

## **Presentation of “Sino-Russian Competition/Cooperation in Latin America”**

Ulises Granados

My research is about Sino-Russian competition and cooperation in Latin America. A big question is whether a new era of Washington antagonism versus China and Russia is in the making. Another significant question is what Russia and Chinese interests are in Latin America? Why are their interests more visible than before? The Russian and Chinese presence in Latin America can be understood as a kind of reaction to America's lack of interest in the region. This is a common view among some specialists who argue that the U.S., since 9/11 and President Obama's pivot to Asia, has been preoccupied with other parts of the world. Or perhaps the U.S. took for granted a region that some Americans think of as a 'backyard' of the U.S.

Consequently, the Chinese and the Russians have been going slowly but steadily into Latin America. This has been the case since the 1990s. Russia's foreign policy strategy has given special attention to Latin America. This is especially true for South America more than Mexico and Central America. China, too, since the 1990s, has been interested in Latin America. However, its interest is different from Russia.

The Chinese presence and interest in Latin America go back many years. China has had a long tradition of friendship with the region since the 1970s. The basic policy of Chinese engagement in Latin America is based on the One China policy. This is the frame which has been shaping the relationship between Beijing and most Latin American countries. Recently, in 2008 and in 2016, there were Chinese policy papers on Latin America. China's foreign policy on Latin America is becoming more complex. The Chinese government has put much effort in using Latin America for their economic development. So, what is the nature of the Chinese and Russian presence in the hemisphere? How do they respond to U.S. hemispheric policy? How complementary or competitive are Beijing and Moscow's interactions with countries in the region?

My presentation is as follows. I identify some features of Chinese involvement in the region. This is followed by an analysis of the cooperative nature of Russia's and China's presence in Latin America, and a discussion as to what extent they might compete and cooperate. Finally, I will consider what the limits might be of the overall Chinese and Russian presence in Latin America.

Volatile political processes in Latin America are important to remember because they might affect future Chinese and Russian engagement in the region. First, I want to say that the Chinese interest in Latin America is framed by the One China policy. To date, eleven countries in Central America and the Caribbean still have diplomatic relations with Taipei, so the basic policy of Chinese engagement in the region is trying to strengthen this One China policy, and if it's possible, to change diplomatic recognition. The most recent example of a country changing its diplomatic recognition of Taipei is Panama.

President Xi Jinping travelled to the region in 2013, 2014, and 2016. On the last occasion, he went to the Asia Pacific Economic Cooperation (APEC) meeting in Lima, Peru. For China, Latin America is very important because it is a huge market. Especially Central and South America are important for raw materials. Trade has been growing in the last few years. China has been engaging in active UN diplomacy with some selected countries in South

America. China is also active at the multilateral level with the Forum of China and Community of Latin American and Caribbean States. This forum has to be updated next year. We will have a meeting with the Chinese representatives, I think, in October. There will be a meeting for specialists in order to give new ideas and proposals for how to foster this bilateral relationship. It's very important that the relationship is based on two white papers. The 2008 white paper was aspirational in nature so it was updated in September 2016. There are also new concepts that I observed after the One Belt One Road (OBOR) meeting in Beijing. Is it possible for Latin America to be inserted in this OBOR grand strategy? I don't know how exactly, but we will find out.

China belongs as an observer to some multilateral mechanisms in Latin America like the Pacific Alliance. China has been very active with Mexico, Costa Rica, Venezuela, Peru, Colombia, and with Argentina, Brazil, and Chile. Chinese companies are very interested in forging trade relationships in the region, but the huge problem is that they don't invest a lot. Foreign Direct Investment is still very low in Latin America. During last year's APEC meeting in Lima, President Xi Jinping offered his own vision of an Asia-Pacific Free Trade Area (FTA) that was initially proposed in 2014. He is very interested in forging these FTAs as a super FTA in the Asia-Pacific region. FTAs already exist with Chile, Columbia, Costa Rica, Mexico, Peru and Mercosur. In comparison, Russian interest in Latin America started in the early 2000s. Russia is currently an observer of the Organization of American States (OAS), Mercosur and the Central American Integration System. Trade has been growing between Russia and Latin America, but on a lower level as compared with China. Why is Russia in Latin America? I think that since the Georgia conflict in 2008 and after events in Crimea in 2014 the Russians are looking for partners in the Western Hemisphere. Some countries have supported Russia by abstaining to vote against it in the UN. Bilaterally, Russia has forged particularly good relationships with Cuba, Colombia, Guatemala, Nicaragua, and Venezuela, and to a certain extent, Argentina, Bolivia, Brazil, Chile, Ecuador and Peru. With Nicaragua, it is very interesting to know that, like the Chinese, the Russians too are interested in the trans-oceanic channel.

Russia is very interested in Argentina and Brazil. Some State-Owned Enterprises are doing deals in oil and gas, and in the arms industry. Venezuela is also a good partner in trade dealings in the oil industry. Finally, bilateral relations with Cuba have been growing since 2000. Russia has written off 90% of the outstanding debt of Havana. It is important to point out that the Trump factor is important. It's necessary to put Russian advances in Latin America in a global perspective. Until the election of U.S. President Donald Trump, I think observers noted that Russian interests were mainly in Eurasia, not in the Americas. Actually, Jose Insulza, the former Secretary General of the OAS, recognized two years ago that Russia's intention to influence Latin America is practically impossible. I don't think it's impossible, but it seems limited.

So, there is cooperation between China and Russia in the region. I think at the global level, there are some conventions of interest, but conversion of interest is mostly in Eurasia, not in Latin America. I think Latin America might be of secondary importance for Russia and China from the geographical perspective, as compared with Europe, the Middle East, or the Asian realm.

At the institutional level, cooperation is framed within BRICS. Despite BRICS, at the bilateral level, Russia-China cooperation beyond mere statements of cooperation appears difficult. There might be one exception — Venezuela. Venezuela is having trouble paying its debt. It has also fallen behind on shipments of crude oil. It is possible that a coordinated

political decision between Moscow and Beijing might be reached in the near future, but it's not certain. It is improbable to see a mechanism for Sino-Russian cooperation in Latin America, such as an SCO-type organization. This is because both countries understand that the level of terror activities in the hemisphere is almost non-existent. Furthermore, they recognize that U.S. political influence in the hemisphere remains strong and cannot be easily confronted. As a result, there are limits to cooperation.

What about Sino-Russian competition in the hemisphere? There is a certain degree of competition. Russia is looking to maintain partners — especially Venezuela, Nicaragua, Ecuador, and Bolivia. As for Moscow in the political realm, I think there is a kind of shadow over the political process in the region. Moscow's interest in anti-American candidates for future presidential elections in the region, including Mexico in 2017, might be likely to emerge soon. But in the economic realm, there might be some kind of competition because of China. I think Sino-Russian competition is more likely to develop in the race for economic partners. In Argentina, we have seen recently that Russia has lost some bids to China and America for steam turbine contracts for nuclear power plants. Another area is arms transfer to Venezuela and to other countries. Arms sales market in Latin America are very small, if you think globally. However, there is some kind of competition between China and Russia.

The Cuba case is particularly interesting. I think that Cuba is very keen to have both Beijing's assistance (such as a new batch of computers) but is also hoping to have deals with Russia in other areas (like oil shipments). But I don't think this is a conflict. I think the presence, in general, of Russia and China in Latin America goes in parallel. The two powers are not clashing, but neither are they cooperating. It's like a bad neighbor that you live with, but you don't speak to him, so we live our own lives.

My basic conclusions are that Russian interests in the region have intensified recently, especially since 2014. The Chinese presence is more consistent and more complete. China and Russia's objectives in the region are not identical. They have a different story in the region, and their own projection of hard and soft power is unique. In politics, I think Russia is thought of as a greater threat, because of the potential for triggering U.S. intervention. There may be more links with left-wing candidates in future presidential elections, like in Mexico. China is more worried about economic and commercial aspects in Latin America. The economy is of paramount importance for Beijing.

So, what is in the future? I think Sino-Russian cooperation is extremely limited beyond the BRICS model. Venezuela and Cuba are two special cases where cooperation is possible. I think it's possible to see a pattern of commercial competition between Beijing and Moscow in big infrastructure projects and arms sales in the region, and it's important to know that China will likely have the upper hand here, because it's economically more powerful.

In sum, it's possible to characterize the Sino-Russian presence in Latin America as co-existence, rather than cooperation and competition. On a final note, politics in Latin America is changing quickly. Until two years ago, Argentina, Brazil, and Chile had left-wing, anti-American politicians and heads of states. Now things are changing, so that might influence the short, medium, and long-term Russian and Chinese presence in the area.

### **Comment by Jarosław Jańczak**

The paper presents a very interesting and holistic approach to Russian-Chinese relations. Through the perspective of “third states,” it creates a much wider perspective for understanding the nature and dynamism of these relations. The paper deals, in fact, with the global level of how competition and cooperation between two big actors have been built.

The paper reveals at least four factors when debating the relations. First, what is stressed by the author is the long-lasting presence, influence and/or competition of Russia and China in Latin America. At the same time, however, their model differs. China seems to have built its position there gradually, consistently and employing a step-by-step strategy, as opposed to Russia, which after the post-Cold War withdrawal entered the regions concerned with a new impetus, especially following the Georgian and Ukrainian wars. The isolation of Russia by the West pushed it towards the East, as well as other global regions. The question arises, however, of how lasting this shift is. The neo-functional approach—especially in the context of the West still dominating in Russian import-export—would suggest that, sooner or later, the relations will have to be normalized. Would that mean diminishing Russian interest in the non-western dimensions of foreign policy? If so, will China be left as the dominant actor in the debated regions?

Second, the texts are dominated by a (neo-)realist approach, with states, interests and geopolitical games involving Russia and China, and seem to be rooted in the Huntingtonian concept of clashing civilizations. One should remember, however, that apart from the dominating element of conflict in his considerations, the model also stresses integration within civilizations, which is often underestimated. It should be noted that other academic approaches could additionally enrich the understanding of the processes investigated, for example – social constructivism, with its concentration on norms, ideas and identities, and a strong explanatory value in international relations. The question is how strong Russia and China are as “normative powers.” What norms, values and ideas that they promote are attractive for Latin American states?

Third, the issue visible in all the texts is the world order, with both Russia and China promoting a multipolar model. This global approach means that the two powers are aiming at local and regional leadership. Leadership in international relations means that a state is willing and capable of encouraging other actors to contribute to achieving collective goals followed by the recognition of this leadership by other actors. Russia seems to have strong ambitions for leadership, but its capabilities, especially economic, are limited, in contrast to China, which appears to have more resources but is moderate with its aspirations. The question arises of whether a joint leadership of a new world order, mutually supplementing respective shortages, is possible, especially in the debated regions?

The paper by Ulises Granados, investigating how Russia and China interact in Latin America, presents several interesting ideas. What is striking here is the policy of both states to promote multi-polarity, a policy implemented in the “inner court” of the U.S. The key question is, however, not how the only global superpower reacts, but why Russia and China are attractive to the states of the region. By offering investments (China) and subsidies (Russia) both can try to counterbalance the U.S., additionally proposing assistance without a “normative conditionality.” It might have been interesting to include one more actor here – the European Union and its involvement in the region, especially with regard to human rights and environmental protection principles.

Another question refers to the durability of this strategic convergence of Russia and China in Latin America. The economic interests of both countries dominate there but, sooner or later, the necessity of their protection may appear. This would mean the necessity of their political (or even military) presence, which again may lead to a situation where coexistence is replaced with competition or even conflict.

Russian-Chinese relations, marked with asymmetries and difficulties, but also with pragmatism and cooperation, have been changing together with domestic changes in Russia and China. Yet this partnership, visible both in border relations (elimination of long-lasting border disputes) and Eurasian cooperation (as visible in the declaration of the complementary character of the One Belt One Road and Eurasian Economic Union projects) is sometimes interpreted as a signal of Russian pragmatism. If Moscow is unable to counterbalance Beijing, it may decide to join it as part of a bandwagoning strategy. The relative strength of states never remains constant. It is an open question if the same strategy will, sooner or later, be employed in the areas where both states compete for Latin America.

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**A Scene for Discussion**



After the Symposium



Field Trip to Otaru