ARTICLE 11
CHINA AND LATIN AMERICA, FROM NEO-COLONIALISM TO INTERDEPENDENCE? THE CASE OF BRAZIL

CITATION

ABSTRACT
Since the eighties, the relationship that China has developed with Latinamerica has been strengthened, becoming the third most important partner in the region. This regulation is not only the opening of a new market for China but varied opportunities for Latin-American countries. However, starting from the topic of natural resources and analyzing the case of Brazil, the article seeks to present how this relationship that in principle is framed in Neocolonialism, with interests merely of extraction and use of the resources of the region, can be considered a change towards a more equitable relationship framed in interdependence, from which the two parties can benefit.

Keyword: Development, region, China, Latin America, interdependence, Neocolonialism

RESUMEN
Desde los años ochenta, la relación que China ha desarrollado con Latinamerica se ha ido fortaleciendo, llegando a convertirse en el tercer socio más importante de la región. Esta reglación no solo es la apertura de un nuevo mercado para China sino variadas oportunidades para los países latinoamericanos. Sin embargo, partiendo del tema de los recursos naturales y analizando el caso de Brasil, el artículo busca presentar cómo esta relación que en principio se enmarca en el Neocolonialismo, con intereses meramente de extracción y aprovechamiento de los recursos de la región, se puede considerar un cambio hacia una relación más equitativa enmarcada en la interdependencia, de la cual las dos partes pueden ser beneficiadas.

Palabras clave: Desarrollo, región, China, Latinoamérica, interdependencia, Neocolonialismo

RESUMO
Desde os anos 80, o relacionamento que a China desenvolveu com a Latinamerica foi fortalecido, tornando-se o terceiro parceiro mais importante da região. Este regulamento não é apenas a abertura de um novo mercado para a China, mas oportunidades variadas para os países latino-americanos. No entanto, partindo do tema dos recursos naturais e analisando o caso do Brasil, o artigo procura apresentar como essa relação que em princípio se enquadra no Neocolonialismo, com interesses meramente de extração e uso dos recursos da região, pode ser considerada uma

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mudança em direção a um relacionamento mais equitativo emoldurado na interdependência, do qual as duas partes podem se beneficiar.

Palavras-chave: Desenvolvimento, região, China, América Latina, interdependência, neocolonialismo
INTRODUCTION

Since the late 1980s the development of the Chinese partnership with some Latin American countries has been strengthened and today it has become the third largest trade partner of the region. Despite the success of this relationship based on the great concentration of natural resources in the region discussions and doubts rise about who is the winner of this deal. The Chinese market represented the best option for Latin American countries after the economic crisis of 2008 and their need of new trading partners, as for China such rich source of raw materials is the support to continue its economic growth.

Some social groups and labour unions consider this relationship as disadvantageous for Latin America, and it can be argued that this is a new type of colonisation. The region was victim of the European colonisation and today those countries are independents and sovereign states, but still the region remains as the influence area of the United States which plays a role of Imperialist dominance that not only covers the economic but the political and security sectors. In addition to this framework China comes as a new player in the region but in this case the main interests are the extraction of resources, a market for its manufactured products and the competition with Taiwan for diplomatic recognition (He, 2007). For this reason, in countries such as Brazil and by regional organizations it has been considered the design of new strategies of cooperation to improve the advantages of this relationship and move from a position of Neocolonialism in Latin America by China to an Interdependent relationship.

The purpose of this essay is from the general framework of the Chinese relationship with Latin America in the last two decades to analyse the case of Brazil and argue why this type of partnership can be considered as a new type of colonisation and to open the option for a change of status directed to an interdependent relationship between China and Latin America.

CHINA AND LATIN AMERICA

After the Cold War the world order has changed, and part of that tendency is reflected in the increase of the international diplomatic and trade agenda of the People's Republic of China. One of the main issues to be considered here is the successful development of the Chinese international relations with Latin American Countries. Despite the difficulties that the economic and security issues have brought to the United States (US) and Europe in the last 25 years, they remain as powerful countries and regions in the International Scene. For the same reason is well known that Latin America is considered as the US backyard with a continued influence in the economy and politics of the region.

The circumstances have been favourable for the development of the Chinese diplomacy in this region of the world and it has been managed by the Chinese government in such delicate way that there is no direct interference with the American interests on the region.

Historically Latin America has been the last region where China has paid attention, by the time of the cold war the relations of China with the region were few and more related with approaches to radical Latin American groups, as by the time of China's Cultural Revolution Beijing had some relation with leftist anti-Soviet parties in Latin America, ties
that decrease in the post-Mao era. Today all South American countries except Paraguay have diplomatic relations with China (Cheng, 2006).

The Taiwan factor is the issue that leads the international political relations of China in the region, according to Robert G. Sutter half of the governments that officially recognized Taiwan are in Central America and the Caribbean and Paraguay as the only from South America. Small countries switch that recognition as consequence of the “dollar diplomacy” from Taiwan or Beijing (Sutter, 2008).

Since the 1980s and 1990s China has focus its interest on Latin America regarding the economic issues. The need of resources for its growing infrastructure and population made China turn to Resource-rich countries from Latin America, Africa and the Middle East. In the case of Latin American countries, China has increased its trade with few countries that provide raw materials such as petroleum, copper, nickel, iron, grains, wood, frozen fish, fish meal, sugar, leather and chemical substances (Sutter, 2008). More that Africa, Latin America represents today a rich source of resources to sustain the Chinese economic growth and this relationship has been beneficiated by the economic crisis of 2008 when the Latin American countries had to look for alternative trade partners and explore other markets, especially from the east.

The trade between Latin American and China in 1999 was about US$8 billion and by 2009 it was US$130 billion, it means a 16 times growth. Today Brazil, Chile, Argentina, Venezuela and Peru are strategic partners of China, for example in 2005 the exports to China were the 5.3% of the total of Brazilian exports, and in the case of Argentina it represented the 8.3%, 11.1% for Chile, 10.7% for Peru, 10.2% for Cuba. This Chinese impact is not the same for all Latin American countries such as Bolivia that only represented 0.7% (Fernández-Jilberto & Hogenboom, 2010, 8).

The annual growth rate of the Latina American and Caribbean exports to China for the period 2006-2010 was 33.5%, and for the imports in the same period from China was 22.7% (ECLAC, 2011), in both cases it is the highest rate compared with the trade flow with the other regions. Today China is the third largest trading partner of Latina America and for few specific countries it is the second largest. Its strategy is based on a South-South cooperation scheme that includes areas such as economy, trade and energy security.

The progress of the Chinese presence in the regions is also recognized by being part of some regional conferences for example from 1994 China became member of the Caribbean Development Bank, holds meetings with the South American Common Market (MERCOSUR) also with the Inter-American Development Bank and developing links with Chile, Mexico, and Peru at the Annual meetings of the Asian Pacific Economic Cooperation Forum. Chile has also signed the first Free Trade Agreement of the region with China in 2005 (Lanteigne, 2009).

**The Partnership in the Framework of Neo-Colonialism: The Case of Brazil**

Despite the positive impact in the regional economy coming from such a growing relationship the character of the Chinese interest on the region creates doubts about the future impact on the economy and society in Latin America. It is possible to conceive this relationship as a new form of colonialism in which case it refers to the source of natural resources that the region represents for a growing economy such as China. As noted before the Chinese approach to the region has been done in different levels but only few countries hold strong trade with the East partner, one of them is Brazil.

Brazil is an emergent economy of the world member of the BRICS and the main partner of China in Latin America with a relationship framed in the cooperation of developing countries. The diplomatic relationship started in 1974, in
1993 the “strategic partnership” was established between these two countries, in 2004 Brazil recognized the “status” of China as a market economy and in 2010 is signed the Joint Action Plan 2010 – 2014. For a Latin American country, the foreign policy is traditionally leaded by the premise *Respice Pollum*. In the case of Brazil even if some of the former presidents in the second half of the Twentieth century followed this policy, the last periods have been marked by the search of alternatives from Washington and the establishment of new alliances to ensure national progress and the strengthening of the economy.

From the Chinese side president Hu Jingtao in his Latin American tour in 2004 made clear how Brazil is the most important country in the region for China (Dominguez, 2006). The strengthening of this partnership has been based in the importation of natural resources from Brazil and the exports of manufactures from China. The first reaction is a positive effect in both economies, nevertheless for Brazil this relationship may represent a disadvantageous deal that would be considered as a Neo-colonial relationship.

The term Neocolonialism was developed at first by the first president of Ghana Kwame Nkrumah who was able to transform the politics of his country and achieve the independence from the British without blood, but soon he realized that with independence he may have political power, but he did not have the control of the economy. In this case Neocolonialism refers to the continuous presence of the hegemonic power in the former colony remaining a dependent relationship (Young, 2001, 45).

In the case of Brazil as a former Portuguese colony this Neocolonial relationship with China is better described in the sense that been Latin America considered the Backyard of the United States, which exerts certain influence on politics and economy of the region, is the one who is considered the Imperialist force of the region. But today there is another actor with growing economic power that offers alternative ways of development and its taking part of that influence in the region. In the case of China which the idea of being in the race for what is left in the region describes its position, is a country that to ensure the flow of resources to its territory has signed agreements and has offered loans. Those loans have the repayment guaranteed by long term commodity sales making the region dependent on the continuity of this trade deal. Beijing is the alternative for countries as Brazil who wants to go to alternative markets and become detached of Washington, but the change is not a guarantee of being in a better position regarding its status on the market.

As Nkrumah says cited by Young *the essence of neocolonialism is that the State which is subject to it is, in theory, independent and has all the outward trappings of international sovereignty. Its economic system and thus political policy is directed from outside”* (Young, 2001, 45). This type of theory is more related with the status of African countries and their relationship with countries such as the USA, European countries and China, but in the case of Latin America the American empire without colonies has been the reference and today as a consequence of the security and economic issues that have enormously affected the first world this new colonial presence is moved to the role of China in the region.

In the period from 1990 -2009 the Chinese economy has shown an increase on the imports of primary products, in 1990 the 10.78% of its total imports belonged to the primary sector and by 2009 this figure increased to 22.01%. Regarding the products exported to the world for the same period there is an important growth regarding the high technology manufactures starting with only 5.35% in 1990 and representing by 2009 34.55% of the total exported (Mansor-de Matos, Dias-Carcanholo, 2012). This data explains the change that Chinese economy has suffered in the last decades and how important a rich-resources and big market region such as Latin America can be and at the same
time with the reduction of imports of manufactures shows the intern development on manufactured products to be exported.

But in the other way the information shows a similar trend from the other side of the partnership. In 1990 Brazil exports of the primary sector represented the 28.1% of the total, from that only 0.2% was sold to China, by 2008 the total of primary sector products was the 38.3% of Brazilian exports and the 6.4% of it belonged to China as the second largest destiny of the exports after the US with 10.9%. Regarding the Brazilian imports from China for the same period in 1990 the manufactured products represented the 64.3% of the total imports and only 0.4% was coming from China, but by 2008 from the 81.3% that belonged to the imports of manufactured products, 11.4% was originally from China.

In general, the growth of the Chinese participation in the Brazilian market moved from 1.2% in 1990 to 8.5% by 2008 and to 14.5% two years later (Mansor-de Matos, Dias-Carcanholo, 2012). According to the data there was a relevant change on the trade partners for Brazil in this period, a reduction of exports to Europe and the United States and the increase to the 16 Asian countries. In the case of the imports the growth of cheap manufactured products coming from China explains the change of the imports structure of Brazil has changed in the last two decades. But there is a fact that it is important to be considered, the decrease of the high and medium technology manufactured products exported by Brazil to Europe and the US that can be absorbed by regional markets but that worries about the future of the national industry.

Because of the trade development between the two countries, Brazil has increased its exports of natural resources and in the case of the imports the increase on the industrial sector such as high technology manufactures have a relevant change from 15.4% in 2005 to 26.4% in 2010. By 2009 Brazil was the eighth largest origin of Chinese imports with a 2.8% of participation and the eighteenth destiny of its exports with a 1.2%.

The change from manufactures products to primary sector products exported to China concerns the nature of the trade partnership. It can be considered a step back for one of the strongest economies of the region. Instead China has advanced in the high productivity of its manufacturing sector and the investment on infrastructure has reduce the time and cost of transportation and communications favouring its competitiveness on manufactured products for the international market. That increase of the Chinese manufactured products in the Brazilian market worries the government especially regarding the high value of the Brazilian currency (Real) compared with the low value of the Chinese currency (Yuan) that makes more difficult for the national production to compete with cheaper products from China.

In addition to the value of the currency the unemployment rate has been affected by the Chinese partnership with Brazil. Being the soy industry in Brazil one of the beneficiaries with the increase of the exports to China, the high volume of monoculture farming has displaced employees from the sector and the wages have been reduced too. With soy production quadrupled from 1995 to 2009 the employment suffered a decrease in the same period. Not only the arrival of cheap high-tech manufactured products endangers the national production but also the necessity of the country to reach the competitive levels to continue and increase its exports influences the unemployment rates in Brazil. Some products which usually were manufactured in Brazil have moved their production to China because of the lower wages and productions costs meaning the elimination of jobs in certain sectors.

The effects of the economic crisis were diminished in the South by the engaging of the Chinese economy in the world market representing an alternative for the developing economies. The Sino-Latin American relations have a positive image despite the figures about the accumulated trade balance for the period 2000-2009 where it is shown only a positive
result for 4 Latin American countries out of 21; those countries are Chile, Peru, Argentina and Brazil. Scholars and governments from the region see this relationship as a source of opportunities for Latin American countries to develop their economies and work for the reduction of poverty. This position means that even if the region recognizes that the foundation of the relationship is the extraction of natural resources that generates negative effects on labour and regional manufactures production it depends on the states to turn to a win – win liaison.

IS THE REACTION AN OPPORTUNITY TO MOVE INTO AN INTERDEPENDENT PARTNERSHIP?

Despite the fact of being the economic relationship between Latin America and China characterized as commodity-based the Brazilian government has always looked for a relationship of cooperation as the Chinese discourse says, cited by Joseph Cheng, when Deng Xiaoping on 1988 was supporting the idea of being the twenty-first century the time for Latin America he stated China’s policy is to develop and maintaining good relations with Latin American countries, and make Sino-Latin American relations a model of South-South co-operation (Cheng, 2006, 513). Cited by Robert J. C. Young, Nkrumah also said that Neocolonialism is a millstone around the necks of the developed countries which practice it. Unless they can rid themselves of it, it will drown them (Young, 2001, 47). In this case only countries like Brazil are determined to get rid of that millstone that Neocolonialism and Imperialism and that has marked the course of the economic “development” of the developing countries.

The desire of exploring new markets and take advantage of alternatives for development that Brazil has can be considered the way in which this disadvantageous relationship can move from being Neocolonialism in the region by China into an interdependent relationship. In this case not only the trade issue is part of the agenda but the role of the Latin American countries in the international system as actors and part of the international forum may represent an ally for China.

Regarding the influence of China in the economy of Latin America only few countries try to strength their policies and protect in some ways their national production. They do it by improving the quality of the labour, investment on infrastructure and research to reach a point where the economy is not going to be based on the exploitation of its natural resources and the detriment of its own society. Brazil which is one of the largest economies of the region has seen in China the opportunity to become a more competitive player in the international market. Even though the trade partnership with China has brought some consequences the government has also taken measures and cares about the improvement of the quality and benefits of the relation.

Unlike Peru and other Latin American countries, when China decides to invest in Brazil the law protects the national investors and only allows the International investment to be done by alliances with local companies. Not only the government protects the local industry with this policy but also makes the Chinese partners adopt the sustainability agendas of the local partners that represent also accountability and long-term relationships.

Others strategies developed by Brazil regarding the potential of the Chinese economy are for example: The Joint Venture of the brazilian firm Embraco in 1995 to produce refrigerators in China and it has the 25% of the world market of refrigerators; The Joint Venture Harbin Embraer Aircraft Industry to manufacture Embraer RJ 145 regional jets for Sichuan Airlines and China Southern; the Joint Venture of CVRD (Companhia Vale do Rio Doce) a Brazilian firm of
the steel and iron more sector with Baosteel to work on an steel complex in Maranhão, with Yongcheng Coal and Electric to produce anthracite and coal in Henan province and with the Aluminium Corporation of China to produce bauxite. In this way Brazil is also investing in the Chinese economy to expand the relationship beyond the raw materials (Domínguez, 2006, 28) and increase its participation on the global market.

Productive sectors like toy and textile are very sensitive to the Chinese imports and represent an internal force that demands the imposition of antidumping and safeguards measures against China from the Brazilian government. Since 1990 Brazil has imposed those types of measures to protect the local producers including the rise of import taxes in 2007 to some products from China such as rubber, electrical machinery, eyewear and pens and pencils (Interamerican Development Bank, 2013, 19).

Those are still the first steps of Brazil in its way to plan strategies to face the change of the reality promoted by the Chinese expansion of its exportations all around the world including the Brazilian market. One of the interests of China in Brazil regarding the destiny of international investment is the one related with the development of infrastructure such as the modernisation of the rail network and especially the construction of the transcontinental line from the Port of Santos in Brazil to the Port of Antofagasta in Chile. For Latin American countries especially from the South Cone trade costs are raised by the cost of transportation and in this issue the cooperation with China has been considered in more than one project that will bring benefits to the continent.

Despite the strategies and policies named above the concept of Interdependence cannot be considered yet to describe the new status that this relation can achieve. According to Keohane and Nye Interdependence in world politics refers to situations characterized by reciprocal effects among countries or among actors in different countries (Keohane & Nye, 1989, 9). In terms of trade flows interdependence can be considered when there is a reciprocal cost effect of the transactions even if it is not symmetrical and an interdependent relationship can be characterized by mutual benefit even if the main idea is that interdependence involves costs. With this framework the characterization of the relation between China and Latin America, analysed from the experience of Brazil includes other aspects apart from trade.

One goal shared by Brazil and China as world emerging economies is to work for a new financial and political international system to bring more participation and power to the developing countries and it is clearly expressed in the China’s Policy Paper on Latin America and the Caribbean of 2008 when it says:

*China stands ready to work with Latin America and Caribbean countries to strengthen the role of the United Nations, make the international political and economic order more fair and equitable, promote democracy in international relations and uphold the legitimate rights and interests of developing countries*” (Ministry of Foreign Affairs of the People’s Republic of China, 2013, 3).

With this declaration the diplomatic interest that China also holds regarding Latin America is to increase its allies and influence the decision making within international organisations and world conferences and forums such as the G20, the Ministerial WTO conference, the BRICS (Brazil, Russia, India, China and South Africa). In the case of Brazil and its partnership with China it also has a political objective related with the support to become member of the UN Security Council but so far without success. Not only its economic development and the guarantee of the National Reunification internationally recognized are the purposes of the Chinese foreign policy. It is also its presence and power in decision making in the international arena that are the basis to the development of the strategies to consolidate its area of influence and to get the support of more partners every day, especially from the south and rich-resources countries.
From the Brazilian side this strategic partnership is also based on scientific and technological cooperation that would provide the tools to reinforce its economic development and through a strong role in the global market to be able to break the monopoly of the developed countries. A solid participation not only in trade but also in the political field is the aim that can be achieved by a jointed work of developing economies. This means that a Neo-colonial relationship does not seem to be the basis for this type of objectives but instead a relationship framed on Interdependence may represent the context from the one this type of initiative can become real.

Not only the governments of Latin American countries, being the Brazilian one of the leaders are interested in the improvement of the relationship with China, but also China is interested on a broader relationship which brings more benefits to both sides. This only can be achieved with the participation of the governments and with the support of regional and international institutions.

Conclusion

The growing presence of China in Latin America in the last two decades has represented an alternative to the United Stated backyard not only in an economic aspect but also for the future of the international system. Due to the financial crises the alternative of the Chinese market was seen as the opportunity to diminish the effects of the crisis in the region. This relation based on commodities can be considered in the framework of Neo-colonialism exerted by China in a region originally under the Imperialist dominance of the US.

One of the strongest economies and main partner of China in the region is Brazil with a relationship since 1974 and consolidated in 1993 with the establishment of the “Strategic Partnership” between the two countries. The increase of the trade has been remarkable, but it has brought the doubt about which of the parts is the most beneficiated. As a reaction Brazil as some other countries in the region design policies to protect their local production, to increase the quality of the labour, to investment in infrastructure and guarantee the production of manufactured goods to be traded in the international market. In the same way the antidumping measures are also important regarding the increased of Chinese cheap products that may damage the national production.

Despite the consequences brought for the strengthening of the relations Latina American countries such as Brazil also identify China as an opportunity to become more active actors in the global market as in the international scene. With this idea Brazilian companies have already invested in China through projects of joint ventures to improve the scientific and technical cooperation and the participation as manufactures producers.

The Neo-colonialist presence of China in Latin America is not the way to achieve the aims of the Chinese and Brazilian foreign policy according to their role as part of the decision-making organs of international organizations, conferences and forums. Now this is the way how the relation has been characterized but from the Latin American side as well as from the Chinese the objective is to promote and make real a relationship more interdependent in which both actors will benefit. They share a common goal that only can be achieved by cooperation and win-win partnership.

REFERENCES


