



China's Regional Engagement Goals in Latin America

MARGARET MYERS

For many years, China has relied heavily on bilateral engagement with Latin American countries to advance a range of objectives, including free trade agreements, memoranda of understanding, and long-standing mechanisms for cooperation such as the China-Brazil High-Level Coordination and Cooperation Committee (COSBAN). Even China's recent shipments of medical equipment to the region, including [donations](#) of personal protective equipment and other forms of medical outreach following the outbreak of the coronavirus, have been mostly coordinated on a bilateral level.

But involvement in Latin America's regional organizations is also a critical avenue for Chinese engagement with the region. It has been an area of focus, especially for China's Ministry of Foreign Affairs, ever since its relations with Latin American countries began strengthening in the late 1990s.

There are numerous reasons for China's growing engagement with regional organizations. For China, regional institutions such as the [Organization of](#)

[American States](#) (OAS) and the [United Nations Economic Commission on Latin America and the Caribbean](#) (ECLAC) are useful windows into Latin American politics and diplomatic predispositions, as well as valuable platforms to communicate China's own policy priorities for the region. In some cases, Chinese participation in regional forums is also aimed at limiting Taiwan's influence in regional affairs. But China stands to derive some economic and reputational benefits from participating in certain organizations, including as a [co-investor](#) in IDB Invest, part of the Inter-American Development Bank (IDB).

To date, however, extensive U.S. influence has impeded China's efforts to expand its influence in the region's well-established multilateral institutions. With U.S. influence in mind, Beijing founded the [China-CELAC Forum](#) in 2014 in order to engage the region on its own terms. The forum has thus far served as a platform to communicate China's main policy objectives, including those related to the Belt and Road Initiative (BRI).



Despite some challenges, China remains dedicated to engaging with Latin American regional organizations, whether by investing through the region's multilateral banks or as an observer in other institutions. The China-CELAC Forum in particular has become a main feature of Chinese multilateral outreach in the region, having “opened a new chapter of overall cooperation” between China and Latin America, as Chinese Foreign Minister Wang Yi noted in a 2018 [address](#). More recently, the organization's [website](#) has prominently featured key developments in the China–Latin America relationship, including details of China's coronavirus-related medical assistance to the region.

CHINA'S STRATEGY FOR REGIONAL ENGAGEMENT WITH LATIN AMERICA

Fractious Latin American politics have historically constrained the region's many efforts to integrate. Even the longest-standing regional institutions, whether trade blocs or those promoting other forms of regional collaboration, have for many years been limited by shifting politics and priorities among member nations. Others, such as the [Union of South American Nations](#), founded in 2004 to bring together members of existing organizations [Mercosur](#) and the [Andean Community](#), have slowly faded into obscurity. If anything, the coronavirus crisis has exacerbated the region's fractious tendencies. Countries have “turned inside themselves” to an even greater degree, as Latin American scholar Shannon O’Neil noted at a Council on Foreign Relations [event](#) on April 14, 2020.

Despite the challenges associated with Latin American regionalism, China has prioritized engagement with regional institutions of various forms in its diplomatic outreach to Latin America over the past two decades. In the early 2000s, as China grew its trade and other partnerships throughout the region, Beijing focused most extensively on outreach to prominent region-wide organizations—such as the OAS, which brings together all thirty-five [independent states](#) of the Americas;

ECLAC, based in Santiago, Chile; and the IDB. Dating back to the 1940s and 1950s, these organizations are among the region's longest-standing institutions.

China's initial focus on multilateralism in Latin America wasn't for a lack of knowledge about the relative strengths and weaknesses of Latin American regional bodies—articles on the region's many attempts at integration had appeared in Chinese journals such as the Chinese Academy of Social Sciences' [Latin American Studies](#) as far back as the late 1970s. A more likely explanation is that China's engagement with these organizations achieves a wide range of domestic and foreign policy objectives, regardless of each institution's effectiveness in addressing regional issues at any given moment. For instance, having a front-row seat in these organizations is instructive, as they all grapple in some form with Latin America's rapidly evolving political and economic landscape. The educational benefit of affiliating with regional institutions would have been especially valuable as China increased its engagement with Latin American countries and as Chinese companies and diplomats became more acquainted with the region and its intricacies.

A decade and a half after inaugurating its diplomacy with multilateral organizations, Chinese diplomats continue to make critical connections with Latin American counterparts in the OAS Hall of the Americas, at the IDB, and in other regional forums. Moreover, debate in these institutions, even on internal policy, sheds light on countries' policy priorities and diplomatic dispositions. These days, there is hardly a better forum for understanding U.S. and regional positions on Venezuela than the OAS. China remains a fixture in the organization, even if it is unlikely to back its every move in the region or even embrace all aspects of the institution's charter. In 2014, China renewed its [financial support](#) for the OAS, providing \$1.5 million for China–Latin America exchange programs and for projects supporting political stability and economic and social development in member countries.

Involvement in Latin America's regional platforms could also help China expand its presence and shape its image in the region. Top officials in organizations such as ECLAC and the IDB are in many cases proponents of the China–Latin America relationship, often noting the value of Chinese economic engagement. For instance, ECLAC Executive Secretary Alicia Bárcena has [underscored](#) China's commitment to the region, including to the [principles upheld](#) in the 2030 Agenda for Sustainable Development. In 2018, ECLAC reaffirmed its permanent commitment to strengthening ties between the region and China in [“all its dimensions.”](#)

Additionally, China's partnerships with the IDB, the OAS, and other organizations signal tacit support for the region's development objectives. Despite purchasing only [0.004 percent](#) of the IDB's ordinary capital, China has been relatively active since joining the bank in 2008 and has supported a range of projects. An initial [\\$350 million commitment](#) to financing for public and private sector infrastructure projects accompanied the 2013 [creation](#) of the China Co-financing Fund for Latin America and the Caribbean (China Fund), administered by IDB Invest. In 2017, the China Fund [contributed 13 percent](#) of a \$75 billion IDB package for the Solem solar photovoltaic plant in the central Mexican state of Aguascalientes. A year later, Beijing partially funded construction of the [Ituango](#) hydroelectric dam in Colombia's northwestern department of Antioquia. Also in 2018, the China Fund [allotted](#) \$20 million as part of a co-loan for the German Development Bank (KfW)'s eco.business Fund, which partners with financial institutions in Latin America and the Caribbean to channel financing to sustainable agricultural and other businesses. The eco.business Fund [currently operates](#) in Colombia, Ecuador, and much of Central America.

China has also worked through regional institutions in recent years to highlight its [own development concepts](#), including “innovation, coordination, greenness, openness, and sharing” as [proposed](#) in the fifth plenary session of the Eighteenth

Chinese Communist Party Central Committee, and more recently to communicate key BRI-related commitments. In 2016, the Chinese Academy of Social Sciences and the IDB [held](#) the Third Policy and Knowledge Summit between Latin America and the Caribbean and China, focusing extensively on Chinese and Latin American productive development and innovation policies.

China noted the merits of the BRI at the 2017 annual meeting of the OAS in Cancún, Mexico, according to a [report](#) from the Chinese embassy in Washington, DC. At the Second High-Level China-Latin America Investment and Cooperation Forum, [held at ECLAC](#) headquarters in Santiago, Chile in October 2019, representatives from host institutions ECLAC, CAF–Development Bank of Latin America, and the Ministry of Finance of the People's Republic of China, noted the value of enhanced China–Latin America relations and the importance of the BRI. The annual China–Latin America and the Caribbean Business Summit, co-organized by the Inter-American Development Bank and the China Council for the Promotion of International Trade (CCPIT), aims to deepen international cooperation on the BRI and promote development and prosperity, according to CCPIT. The thirteenth such summit, which took place in Panama in 2019, was expected to generate \$190 million in business deals, as indicated in a Xinhua [report](#).

Importantly for China, engaging with these institutions also precludes Taiwan's participation. China sought observer status in the OAS in the early 2000s and was granted the role in [2004](#), which put an end to Taiwan's observer status. China has since [supported](#) the organization's work on childhood education, gender equality, trade and competitiveness, and environmental protection, among other areas, while also seeking to [limit](#) Taiwan's potential interactions with the institution. Cooperation between the IDB and Taipei's International Cooperation and Development Fund (ICDF)—including the 2006 creation of a Specialized Financial Intermediary Development Fund



to support market economy development among Taiwan's Latin American partners—also dried up after China joined the IDB. Limiting Taiwan's participation in regional and international organizations remains critically important to China.

THE VIEW FROM LATIN AMERICA

China's growing involvement in regional organizations came as little surprise to Latin American audiences. In its overtures toward regional governance institutions, China in most cases followed in the footsteps of other Asian nations, such as Japan and South Korea. Japan obtained observer status at the OAS in 1973 and joined the IDB in 1976, while South Korea became involved in the OAS in 1981 and joined the IDB in 2005, three years before China. Many in the region also expected that China would play a larger role not only in the region's economic affairs—as a top export partner for South America and a key provider of loans to certain countries in the region—but also in addressing enduring development challenges. For example, IDB President Luis Alberto Moreno noted in 2009 that China would be an “essential partner” for the IDB and the region in protecting Latin America's “social and economic gains.” Moreno again noted China's potential to influence the region's development in an interview with Xinhua in 2019, stating that China could “help lift up the quality of the infrastructure in the region.” There remains much potential for heavy Chinese investment in the region. As of 2018, Chinese construction companies had expressed interest in over 150 infrastructure projects. Moreover, nineteen Latin American and Caribbean countries signed BRI cooperation agreements over the past two years hoping that more roads, railways, and other forms of infrastructure investment would be forthcoming.

With potential Chinese investments in mind, Latin American organizations have largely welcomed Beijing's growing engagement. Beyond affiliations with ECLAC,

the IDB, and the OAS, China is an observer in the Pacific Alliance, a subregional trade bloc consisting of Chile, Colombia, Mexico, and Peru; has expressed interest in greater cooperation with the Caribbean Community (CARICOM); and determined in 2019 to “strengthen institutional relations and analyze new ways of cooperation” with CAF-Development Bank of Latin America, one of the main sources of multilateral financing in Latin America, among many other examples of regional and subregional outreach.

Despite a warm welcome from regional institutions, China's relative decisionmaking authority in Latin American organizations and subregional trade-based platforms is exceedingly limited in comparison to that of other members and observers. Beijing plays a mostly hands-off role in the OAS, especially in the organization's human rights work and in audits of electoral processes. Although China and the IDB have established a thriving working relationship over the past decade, as evidenced by the aforementioned annual investment forum and a series of investment agreements, the United States and other shareholders hold far more sway over the bank's day-to-day decisionmaking. China has maintained formal and informal dialogues with members of the Pacific Alliance, Unasur, and Mercosur, but most have resulted in broad, nonbinding commitments to new forms of cooperation. As an observer country in the Pacific Alliance, Japan has been more active than China in growing its ties with the bloc. Just last year Tokyo and the nations of the Pacific Alliance signed a declaration to increase their bilateral cooperation in matters of common interest, “ranging from trade and investment to sustainable development and technology.”

DEALING WITH U.S. DOMINANCE

The main impediment to Chinese engagement with Latin American regional institutions is the relatively dominant U.S. role in these organizations. This is especially the case as U.S.-China tensions intensify and

U.S. officials and policymakers view Chinese overtures in Latin America with heightened suspicion. Bilateral tensions regarding the region have grown under U.S. President Donald Trump's administration, although conflicting interests in regional institutions were evident as far back as 2004 when China sought observer status in the OAS. At the time, the United States supported China's bid while also pledging to help Taiwan secure a position as an OAS permanent observer. Beijing rejected the U.S. position, **firmly opposing** "Taiwan's involvement in the [OAS] in any form or in any name."

U.S.-China competition emerged in relation to the IDB's 2019 Annual Meeting, which was scheduled to be held in the southwestern Chinese provincial capital of Chengdu that March. Several months before the meeting, then U.S. treasury undersecretary and current World Bank President David Malpass urged the IDB to reconsider holding the event in China while **warning** about the "substantial inroads" that China had made in multilateral development banks. Planning for the Chengdu event resumed after a vote by IDB member states, but Washington reportedly threatened to **pull quorum** from the China-based event if it barred Ricardo Hausmann, the IDB representative selected by Juan Guaidó, Venezuela's opposition leader. Beijing, which maintains cautious support for Maduro's government, planned to invite neither Hausmann nor Maduro's representative. The impasse led China to **cancel** the event just as organizers were adding the finishing touches.

U.S. officials viewed the decision as both consistent with the IDB's bylaws and a victory for democratic values and the Venezuelan opposition. At the time, then U.S. deputy assistant secretary for Western Hemisphere Affairs Kimberly Breier **noted** through her office's official Twitter account that "China's attempt to prevent Hausmann's participation violated a century of diplomatic norms." The decision has yet to clearly affect China's activity in the IDB, however. The bank's China Fund is still technically operational although few new projects have been funded of late.

Noting the considerable U.S. influence in many of the region's multilateral forums and wanting a more efficient platform for collective dialogue with Latin America, China sought to establish an **alternative platform** for engagement with the region as far back as 2012. At the time, Chinese officials envisioned what is best described as a Latin American version of the **Forum on China-Africa Cooperation** (FOCAC), which was created by Chinese and African leaders in 2000 and has been a central feature of the China-Africa relationship ever since. Chinese officials **view** FOCAC as a leading mechanism driving cooperation with African countries and note the organization's value in promoting collective dialogue and practical collaboration.

However, China's approach to developing a new platform for engagement with Latin America varied considerably from its experience in Africa. Whereas FOCAC materialized from a collaborative effort on the part of African and Chinese officials, the creation of a Latin American version was spearheaded by China. As a platform for its new organization, China chose the politically charged CELAC, which was developed during the Rio Group–Caribbean Community Unity Summit in 2010 and **formally established** through the 2011 Declaration of Caracas. The new platform was largely viewed by its main proponents, including leftist leaders such as the late Venezuelan president Hugo Chávez, as an alternative to the U.S.-dominated OAS. Moreover, the United States and Canada were excluded from CELAC **membership**.

The **China-CELAC Forum** was officially announced in 2014 during a visit by Chinese President Xi Jinping to the China–Latin America and the Caribbean Summit in Brasília. A first ministerial meeting was held in Beijing the following year and a second in Santiago in 2018. Despite ambitious themes for the meetings, such as 2018's "**CELAC-China: Working For More Development, Innovation And Cooperation For Our Peoples**," the gatherings have mostly been used to articulate Chinese policy toward the region, including on the BRI, and to develop a five-year plan for China–



Latin America cooperation. In fact, it was through the China-CELAC Forum that Wang Yi first mentioned the region's official inclusion in the BRI.

Five years in, the China-CELAC Forum resembles FOCAC in form—ministerial meetings are held every three years in the region or in China—but less so in function. Whereas FOCAC has established a series of concrete plans for Chinese engagement with African countries, including in areas such as green development, capacity building, and healthcare, with clearly articulated goals, sources of funding, and participants, China-CELAC Forum objectives are more abstract and still mostly limited to technical and informational exchange. Though extensive, the organization's main activities include subforums on issues such as infrastructure and innovation, in addition to youth, think tank, and political exchanges.

THE ROAD AHEAD

The success of China's regional outreach in Latin America will depend, as it has for a number of years, on Beijing's relative influence in regional institutions and on the capacity and effectiveness of the institutions themselves. China will continue to struggle to advance its objectives in institutions historically dominated by the United States. And Washington will likely continue to oppose reforms in international financial institutions that would give China and other emerging nations more voting power.

China has sought in some cases to work around U.S. influence in key institutions. For instance, it sought greater shares in the IDB's private sector arm instead of in the bank itself. China's cooperation with CAF—Development Bank of Latin America is no doubt driven in part by a lack of U.S. participation in that bank. The development of the China-CELAC Forum was also an important U.S. workaround for China—an opportunity to fully operationalize Beijing's extensive Latin America

policy and engage directly with most countries in the region, free of U.S. influence. The forum's first ministerial meeting focused on the novelty of this approach in Latin America, held under the banner: “New Platform, New Starting Point, New Opportunity—Joint Efforts to Promote China–Latin America and the Caribbean Partnership of Comprehensive Cooperation.”

Nevertheless, some Chinese scholars have judged that, even absent U.S. involvement, the capacity of the China-CELAC Forum is limited by the region's age-old difficulties with multilateralism. As Wang Huizhi of the China Institute of International Studies (CIIS) noted in his 2018 analysis of the China-CELAC Forum's development, it is restrained by “diversified appeals for overall cooperation with China and their lack of coordination.” To improve the forum's prospects, Wang recommended a new set of organizational priorities, including environmental protection and climate change mitigation, that are better aligned with regional needs and interests. As it is, he added, “the status of the China-CELAC Forum . . . will inevitably decline in the short term, and in the medium and long term, uncertainties about the forum's future are increasing.”

Even upon the forum's creation in 2014, Wang Youming, a CIIS expert on Latin America and global governance, worried about the platform's prospects. Wang noted that “Latin American countries are not monolithic, and there are contradictory factors that, though not necessarily apparent on the surface, could substantially affect the future development of the China-CELAC Forum.” Left-wing and right-wing countries have different inclinations, he noted. Even disparities between large and small Latin American countries are of concern in regional organizations. Indeed, in addition to possibly limiting China-CELAC Forum functionality, these and many other factors have plagued Latin America's attempts at regional integration throughout history. Perhaps recognizing these challenges, Wang Yi recently called on the foreign ministers from the CELAC quartet, the group of four countries leading CELAC efforts,

saying, “the two sides should perfect the mechanism within the framework of the China-CELAC Forum to safeguard their cooperation.”

Regardless of the perceived challenges, China will continue to engage with both long-standing institutions and through CELAC on a wide range of issues, just as the EU and other external actors have done for many years. China continues to derive some benefits from its roles in the OAS, IDB, ECLAC, and other regional forums. These institutions are exceedingly valuable sources of information, including on the continuously evolving situation in Venezuela, where China maintains considerable economic interests. Engagement with them is also part of China’s efforts to further isolate Taiwan and advance other elements of [Chinese policy](#) toward the region, including the BRI. While China could always fall back on its extensive and growing

bilateral relations with regional countries, multilateral engagement remains a key part of its foreign policy in the region. Without the context and platform that regional institutions provide, China risks outsourcing its policy voice in Latin America to those willing to speak louder.

ABOUT THE AUTHORS

Margaret Myers is director of the Asia and Latin America Program at the Inter-American Dialogue.

NOTES

For your convenience, this document contains hyperlinked source notes indicated by teal-colored text.