China's Relations with Brazil and Argentina and Implications for U.S. Security Concerns [Student's Paper Series]

Pablo Atencio, Master's Degree Program
School of National Defense, Argentina

Follow this and additional works at: http://digitalcommons.fiu.edu/whemsac

Recommended Citation
Atencio, Pablo "China's Relations with Brazil and Argentina and Implications for U.S. Security Concerns [Student's Paper Series]" (2011). Western Hemisphere Security Analysis Center. 47.
http://digitalcommons.fiu.edu/whemsac/47

This work is brought to you for free and open access by the College of Arts, Sciences & Education at FIU Digital Commons. It has been accepted for inclusion in Western Hemisphere Security Analysis Center by an authorized administrator of FIU Digital Commons. For more information, please contact dcc@fiu.edu.
China’s Relations with Brazil and Argentina and Implications for U.S. Security Concerns

Pablo Atencio
Master's Degree Program
School of National Defense
Argentina

September 2011
THE WESTERN HEMISPHERIC SECURITY ANALYSIS CENTER

WHEMSAC brings together a versatile and important Latin American network of traditional and non-traditional security experts from academia, business sectors, government ministries and private organizations. Its research capabilities provide Western Hemispheric leaders with a unique, real-time research and analysis on current issues. WHEMSAC is an innovative institutional model for conducting professional qualitative and quantitative research throughout the Americas at the national, regional and international levels within an open, independent, multi-disciplinary, and collaborative academic environment. The fusion of open source political, economic, and social expertise allows WHEMSAC to provide an exceptional, qualified approach to regional security insight with traditional intra-governmental analysis.

Applied Research Center
Florida International University
10555 W Flagler Street
Miami, FL 33174
whemsac.fiu.edu
China’s Relations with Brazil and Argentina and Implications for U.S. Security Concerns

Pablo Atencio
Master's Degree Program
School of National Defense
Argentina

September 2011

The views expressed in this research paper are those of the author and do not necessarily reflect the official policy or position of the US Government, Department of Defense, US Southern Command or Florida International University.
EXECUTIVE SUMMARY

This study on China’s relations with Brazil and Argentina, as well as its implications for U.S. concerns examines two main questions: Why China’s increasing influence on Brazil and Argentina may be considered a cause for U.S. security concerns? And if this is the case, how do China’s strategic alliances with the two countries has impacted U.S. leadership? In an effort to look at China’s influence from multidimensional angles and beyond China’s visible economic influence in these two countries, this paper argues that China’s interest in the Latin American region, with a focus on Brazil and Argentina, responds to a more crafted, pragmatic and tailored vision with long-term strategic and political goals.

The results of this study reveal that China —avoiding intra-regional competition through a strategic diversification of sectors— has been able to secure critical resources for its population as well as promote enduring alliances in the region that could represent a plausible cause of concern for U.S. interests. In this regard, China’s avoidance of a direct challenge to traditional partners’ influence has responded to the gaps left by a gradual, but steady lack of U.S. involvement.
INTRODUCTION

Why China’s increasing influence on Brazil and Argentina may be considered a cause for U.S. security concerns? If so, how do China’s strategic alliances with the two countries has impacted U.S. leadership? This paper argues that China’s footprint needs to be looked upon from multidimensional angles. It also calls for the need to examine these relationships beyond the more visible China’s economic influence that respond to a cross-regional quest for survival in a globalized market, with aggressive investments in commodities, mining, infrastructure, and energy sectors.

It has been often noted that China’s influence in the region has responded to the gaps left by a gradual but steady lack of U.S. involvement during the last decade. Worth noting is that Argentina and Brazil have obtained advantages in the relationship with China. In the case of Argentina, the relationship has been focused on the promotion of long-term economic investments as a key commodities’ supplier while Brazil has benefitted from a more enduring strategic alliance, as a global oil supplier as well as from military agreements reached with China.

Furthermore, China’s interest in Latin America, primarily on Brazil and Argentina, responds to a more pragmatic, crafted, and tailored vision that has political and strategic goals. This vision, that seeks to avoid direct competitive confrontation with the U.S., and to diversify sectors, has been oriented to assuring less-intra region competition. Hence, targeted investment strategies have been identified for each of the countries involved to foster bilateral relations instead of promoting a grand strategy of economic investments in the region. In this way, each country negotiates directly with the Chinese government according to the commodities, manufacturing, or services it is best positioned to offer.
The paper illustrates this theoretical framework with evidence from Brazil and Argentina, with a special focus on the implications of China’s relationship with both countries, as well as how they represent or not, a reason for concern for U.S. interests. This qualitative and comparative analysis gathers data from national agencies of the countries under study; as well as from articles, reports, and available data in international organizations.

THE REDESIGN OF INTERCONNECTEDNESS: U.S. AND CHINA’S INFLUENCE IN LATIN AMERICA

The end of the Cold War and the collapse of the Soviet Union opened new topics for discussion that continue to puzzle analysts even today. During the last years of the twentieth century, numerous forecasts were made regarding the international system and the behavior of the main actors on the global scene.

As an emerging power, the People’s Republic of China began to perceive how the international system initiated a transition process toward a multi-polar structure of power, in which the main powers exerted their levels of influence according to their respective areas of interests.

The new reality shifted completely away from what had been deemed the norm by the end of World War II, when a strict bipolar structure of power fostered strategic stability. Such bipolarity has now disappeared. Today’s world is a multi-polar and interconnected arena in which economic competition has turned volatile, uncertain, and fierce. Currently, States compete for commodities and services available in the global market, and struggle to compete internationally by placing their products in different markets. At the same time, a combination of interests has steadily increased the strategic worth of certain products considered
of importance from an economic, political, and defense perspective.

When examining a country like China, and the dramatic pace of its economic upsurge, it is impossible to overlook its economic milestones. A recent report from the Brookings Institution citing an International Monetary Fund report highlights the fact that China will soon become the world’s largest economy, making the United States the second world’s economy.\(^1\) Of particular interest is the fact that China was, in the mid-twentieth century, a poor country; consequently, its economic and political development took place in only half a century. Although Richard Bush notes in that report that it remains unclear as to when China will surpass the United States in terms of economic performance, the trend indicates that this situation (as measured by the gross domestic product) could take place in the next few years.\(^2\)

**CHINA’S STRATEGY TOWARD ARGENTINA**

The People’s Republic of China has shown preference for the Asian region and for countries that share its external interests. Yet, China’s interests have increasingly turned to Latin American countries, which now occupy a strong secondary place in Beijing’s areas of interest. As noted by Mauricio Cardenas, China has shown a strategic interest in the Latin American region at the same time that the United States has been losing its influence.\(^3\) Cardenas highlights the

\(^2\) Ibid.
fact that China is now Brazil’s and Chile’s principal trading partner. In the last two years (2009-2010), China’s Development Bank (CDB) signed agreements (generally loans-for-oil agreements) to lend $35 billion to countries in Latin America, including Argentina, Bolivia, Brazil, Ecuador, and Venezuela. On the other hand, it is also worth noting that Latin American countries, especially the larger markets in Argentina and Brazil, continue to be of interest for the United States. Cardenas emphasizes that despite having only 40 percent of China’s population, the region’s “average per capita income is twice that of China’s.” Bearing this in mind, the China has been looking to a wide array of strategies to strengthen its presence in the region by pursuing economic, political, and cultural approaches.

Latin America’s relationships with China have stemmed from a new world of interconnectedness and a strategy designed to diversify their leverage in world affairs. Under Mao Tse-Tung, China followed a policy of international isolation — especially in the political realm—, with the assumption that China did not fall under “the norms and regulations of the international relations that defined occidental powers.” Subsequent reforms by Deng Xiaoping followed, with an open policy carried out by Jiang Zemin and the current government of Hu Jintao. This evolution toward the opening to global markets has significantly impacted China’s economic development as well as

4 Cárdenas, “Think Again,” 2.
5 Ibid.
8 Ibid, 415
contributed to soundly positioning the country as a global emerging power.

China’s approaches often take advantage of the loopholes left by the United States in Latin America—especially during recent years, when international threats in other regions have captivated most of the United States’ attention in regard to defense of its national interests. For example, in the case of the Argentine government, the governments of both President Nestor Kirchner (2003-2007) and his successor, wife, and widow Cristina Fernandez de Kirchner (2007-2011) made an ideological turn to the “new left” that guided not only national but also foreign policy as well as how strategic alliances are identified, strengthened, or dismissed in the international system. As a result, China found itself, with a friendly political-ideological scenario. Thus, from the Chinese foreign policy’s viewpoint, the “anti-American spirit” of the Argentine government (revived from the Peronists’ nationalism of the 1970s and the Montoneros’ guerrilla ideology) has, over the last decades, shaped public opinion with a favorable environment for the containment of a worldwide hegemonic policy of the United States, to China is opposed as a basic principle of its foreign policy.9

Since 2003, the Kirchners’ government—in clear opposition to previous Argentinean governments that were aligned with the United States, has shown that ideology prevails in the process of decision making. Indeed, President Fernandez has been extremely critical of the United States’ economic policy, and has emphasized her country’s ability to withstand the economic whirlwind initiated in the United States in 2008. Hence, to a great extent, the political space that China finds in Argentina is the result of the policies and ideological stance of the last two Argentine administrations (Justicialista

---

Party) and to a lesser extent, the limited credit that the United States grants Argentina in regard to its relative influence in the American sub-continent.

In the case of China, it has reached consistency between its internal economic reform processes, the opening up of the Chinese government, which has defined a set of geographical and strategic priorities that include the access to commodities and energetic resources, as well as relations with Taiwan. In this context, China’s relations with Argentina are oriented to further develop some of the mentioned objectives. In the political realm, China aims to consolidate its position of “One China” and that of Taiwan as an inalienable part of the Asian country. In this regard, Argentina has opposed Taiwan’s attempts to gain admission in international organizations such as the United Nations, the Organization of American States and the World Health Organization, all forums in which Argentina has adopted an active and unequivocal position in support of the principle of “One China.”

In addition, the Argentine government recognizes Tibet as having been integrated into the territory of the People’s Republic of China. In turn, Argentina has obtained China’s support for its claim on sovereignty of the Falkland Islands’ (Islas Malvinas) and in its quest for a permanent membership at the UN Security Council. Furthermore, Argentina has consistently opted for abstaining on votes dealing with China’s human rights situations. China’s strengthened relations with Argentina and Brazil, as founding members of MERCOSUR, further serve the needs of the Chinese government to pressure other countries in the region political and economically, including Paraguay, who is the only member of the economic bloc that maintains diplomatic relations with Taiwan.
Regarding defense and military policy, the opening of the Argentine military market to Chinese products is still inchoate, primarily due to the fact that Argentina’s armed forces remain the privileged historical benefactor of armaments from Europe and the United States. Also, both Kirchner administrations have promoted the development of a national defense industry. Yet some rapprochements and discussion between national officials related to logistics have promoted the advancement of military agreements between Beijing and Buenos Aires, including Argentina’s testing of certain Chinese vehicles (trucks for civil and military use) and dual-use helicopters. Other types of exchanges have included visits of high-ranking military officers and provision of training courses aimed at fostering ties and cooperation between the two military.

Argentina’s military relations with China were strengthened by the visit of then-Minister of Defense Nilda Garre to China in 2007. Following the visit, the two countries signed the first military cooperation agreement of cooperation in the area of defense. This visit was particularly noteworthy in that several previous invitations extended to Argentina’s Minister of Defense had been postponed for various reasons. The document signed Beijing in 2007 set the stage for “carry[ing] out contacts in communications, personnel visits in all areas,

10 The Kirchner couple have attempted to engage in a “limited” process of import substitution industrialization in this sector, as a way to counter the country’s dependence to foreign imports by focusing on not only the exports of commodities, but also the creation of heavy manufacturing to supply the country’s needs.
exchange of logistics and military equipment, and training of personnel for peace-keeping operations.”

In sheer commercial terms, Roberto Russell notes in a *Foreign Affairs* article that the rise of Asia, including China and India, at the end of the nineteenth and in the early twentieth century, offered Argentina a good possibility to move away from a decade of isolation from international markets and resume a significant role in international markets. Yet, the fact that Argentina is still struggling to become a solid international player after the much publicized 2001 economic crisis, embarking on cooperative relations with non-U.S.-friendly partners such as Venezuela’s Hugo Chavez and continuously attempting to move further from U.S. influence (thus sustaining a non-depreciable anti-American sentiment), sets the stage for a wait-and-see scenario in U.S.-Argentine relations. In this regard, Russell underscores how Argentina is viewed by Washington with a sentiment of distrust and ambiguity, with an uncertain political and economic model. Meanwhile, recent Sino-Argentine relations constructed primarily upon mutual economic needs (e.g., the provision of commodities by Argentina and prominent economic investments by China) could subsequently serve to ensure a broader international role for Argentina.

---


14 Ibid
CHINA AND BRAZIL: PERSPECTIVES OF AN ENDURING STRATEGIC ALLIANCE

In a comparative regional assessment, the relationship between Brazil and China has a completely different dimension from that of Argentina and China. The fact that Brazil has emerged during the last decade as a hemispheric power and is now considered the eighth economy of the world, exerting influence not only in the Americas, but also at the global level, has put the Sino-Brazilian relationship at a different level. Brazil has strengthened economic ties with China through full-fledged trade on several commodities, as well as on manufactured products and technology.

Brazil’s behavior in the region has often been considered “different” by its neighbors in Latin America. The country has largely sought different markets to expand its economy, often turning it back on its counterparts in the region while preferring to deal with other regions, such as Asia and Europe. Itamaraty15 has often displayed its diplomacy independently from the Latin American bloc, thus provoking distrust within the region. Its Latin American neighbors have often found that Brazil’s attitude does not contribute to regional efforts to advance common economic goals as a bloc.16

In recent years, both under President Luiz Ignacio “Lula” da Silva, and more recently, the administration of Dilma Rousseff, Brazil has broadened its military agreements with

15 Itamaraty is the name given to the Brazilian Foreign Ministry.
China. As a result of diverse cooperative agreements, Brazil has been very appealing for Chinese objectives in the region, fostering the opening of a plausible enduring, cooperative, and strategic alliance with an emerging power to secure its internal needs as well as compete in the global market, principles that constitute a cornerstone of its foreign policy. With 190 million inhabitants, Brazil is the most resource-rich country of Latin America and has steadily consolidated its influence over the rest of the countries at the regional level over the last few years—to the point that the country can be arguably defined as a “primus inter pares.”

China’s political and military presence in Brazil has been continuously growing, and its leverage and presence in Brazil are more notable than in the case of neighboring Argentina. David Shambaugh, at the Brookings Institute, notes that China provides military training to Latin American officers and sells military arms to countries in the region, including “helicopters, artillery, anti-air and anti-ship missiles and light assault weapons, while buying anti-tank, anti-air missiles and avionics from Brazil.”

The Brazilian model has developed steadily as a result of the economic reforms of the 1990s, the consolidation of democratic institutions, and effective public policies in

national and foreign policy. Ricardo Sennes notes in a 2008 article that Brazil’s economic stability, the reassurance of the credit and capital markets, and improved economic growth has played a role in the “internationalization of the economy of Brazil.”

When analyzing the political dimensions of China’s relationship with Brazil and implications for the United States, it is important not to overlook the differences that exist between Brazil and China in terms of their domestic institutions. Brazilian experts Carlos Pereira and Augusto de Castro Neves recently noted in their Brookings Institution’s policy paper that contrasts between both emerging powers are highly visible: whereas Brazil is a democratic market economy, China is a “predominantly planned economy ruled by an authoritarian regime.” From a geopolitical point of view of south-south relations, Brazil and China have more coincidences than disagreements in cross-regional and international issues, which are reflected and strengthened in international forums such as the G-20 meeting and the international summits of BRICS (Brazil, Russia, India, China, and South Africa). However, despite such international attempts for cooperation, national interests still prevail in the strategic pursuits of both countries.

Sennes underscores from an economic perspective that Brazil’s relations with non-traditional partners (such as China and some African countries) as well as traditional ones

(regional partners and European countries) have influenced the reduction of relative leverage of the United States over the last decade. Yet, the United States continues to be a relevant commercial partner of Brazil, especially in regards to services, innovation, and energy sectors.

Finally, the evidence of the growing commitments between both countries confirm the assumption that China has cast its eyes on Brazil in the quest for an enduring strategic alliance, understanding that Brazil is a prosperous country with a technologically driven process of modernization that drives it to play the role of a key actor with a major influence in both the international and regional scenes.

CONCLUSIONS: CHINA’S INVOLVEMENT AND U.S. SECURITY CONCERNS

This paper has sought to examine China’s growing interest in Latin America, with a special focus on Argentina and Brazil. As it has been noted, China’s involvement in the region has been carefully tailored to the specific needs of each of the two countries under study, basically encountering clear asymmetries in the kinds of alliances currently being drawn in the region. China has aggressively invested in both countries. Its relations with Argentina seem to be more economically driven, with the former securing a long-term provision of commodities for its growing population.

On the other hand, China’s relationship with Brazil has many edges that need to be examined from a multidimensional perspective, as many areas have and are being developed, especially in the commodities, oil, technological, and military sectors. Nevertheless, an important question remains: Does China’s involvement represent a growing

---

24 Ibid, 7
security concern for the United States? At this point, it looks like China’s steady involvement in the region is definitely a cause for concern for the United States. China has opened the space in the region, effectively taking advantages of those left open by the United States. Until the United States resumes a larger role in the region—if it ever does—developments will remain unclear.

Furthermore, a stubborn economic crisis, an uncertain global market, and military challenges overseas have been key factors that have pushed the United States to temporarily abandon its interests in the region, especially in Brazil and Argentina. In turn, these two countries have attempted to initiate and secure relations with other non-traditional partners, especially China. However, recent caveats on Latin American countries’ dependence on the Chinese economy could be severely affected by a slowdown of the Chinese economy, severely impacting Brazil’s and Argentina’s commodities’ sector.²⁵

China’s initial footprint in these two countries has been widely considered economically driven. Yet the evidence suggests that this involvement responds to a much more crafted political and strategic vision, especially in the case of Brazil. Indeed, China has been extremely careful in avoiding intra-regional conflict by diversifying its areas of interests, as

²⁵ Pereira and Castro Neves noted how China’s involvement strategy in Brazil, is causing some reason for concern on security issues. Restrictive measures carried out by Brazilian ministries are being designed to control Chinese investments in land purchases. As the authors highlight, these acquisitions (by China’s state-owned enterprises) are thought to have possible negative impacts on security issues as well as land sovereignty and commodity prices. Some critics have also argued that China is taking advantage of Brazilian military technology, as evident in the recent decision to close Brazilian Embraer’s plant in China and embark on the construction of Brazilian-like aircrafts. See Pereira and Castro Neves, “Brazil and China,” page 6.
evident in the cases of Argentina and Brazil. In addition, it has largely avoided directly challenging American influence in the region. In this sense, China has moved away from engaging in security issues, such as the control of terrorism, drug wars, and the rise of civil guerrillas, especially in Central American countries and Mexico.

Finally, American security concerns regarding Chinese involvement with Brazil and Argentina should not to be overlooked. Brazil has consolidated its democratic institutions over the last decade and pursued a market democracy, and Itamaraty has been an active and sometimes unpredictable player in global diplomacy, with critical leverage in international forums that may challenge American security concerns—especially regarding relations with countries that maintain a tense relation with Washington. In this sense, a more solid cross-regional strategic alliance with China could be perceived as potentially harmful for American security interests in the global system. In the case of Argentina, these possibilities are much more limited, but also warrant further attention.
WORKS CITED


GOVERNMENT WEBSITES


ABOUT THE AUTHOR

**Pablo Atencio** is a Consultant in Security and Defense, and Visiting Professor of the Department of Political Science at the Universidad Argentina John F. Kennedy in Buenos Aires, Argentina. He graduated in Political Science from the Universidad Católica Argentina (UCA) with a specialization in International Relations. Mr. Atencio is expected to defend his Master's thesis at the School of National Defense (Argentina) in December, 2011. While in Argentina, he worked for sixteen years as a political analyst in defense and security issues, at the Division of Politics of the Ministry of Defense (Argentina). His research has focused on strategic planning and defense, China-Latin American relations, Latin American politics, and military cooperation.


David Scott Palmer and Alberto Bolívar, “Peru’s Shining Path: Recent Dynamics and Future Prospects.” May 2011.


Juan Pablo Sarmiento & Gabriela Hoberman, “Disaster Risk Management Disparity in the Caribbean: Evidence from Barbados, Dominican Republic, Jamaica and Trinidad and Tobago.” May 2011.


Thomas Bruneau, “An Analysis of the Implications of Joint Military Structures in Argentina, Brazil, Chile, and Colombia.” April 2011.


Erich de la Fuente, “Cuba’s Role in Venezuela’s Control of the Internet and Online Social Networks.” October 2010.


STUDENT PAPERS SERIES


PHASE I


PHASE I


WESTERN HEMISPHERIC SECURITY ANALYSIS CENTER SPONSORS

The Applied Research Center advances the research and academic mission of Florida International University. ARC’s focus is to solve real-world problems through multi-disciplinary research collaborations within the University's increasingly talented applied and basic research units. It is uniquely structured and staffed to allow for free-flowing exchange of ideas between the University's applied researchers, academia, government, private sector and industry partners. The ARC's vision is to be the leading international university-based applied research institution providing value-driven, real-world solutions, which will enable FIU to acquire, manage, and execute educationally relevant and economically sound research programs. That vision is based on the Center's core values of respect for the environment, health and safety of all individuals, creativity and innovation, service excellence, and leadership and accountability. The Applied Research Center is organized into three core research units: Environment; Energy, and Security and Development. Under the leadership of its Executive Director, the Center reports to FIU's Office of Sponsored Research Administration. An External Advisory Board, encompassing leaders from the private and public sectors, participates actively in the Center's growth and development. The Florida International University Applied Research Council, a team of University deans, executives and faculty guide the development of the Center's programs.

Florida International University is Miami’s first and only four-year public research university with a student body of more than 40,000. It is one of the 25 largest universities in the nation. FIU’s colleges and schools offer nearly 200 bachelor’s, master’s and doctoral programs in fields such as international relations, law and engineering. As one of South Florida's anchor institutions, FIU has been locally and globally engaged for more than four decades finding solutions to the most challenging problems of our time. FIU emphasizes research as a major component of its mission. The opening of the Herbert Wertheim College of Medicine in August 2009 has enhanced the university’s ability to create lasting change through its research initiatives. Overall, sponsored research funding for the university (grants and contracts) from external sources for the year 2008-2009 totaled approximately $101 million.

The United States Southern Command (USOUTHCOM) is one of ten unified Combatant Commands (COCOMs) in the Department of Defense. It is responsible for providing contingency planning, operations, and security cooperation for Central and South America, the Caribbean, and their territorial waters; as well as for the force protection of U.S. military resources at these locations.

The National Defense Center for Energy and the Environment (NDCEE) provides reliable and sustainable solutions to the US Department of Defense in areas ranging from contingency operations to global climate change and greenhouse gas reduction to safety and occupational health. These solutions increase mission readiness and improve the health and safety of our Armed Forces both at home and abroad. The NDCEE provides project management and technical support to the WHEMSAC Program.