new world order. For example, when the Chinese Premier Zhou Enlai gave a banquet to the visiting Mexican President Echeverria on April 20, 1972, he said, “Latin America is emerging on the world stage with a new face. …The struggle of defending the maritime sovereignty of 200 nautical miles limits led by Latin American countries has inspired and pushed forward the people around the world to wage a struggle against maritime imperialism. …The Chinese government and the Chinese people firmly support the just struggle of the Latin American people, and believe that a united Latin America, through its struggle, will win a greater victory over the expansionary influence of imperialism, new and old colonialism.” 17 In the early 1970s, China also supported Latin America’s call for the establishment of a nuclear free continent.

17 Wang Taiping (ed.): xin zhongguo waijiao 50 nian (50 Years of the New China’s Foreign Diplomacy), Beijing: beijing chubanshe (Beijing Publishing House), 1999, p. 1660.
Table 1  Date of Establishing Diplomatic Relations 
between China and Latin American Countries

<table>
<thead>
<tr>
<th>Countries</th>
<th>Date of Establishing Diplomatic Relations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cuba</td>
<td>1960.9.28</td>
</tr>
<tr>
<td>Chile</td>
<td>1970.12.15</td>
</tr>
<tr>
<td>Peru</td>
<td>1971.11.2</td>
</tr>
<tr>
<td>Mexico</td>
<td>1972.2.14</td>
</tr>
<tr>
<td>Argentina</td>
<td>1972.2.19</td>
</tr>
<tr>
<td>Guyana</td>
<td>1972.6.27</td>
</tr>
<tr>
<td>Jamaica</td>
<td>1972.11.21</td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td>1974.6.20</td>
</tr>
<tr>
<td>Venezuela</td>
<td>1974.6.28</td>
</tr>
<tr>
<td>Brazil</td>
<td>1974.8.15</td>
</tr>
<tr>
<td>Suriname</td>
<td>1976.5.28</td>
</tr>
<tr>
<td>Barbados</td>
<td>1977.5.30</td>
</tr>
<tr>
<td>Ecuador</td>
<td>1980.1.2</td>
</tr>
<tr>
<td>Colombia</td>
<td>1980.2.7</td>
</tr>
<tr>
<td>Antigua and Barbuda</td>
<td>1983.1.1</td>
</tr>
<tr>
<td>Bolivia</td>
<td>1985.7.9</td>
</tr>
<tr>
<td>Grenada</td>
<td>1985.10.1 – 1989.7.19 *</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>1985.12.7 - 1990.11.6 *</td>
</tr>
<tr>
<td>Belize</td>
<td>1987.2.6 – 1989.10.23 *</td>
</tr>
<tr>
<td>Uruguay</td>
<td>1988.12.3</td>
</tr>
<tr>
<td>The Bahamas</td>
<td>1997.5.23</td>
</tr>
<tr>
<td>St. Lucia</td>
<td>1997.9.1</td>
</tr>
</tbody>
</table>

Note: When Belize, Grenada and Nicaragua established “diplomatic relations” with Taiwan, the People’s Republic of China severed its ties with the three countries.

IV. Sino-Latin American Relations towards the New Century
As mentioned earlier, China’s reforms and opening to the outside world since 1978 has provided the country with a good opportunity to develop foreign diplomacy. Since then Sino-Latin American relations have been moving forward steadily. As of writing this paper, China has set up diplomatic relations with nineteen Latin American countries.

As a socialist country, the Communist Party of China (CPC) always plays a decisive role in the nation’s foreign policy-making. It should be recognised that, during the “Cultural Revolution”, the CPC also made some mistakes in designing and implementing the nation’s foreign policies. At that time the CPC believed that the major themes of the era was war and revolution, and, if revolution could not stop a war, the war will stop revolution. Now the CPC’s policies of developing relations with foreign parties are based on the four principles: autonomy; fully equality; mutual respect; and mutual non-interference. It seems that the following characteristics can be summarised from the CPC’s relations with the Latin American political parities: 18

First, the CPC seeks ties with not only the ruling parties, but also the opposition parties. In Argentina, for instance, before the election in 1983, many people believed that the Radical Party would not win. But the CPC still invited the party’s leader Raul Alfonsin to visit China. Having gained the presidency with 52% of the vote, the grateful president sent a large delegation to visit China, apparently in appreciation of China’s earlier invitation. On China’s side, the CPC continued to maintain relations with the Peronist Party, whose leader Carlos Saul Menem won the presidential elections of May 1989. In November 1989, only five months after the June 4 incident, President Menem sent his brother, Senate President Eduardo Menem, to visit Beijing at a time when the West was sanctioning against China. The Argentine guest even invited Chinese President Jiang Zemin to visit Buenos Aires in May 1990. In November 1990 President Menem became the first Latin American head of State to visit China after the June 4

18 Huang Wendeng: Dengxiaoping lilun yu zhongla dangji guanxi (Deng Xiaoping theory and the party relations between the Communist Party of China and the Latin American Political Parties), in liadingmeizhou yanjiu (Latin American Studies), No. 6, 1998, pp. 1-7.
Tienamer incident.

Second, by taking advantage of the “party diplomacy”, the CPC developed relations with the parties in the countries that have not established diplomatic relations. This is particularly meaningful in the case of Bolivia and Uruguay. Since before China established formal diplomatic relations with these two Latin American countries, the CPC had good contacts with the political parties there.

So far the CPC has established relations with various political parties in the majority of the Latin American countries that have no diplomatic ties with China. For instance, it has good contacts with the major parties in Paraguay; the only South American country that has recognises Taiwan. It is reported that these parties have reached a consensus that the government should improve the relationship between China and Paraguay.

Third, the CPC seeks to develop party relations so as to draw lessons and experiences from the Latin American process of developing the economy as well as governing the country. The CPC also helps both sides to create opportunities of economic co-operation. For instance, returning from a visit to Brazil and Uruguay in June 1996, a CPC delegation of high level succeeded in helping a Chinese company in Shenzhen to sell telecommunication equipment to these two South American countries. Even the CPC’s Department of International Liaison introduced a Chinese investor to build a clothing-making factory in Honduras after a party delegation from the Central American country asked China to make investment there when it was visiting China in 1991.

China has also made efforts to develop relations with the multilateral and regional organisations in Latin America. For instance, since the establishment of the political dialogue relations between China and the Rio Group in 1990, nine foreign ministerial-level talks have been conducted. China has always praised the important role of the Rio Group and considered it as an important political force among developing countries and a reliable partner of China in
international affairs. In June 1994, China became the first Asian country to be an observer to the Latin American Integration Association. In May 1997, China was admitted into the Caribbean Development Bank, and in September 1993 China made the official application to join in the Inter-American Development Bank. MERCOSUR is becoming an important integration organisation in the West hemisphere. China has established the dialogue mechanism with it and two dialogues have been held.

On the whole, bilateral relations between China and Latin American countries at present are on good terms. However, there are still rooms for improvement. As a matter of fact, Latin America, particularly the Central American and the Caribbean sub-regions, are weak spots for China’s foreign diplomacy as Taiwan has a stronghold there.¹⁹

It is well known that the effectiveness of the mainland China’s efforts to counter-attack Taiwan’s “dollar diplomacy” is often reduced by the United States. President Clinton’s permit for Taiwan leader Lee Teng-hui to visit the United States was a notable example. As for the Central American and the Caribbean countries, it is evident that governments in these sub-regions would not dare to recognise the People’s Republic of China before they get the nod from the U.S. government. Apparently, it is the United States’ desire to stop unified China standing in East Asia and it is of American national interest to maintain the status quo of the Taiwan Strait.

Taiwan’s seemingly success in carrying out its “dollar diplomacy” is easily understood. As a Chinese proverb goes, “whoever has the milk can be my mother”. Lured by the generous economic assistance from Taiwan, some Central American and the Caribbean countries have repeatedly proposed in vain that the Chinese province of Taiwan be “readmitted” into the UN. However, as many observer acknowledge, if 1.2 billion people of the mainland China do not agree, Taiwan’s independence will only be merely a day-dream.

¹⁹ Paraguay is the only South American country that has not recognized the People’s Republic of China.
It has been increasingly recognised that, in the age of globalization, politics tends to be framed with an economic logic and economic issues are often linked to politics. Indeed, to develop bilateral relations, it is important to expand economic ties. This point is certainly relevant to the Sino-Latin American relations towards the new century.

On October 23, 1952, China and Chile signed a bilateral trade agreement, which became the first such agreement between China and Latin America. Indeed, Sino-Latin American trade had grown rapidly. By 1960, two-way trade between China and Latin America had risen to more than US$30 million as compared with only US$7 million in 1955. In 1970 and 1978 it surpassed US$100 million and US$1 billion respectively. With the rapid development of diplomatic relations across the Pacific since the late 1970s, Sino-Latin American trade increased impressively. As Table 2 shows, by 2000, two-way trade between China and Latin America had risen to more than 12 billion US$. (As a reference, China – U.S. two way trade in 1999 totalled 6.1 million US$.)

Since the 1990s China has changed from a frequent trade deficit with Latin American countries to a small amount of surplus. In 1997, for instance, China enjoyed a surplus of US$837 million; in 1998 and 1999 it stood at US$2.3 billion.

China’s exports to Latin America are mainly machinery (tractors, machine tools, engines, ships, hydro-electricity generators, etc), electronics (TV sets, refrigerators and other household apparatus), textiles, clothing, medical products and cosmetics, and light industrial products. It imports from Latin America such goods as iron ore and copper ore, fish meals, petroleum, wool, machinery, steel, edible oil, sugar, paper pulp and leather, among others.

China’s major trade partners in Latin America are quite concentrated. As Table 3 indicates, the largest five trade partners in 1999 accounted for three fourth of the whole region.

It should be pointed out that Sino-Latin American trade accounts for a small share in each side’s
overall foreign trade (less than 2% for each). However, the prospect appears promising. This is simply because:

1) Latin America is rich of natural resources and China’s rapid economic development will need more such input to sustain this growth;
2) There is some economic complementarity between the two sides;
3) As both China and Latin America have been undergoing economic reforms, markets are opening and investment regulations are becoming more liberal;
4) Latin America would not afford to neglect China’s huge market potentials, particularly after the latter enters WTO. Moreover, in the process of diversifying its external economic strategy, Latin America would also need China and other East Asian countries;
5) In the age of globalization, China and Latin America have some common interests in such issues as South-South co-operation.

Table 2  Sino-Latin American Trade (million US$)

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<tr>
<td></td>
<td>1.9</td>
<td>7.3</td>
<td>31.3</td>
<td>343.1</td>
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<td>1331</td>
<td>2294</td>
<td>6114</td>
<td>8312</td>
<td>8260</td>
<td>12600</td>
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Source: zhonguo haiguan tongji (China Customs Statistics), various issues.

Table 3  China’s Major Trade Partners in Latin America, 1999 (million US$)

<table>
<thead>
<tr>
<th>Country</th>
<th>Brazil</th>
<th>Chile</th>
<th>Argentina</th>
<th>Panama</th>
<th>Mexico</th>
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</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>1845</td>
<td>1269</td>
<td>1086</td>
<td>1038</td>
<td>951</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country</th>
<th>Peru</th>
<th>Cuba</th>
<th>Uruguay</th>
<th>Venezuela</th>
<th>Colombia</th>
</tr>
</thead>
</table>
In recent years it has been increasingly recognised, by both the Chinese government and the academics, that Sino-Latin American economic co-operation is all the more important in so far as China can meet some of its resource needs from the other side of the Pacific. It is true that China is a nation with great amount of natural resources. Because of its huge population, however, China is also lacking resources in terms of per capita shares. Take forest and timber for example. According to recent statistics, China’s forest area is 1.2 million square kilometres and timber resource is about 10 billion cubic meters. These two absolute numbers are huge compared to many other countries in the world. But in per capita terms China’s forest area is merely 0.10 hectar and timber resource is less than 10 cubic meters as compared with the world average level of 1.07 hector and 83 cubic meters respectively.\(^\text{20}\)

It is reported that, throughout the whole China before 1998, 230 million cubic meters of timber were cut down each year, causing wide range of soil erosion and floods. Needless to say, to import timber from Latin America or other parts of the world has strategic significance for China.

However, further development of Sino-Latin American economic relations is facing two major obstacles:

First of all, the geographical distance between the two sides is certainly an unfavourable factor. So far there is no direct air links between China and any Latin American country, and long distance, weather and some man-made factors affect the limited maritime routes. As a result, delays are very common.

\(^{20}\) Guo Yuanzheng: *lizuo kechixu fanzhan, jiakuai kaituo lamei ziyuan shichang* (Quicken up pace to open up the market of natural resources on the base of sustainable development), *Jadingmeizhou yanjiu* (*Latin American
Second, exchanges of market information are difficult and mutual understanding is lacking. This is due not only to the geographical distance but also to languages, cultures, custom, etc.

These two obstacles have existed for a long time. In recent years, Latin American use of anti-dumping seems to have created another hurdle to the development of Sino-Latin American economic relations. On April 15, 1993, Mexico decided to levy anti-dumping tariffs on ten categories of imports from China. This was the first action in Latin America ever to limit Chinese exports. Since then Argentina, Brazil, Chile, Colombia, Ecuador and Venezuela have all undertaken this trade practice against China.

Several features of Latin America’s anti-dumping can be found. First, this practice covers a wide range of Chinese products in some countries. Second, the anti-dumping tariffs are very high. In the case of Mexico, it once levied 1105% on Chinese shoes. This rate was equal to a total ban on Chinese shoes. Finally, some Latin American countries never rely on international norms. That is to say, they tend to levy the taxes even before making a real investigation.

As a matter of fact, to expand its market share in Latin America is also China’s objective to reduce dependence upon the United States, Japan and Europe. Therefore, China has been trying very hard to find ways and means to increase economic relations with Latin America. One most recent measure has been called “processing with our own materials”, meaning that China would ship the production lines and intermediate goods to Latin America instead of selling the final products. This idea seems feasible, as, in the case of TV sets production, China’s own capacity is showing signs of exceeding the domestic market needs.

It has been frequently suggested that both China and Latin America should think of more effective ways to sustain the momentum of economic co-operation that has been going on in the past several decades. One of such ways seems to lie in the possibility that each makes more foreign direct investment in the other’s economy.

*Studies), No. 1, 1999, p. 18.*
By the end of 1998 China had made 246 investments in Latin America, with a total amount of around US$290 million. Major investments include such projects as an iron ore mine in Peru, oil fields in Mexico and Peru, agriculture and textiles in Mexico, timber in Brazil, fish meals and timber products in Chile, fishery and TV sets in Argentina, motorcycles in Colombia, shrimp raising in Ecuador and gas production in Venezuela and Peru. By the same time, there were 77 Latin American investment projects in China totaling US$8.3 billion.  

Another way to promote Sino-Latin American co-operation is in the field of science and technology. In this regard, China and Brazil might have served as a good example. A satellite has been sent into orbit jointly by the two nations. It is reported that a second launching is planned for the near future. Finally, given the huge labour powers and growing infrastructures needs, construction contracts may be another area of co-operation.

In discussing economic co-operation between China and Latin America, we should not fail to mention the regional economic integration movement in Latin America. The resurgence of this movement and the birth of such organisation as MERCOSUR, would mean both opportunities and challenges for China. On the positive side, it is likely that some Chinese enterprises with strong competitiveness might take advantage of the free movement of goods and capital among the Latin American countries. On the negative side, however, there is trade diversion, which is not favourable to China and other Asian countries.

However, it is important to quote what Deng Xiaoping said in 1988: “People are saying that the 21st century is the Pacific era…. I firmly believe that at that time there will also be a Latin American era, and I hope the Pacific era, Atlantic era and the Latin American era appear at the same time.” He also said, “China’s policy is to develop and maintain good relations with Latin American countries, and make Sino-Latin American relations a model of South-South

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It is an encouraging sign that a new “bridge” has been built across the Pacific between Asia and Latin America. It is the East Asia-Latin America Forum (EALAF), first mooted by Singapore Prime Minister Goh Chok Tong during his visit to Chile in October 1998. “I conceived the EALAF as a multi-dimensional dialogue. It was to help break down barriers and encourage the evolution of more concrete links,” said Prime Minister Goh. The first EALAF, attended by senior officials from 27 East Asian and Latin American countries, was held in Singapore from 1 to 3 September 1999. The next meeting of EALAF will be at the foreign ministers’ level and it will take place in Chile in the first quarter of 2001.

According to the Foreign Ministry of Singapore, the Forum will contribute to a stable international order by interconnecting two important growth areas of the world. However, the full potential of linking the two regions is likely to take 10 years or more, due to the lack of historical contact, awareness and understanding between both regions. The launch of the Forum will thus be the start of a long-term process to bring that synergy to fruition.

China sent a high-level delegation to attend its first meeting. It is China’s belief that close co-operation between East Asia and Latin America would help raise the position of the developing countries and also facilitate the establishment of a new political and economic order. China also proposes that only sovereign nations can participate in the forum and it should take advantage of the complementarity of both regions to promote economic co-operation in the new century.

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22 Quoted from the *Renmin Ribao* (*People’s Daily*), October 8, 1995.
23 Quoted from http://www.mfa.gov.sg/abtspore/index.htm
24 The 27 countries participating in EALAF are: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Panama, Paraguay, Peru, Uruguay and Venezuela, Singapore, Brunei, Cambodia, Thailand, Vietnam, Philippines, Malaysia, Laos, Indonesia, Myanmar, Japan, China, South Korea, Australia and New Zealand.
26 As a token of support for the forum, China announced that the Chinese Foreign Ministry would organize a course for the Latin American diplomats in Beijing so as to promote mutual understanding between the diplomats of both sides.
V. China’s Relations with Cuba

As mentioned earlier, it was through Cuba that China “entered” Latin America in the diplomatic fields, and the two countries did enjoy a short honeymoon. As a matter of fact, it was the Cuban revolution that encouraged China to take a new look at the revolutionary movements on the other side of the Pacific.

Changes of the China-Cuban relations were greatly affected by the split between China and the former Soviet Union. In the early 1960s, faced with tight American embargo and sanctions, Cuba acquired strategic assistance from both the former USSR and China, and Cuba seemed to take a neutral stand towards the Sino-Soviet divide.

At the end of 1964 a delegation of communist parties from nine Latin American countries, led by a high level Cuban official, visited both Moscow and Beijing. It urged the two large socialist countries to stop public arguments by briefing the Chinese leaders about the decisions made at a secret meeting, attended by the Latin American communist parties, in Havana in November 1964. The Chinese leaders did not accept the pro-Soviet suggestions, and this caused discontent from the Cuban counterparts.

On March 13, 1965, at a public rally, Castro made an implicit critique against the Chinese leaders and their external and internal policies. In September of the same year, Cuba denounced that the Chinese embassy to Havana was violating Cuba’s sovereignty by distributing printed materials. The sour relations between two socialist countries were worsened by the fact that Moscow provided Cuba with more economic aid than Beijing. Cuba was also not happy to see that China and the United States started to move closer in the early 1970s. Therefore, despite efforts made by the Chinese leaders to improve relations with the Caribbean Island nation, bilateral contacts remained on a very low level.27

27 See Wang Taiping (ed.): *xin zhongguo waijiao 50 nian* (50 Years of the New China’s Foreign Diplomacy),
The exchange of visits between Chinese Foreign Minister Qian Qichen and his Cuban counterpart Malmierca in 1989 marked the full resumption and development of Sino-Cuban relations. In 1993 Chinese leader Jiang Zemin paid a visit to Cuba, and in 1995, Cuban leader Fidel Castro went to China. As a matter of fact, since the early 1990s the two socialist countries have been co-operating closely in many international issues. China supports Cuba to defend its sovereignty and fight against U.S. imperialism, whereas Cuba actively backs China in its admission to the WTO and China's principles on human rights, Taiwan and Tibet issues.

With the improvement of political relations, bilateral economic co-operation also proceeds smoothly. In 1999 two way trade amounted to 288 million US dollars. China imports raw sugar and some medicine from Cuba, and exports food, machinery, medicines and light industrial products. In July 1997 the first Sino-Cuban joint venture, making plastic slippers, was established in Cuba.

It is important to point out that the present China-Cuba relations, based mainly on realistic co-operation with mutual understanding and benefits, are unlike those of the early 1960s, which were mainly built on ideology.

**VI. Conclusion**

Since 1949 China's foreign policies have been changing from time to time. No matter what kind of shifts there would be, it seems that China never forgets the importance of the Third World.

Latin America is important for China at least in three areas. Politically, China needs Latin America and other developing regions to maintain the momentum of fighting against imperialism and hegemonic powers. Economically, China considers Latin America as a continent possessing the potentials of trade and investment opportunities and a supplier of...
natural resources. In the field of foreign diplomacy, the mainland China finds Latin America a place where it should contain Taiwan’s “dollar diplomacy.”

It is expected that in the new century the above three aspects will still dominate China’s policies towards Latin America, and Sino-Latin American relations will continue to develop on the basis of the Five Principles of Peaceful Coexistence.
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