

**SÍ, SE HABLA MANDRIN:
CHINA'S GROWING
INFLUENCE IN LATIN
AMERICA**

BY

**LIEUTENANT COLONEL JAMES K. ROSE
United States Army**

DISTRIBUTION STATEMENT A:

Approved for Public Release.
Distribution is Unlimited.

USAWC CLASS OF 2011

This SRP is submitted in partial fulfillment of the requirements of the Master of Strategic Studies Degree. The views expressed in this student academic research paper are those of the author and do not reflect the official policy or position of the Department of the Army, Department of Defense, or the U.S. Government.



U.S. Army War College, Carlisle Barracks, PA 17013-5050

The U.S. Army War College is accredited by the Commission on Higher Education of the Middle State Association of Colleges and Schools, 3624 Market Street, Philadelphia, PA 19104, (215) 662-5606. The Commission on Higher Education is an institutional accrediting agency recognized by the U.S. Secretary of Education and the Council for Higher Education Accreditation.

REPORT DOCUMENTATION PAGE

Form Approved
OMB No. 0704-0188

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing this collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to Department of Defense, Washington Headquarters Services, Directorate for Information Operations and Reports (0704-0188), 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number. **PLEASE DO NOT RETURN YOUR FORM TO THE ABOVE ADDRESS.**

1. REPORT DATE (DD-MM-YYYY) 18-03-2011		2. REPORT TYPE Strategy Research Project		3. DATES COVERED (From - To)	
4. TITLE AND SUBTITLE Sí, Se Habla Mandrin: China's Growing Influence in Latin America				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S) Colonel James K. Rose				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Dr. Max Manwaring Strategic Studies Institute				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING / MONITORING AGENCY NAME(S) AND ADDRESS(ES) U.S. Army War College 122 Forbes Avenue Carlisle, PA 17013				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION / AVAILABILITY STATEMENT Distribution A: Unlimited					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT This monograph examines how China's unique employment of its elements of national power using the diplomatic, information, military, and economic (DIME) paradigm is influencing its relationships with countries throughout Latin America. Ultimately, understanding the nature and dynamics of China's employment of the DIME principles of national power casts light on the strategic challenges the United States will face as its partner nations to the South create new alliances with America's most rapidly growing peer competitor. This paper explores the strategic implications of Republic of China's engagement in the region. It seeks to examine whether China is a benign global competitor or a subtly rising adversary in the Western Hemisphere. Lastly, it provides an overview and analysis of the strategic implications of China's engagement in Latin America and demonstrates the need to strengthen United States partnerships in the region to face this challenge.					
15. SUBJECT TERMS Western Hemisphere, DIME, Strategic Engagement					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT UNLIMITED	18. NUMBER OF PAGES 30	19a. NAME OF RESPONSIBLE PERSON
a. REPORT UNCLASSIFIED	b. ABSTRACT UNCLASSIFIED	c. THIS PAGE UNCLASSIFIED			19b. TELEPHONE NUMBER (include area code)

USAWC STRATEGY RESEARCH PROJECT

SÍ, SE HABLA MANDRIN: CHINA'S GROWING INFLUENCE IN LATIN AMERICA

by

Colonel James K. Rose
United States Army

Dr. Max Manwaring
Project Adviser

This SRP is submitted in partial fulfillment of the requirements of the Master of Strategic Studies Degree. The U.S. Army War College is accredited by the Commission on Higher Education of the Middle States Association of Colleges and Schools, 3624 Market Street, Philadelphia, PA 19104, (215) 662-5606. The Commission on Higher Education is an institutional accrediting agency recognized by the U.S. Secretary of Education and the Council for Higher Education Accreditation.

The views expressed in this student academic research paper are those of the author and do not reflect the official policy or position of the Department of the Army, Department of Defense, or the U.S. Government.

U.S. Army War College
CARLISLE BARRACKS, PENNSYLVANIA 17013

ABSTRACT

AUTHOR: Colonel James K. Rose
TITLE: Sí, Se Habla Mandrin: China's Growing Influence in Latin America
FORMAT: Strategy Research Project
DATE: 18 March 2011 **WORD COUNT:** 6,567 **PAGES:** 30
KEY TERMS: Western Hemisphere, DIME, Strategic Engagement
CLASSIFICATION: Unclassified

This monograph examines how China's unique employment of its elements of national power using the diplomatic, information, military, and economic (DIME) paradigm is influencing its relationships with countries throughout Latin America. Ultimately, understanding the nature and dynamics of China's employment of the DIME principles of national power casts light on the strategic challenges the United States will face as its partner nations to the South create new alliances with America's most rapidly growing peer competitor. This paper explores the strategic implications of Republic of China's engagement in the region. It seeks to examine whether China is a benign global competitor or a subtly rising adversary in the Western Hemisphere. Lastly, it provides an overview and analysis of the strategic implications of China's engagement in Latin America and demonstrates the need to strengthen United States partnerships in the region to face this challenge.

SÍ, SE HABLA MANDRIN: CHINA'S GROWING INFLUENCE IN LATIN AMERICA

In the last ten years, the world has witnessed a significant transformation of the People's Republic of China (PRC). The emergence of China as a rising world power has caught the attention of strategic leaders and scholars from around the globe. China's rapidly growing population, emerging economy, expanding energy resource requirements, and increased desire to become a more influential global actor has driven China to engage more closely with potential partners around the world. China has made a dramatic shift in its global engagement strategy with nations throughout the world. This strategy shift is part of China's "Peaceful Rise" to become a more dominate world actor. China is employing keenly adept approaches to develop and influence new strategic partners. It is subtly and successfully employing its diplomatic, informational, military, and economic (DIME) elements of national power to influence counties around the globe as it continues its ascent up the global ladder. These categories of national power are what many scholars refer to as DIME.

Elements of DIME are the cornerstones or, more simply, formative tools that modern nation states employ to exert influence over their global neighbors. As part of China's expansive grand strategy, it has significantly increased its use of these tools in Latin America and is undoubtedly becoming more visible and active in the region. While the United States has been preoccupied with fighting two independent wars in Iraq and Afghanistan, wrestling with a struggling economy, as well as a myriad of other challenges throughout the world, it has neglected its regional partners to the south opening up a window of opportunity for China to quietly exploit this growing void with America's important partners in Latin America.

The geo-political dynamics of China's increased presence in Latin America pose unique strategic challenges and opportunities for the United States. Bilateral relationships that have traditionally been strong between the United States and Latin America could potentially erode in the near future if the United States fails to adequately maintain its ties with its partners in the region. Some experts argue that China fully understands the sensitivities surrounding its deepening ties with Latin America and that the United States should not interpret China's growing interest in the region as a threat or challenge.¹

China, however, is undeniably a rising global competitor for the United States. If the United States fails to maintain strong political, economic, and military ties in the region, it could possibly see itself dealing with China as a potential adversary leveraging its own influence in the region. China is already courting favor with countries in Latin America that share strong mutual economic interests as well as maintaining close relations with those countries in the hemisphere that have strong anti-U.S. sentiments. Failure of the United States to recognize and mitigate this challenge in the near term could have significant effects for the nation in the next ten to fifteen years.

While the United States continues to wrestle with its strategic policy dilemmas in Afghanistan, Pakistan, Iran, Iraq and India, it faces another equally challenging and potentially more problematic dilemma in how to deal with a rapidly emerging China in its proverbial "backyard". There is a considerable ongoing debate among Washington policy makers whether a "rising China" is a benign global competitor or a subtly rising adversary in the Western Hemisphere. Some China scholars assert that the American policy-making establishment has adopted a "Strong China Paradigm"—namely, that

China will continue developing economically while maintaining political stability and that it will increasingly use its strength to exert power abroad.² This paradigm is largely based on the fact that the PRC's pursuit of long term strategic interests is leading that country to increase its presence in Latin America with potentially serious future national security implications for the United States.

This monograph examines how China's unique employment of its elements of national power using the DIME paradigm is forging new relationships with countries throughout Latin America. Latin America is not a monolithic region and individual countries have special and unique relationships with China; however, for this particular study, the discussion of Latin America as a region will be used as a model for examining China's overarching strategy from a broad geographical context. Ultimately, understanding the nature and dynamics of China's employment of the DIME principles of national power casts light on the strategic challenges the United States will face as its partner nations to the South create new alliances with America's most rapidly growing peer competitor.

Chinese Diplomacy in Latin America and the Art of Soft Power

Diplomacy is the first element of the DIME model and it is the key that drives Sino-Latin American relations. It is the bedrock of China's relation building. To date, the PRC has steadily increased its efforts on the political and diplomatic fronts in the region as part of its regional grand strategy. Since 1990, ministerial delegations from China and the Rio Group have held talks on at least fifteen occasions. Numerous high-level meetings between China and Mercosur (the Common Market of the South) have been held since the mid-1990's. In 2004, the Organization of American States (OAS) accepted China as a permanent observer. China has also gained observer status in the

United Nations Economic Commission for Latin American and the Caribbean (ECLAC), the Latin American Integrations Association (ALADI) as well as achieving success in numerous other diplomatic engagements.³ While there is a disparity of opinions on the effects of the growing diplomatic and political influence of China in Latin America, there is little debate on the existence of such influence in the region. Under the current leadership of Hu Jintao, China is more aggressively courting Latin American countries than ever before. In 2004, he made a point to visit five different countries in the region as part of China's outreach campaign. China's leadership is not only forging relations with those countries that harbor anti-U.S. sentiments, but it is successfully reaching out to nations that traditionally have had strong relations with the United States such as Argentina, Chile, Colombia, Brazil, Panama, and Peru among many others. There has been a rapid expansion of diplomatic ties between the PRC and Latin American leaders. Many in Latin America see the increasing role of China in the region as a potential balancer for asserting independence from the political influence of the United States and the economic dominance from the West. Others, by contrast, question the ambitions of China in the region and are concerned about exchanging their dependency on the United States for an equally counterproductive dependency on China.⁴ Chinese diplomatic interests in Latin America are unique and multifaceted. There are a number of political issues that are directly concerned with Chinese national interests.

First, according to China's Policy Paper on Latin America and the Caribbean, published in November of 2008, Chinese policy on Latin America and developing countries share the same policy goals in enhancing solidarity and cooperation. To achieve this end, they perceive anti-imperialism and anti-hegemonism as the

fundamental principal goal of their foreign policy. Although China has restrained from making explicit statements of its desire for a multi-polar world, this view is well established in its Latin American Policy.⁵ China is successfully aligning itself with the interests of Latin American countries by portraying itself as a developing nation with the same common interests.⁶ Successful diplomacy on the part of the PRC is significantly shaping its economic aspirations in the region. Trade has been the driving force behind China's rapid economic development over the last ten years and China is using its diplomatic efforts to shape trade relations, develop new markets, and promote talk for increased Chinese investment in the region. China's success in this area is not going unnoticed as it is clearly reaping the fruits of its diplomatic labors.

Second, China's diplomatic interests focus on Latin America as a vast supply depot of energy resources and raw materials. China relies heavily on imports of copper, iron ore, and food supplies such as soy and other food commodities. Its reliance on energy resources is even greater. China's warming diplomatic relations combined with its formidable lending power have allowed it to gain significant access in the region and strike some very lucrative deals as indicated below:

- \$28 billion in loans to Venezuela; \$16.3 billion commitment to develop the Junin-4 oil block in Venezuela's Orinoco oil belt
- \$10 billion to Argentina to modernize its rail system; \$3.1 billion to purchase the Argentine petroleum company, Bidas
- \$1 billion advance payment to Ecuador for petroleum and another \$1.7 billion for a hydroelectric project with the potential for another \$3-5 billion in additional investments

- More than \$4.4 billion in commitment to develop Peruvian mines, including Toro-Mocho, Rio Blanco, and Marcona
- \$5 billion steel plant in the Brazilian port of Acu and another \$3.1 billion to purchase a stake in Brazilian offshore oil blocks from the Norwegian company Statoil; a \$10 billion loan to Brazil's Petrobras for the development of offshore oil reserves; and \$1.7 billion to purchase seven Brazilian power companies⁷

Last, but certainly not least, Latin America remains an important political and diplomatic battleground for the Chinese against Taiwan. Currently, 12 of the 23 nations in the world that diplomatically recognize Taiwan are located in Latin America and the Caribbean. The PRC stands firm on its position that Taiwan independence cannot be tolerated. China is resolute in its assertion that Taiwan is part of China's national territory and has no right to establish diplomatic relations with other foreign countries.⁸ Although Beijing does not publicly threaten other countries by withholding trade, investment or other punitive measures for their recognition of Taiwan, it is clear that it does not want other states in the region to shift their positions to diplomatically recognize Taiwan as an independent nation.⁹ The Taiwan factor continues to manifest itself in China's political relations in Latin America. Beijing and Taipei compete for loyalty through generous economic aid packages. The "dollar diplomacy" employed by the two rivals for international recognition has prompted some countries to switch positions when given a better monetary deal.¹⁰

Beijing's unstated goal is to diplomatically isolate Taiwan and, through political and economic persuasion, it hopes to achieve this end. China repeatedly emphasizes

its objection to the issue of diplomatic recognition of Taiwan as part of its public diplomacy campaign in the region. In contrast, Beijing stresses the benefits that diplomatic recognition of the People's Republic of China could bring as part of its ongoing diplomacy in Latin America.¹¹ Taiwan will be one issue that will remain in the forefront of China's diplomatic relations. To settle the Taiwan issue and achieve reunification is paramount in the eyes of the Chinese government.¹²

China has become much more sophisticated and influential in building alliances and strengthening its relationships in the region. To its credit, China is effectively building its capacity in the region and, through carefully crafted diplomacy; it is shaping the strategic environment in Latin America. What remains yet unseen is how China will use its growing influence in a region where the interests of two of world's competing giants increasingly overlap.

Getting the Message Right – Information Management and Strategic Communication

In examining the second element of the DIME paradigm – Information – it is interesting the way China has successfully marketed its interests in Latin America. It has done so through a carefully crafted information campaign by assuring its global neighbors that its peaceful rise as a global power is benign and non-threatening. Beijing has skillfully crafted a message to reassure the United States, as well as to the rest of the world, of China's intentions in the region. Beijing's challenge is to arrest alarm and alleviate concern of the potential long term impact of its expansion in the region and portray this phenomenon as a natural outcome of its "peaceful rise". China claims its interests in Latin America are not driven by ideological factors nor is it intended to disrupt the relationships the United States has in the region.¹³ The central message of the PRC's public diplomacy campaign is that its peaceful rise carries the

intent to build a more harmonious world. This is a message that is directly promulgated by Premier Hu Jintao and is reiterated through the party's ideological apparatus.¹⁴

China has undertaken the precarious task of balancing its growing presence and influence in Latin America without raising significant concern from Washington's policy makers. In this sense, China has done an exceptional job of its strategic messaging. It has skillfully exercised discretion and self-restraint with regard to Sino-Latin American relations and has carefully conducted its business with different countries in the region with remarkable informational efficiency.

In the [2005] hearing before the House Western Hemisphere Subcommittee, administration officials appeared to downplay concerns about China's engagement with Latin American nations, although they voiced some concerns regarding potential future Chinese regional capabilities in the fields of intelligence, communications, and cyber warfare. Assistant Secretary of State for Western Hemisphere Affairs Roger Noriega testified that "China's influence in the region is minimal today," and that while China's presence in the hemisphere is growing, "it is safe to say the United States has been and will continue to be the long-term partner of preference." Nevertheless, Noriega maintained that the United States would continue to monitor China's outreach to Latin America, just as it monitors China's outreach around the world.¹⁵

As Dr. Cynthia Arnson, Director, Latin American Program, Woodrow Wilson International Center for Scholars testified before congress, China's regional strategic messaging campaign has not been successful entirely on its own merit but also from a profound change in the way Latin American democracies have developed as they have transformed from authoritarian models of government. Countries in the region have elected to diversify their foreign policy partners and look beyond the United States for potential new relationships. Increased levels of economic growth over the last decade have created the conditions for the projection and exercise of "soft power" by many countries in the hemisphere. Some of this projection, particularly that exercised by

Venezuela, is aimed explicitly at limiting or undermining the influence of the United States in the region. Other examples of assertiveness and independence, however, reflect the increased economic and political capacity of stable democracies in the region. Virtually all countries in Latin America, regardless of political orientation, are seeking to expand their sphere of trading partners and political alliances.¹⁶

China is taking full advantage of this shift in Latin America and is using its informational element of national power to market itself to meet the emerging needs and desires of a region that is slowly but steadily growing further away from the United States as the partner of choice for the region. In order to accelerate the growth of its power and influence on the world stage, China has employed what some observers are referring to as the concept of Global Strategic Positioning or GSP. Some argue that this is now China's new "gold standard" of its foreign policy for the 21st century. The concept of GSP is defined as: The development and support of private and state-owned assets, governmental or military relationships, and business associations with foreign countries positioned at key global strategic points, either independently or in multi-country arrangements, for the purpose of accumulating information, influence, power and technological expertise."¹⁷ While some analysts have coined the term GSP as a new catch phrase, it still is the employment of Beijing's elements of national power, particularly information that is a key enabler to allow China to secure its interests in the region.

China is also listening to what the world has to say about it and it is embracing the discussion. Official statements from the PRC indicate that it is carefully monitoring how the world views China. It is acutely attuned to anti-Chinese sentiment and

international public opinion about how its actions are perceived. Beijing regularly uses public opinion polls to monitor its relationships; however, its primary mechanisms for garnering feedback are its growing network of embassies and consulates across the globe. It has made a substantial investment in building and preparing its diplomatic corps, training thousands of its best students to serve overseas to study their target state and society first hand.¹⁸ China has made it clear that it intends to build its informational capacity overseas. The Chinese minister of propaganda, Liu Yushan, published the following statement in an essay in 2009:

It has become an urgent strategic task for us [China] to make our communication capability match our international status. In this modern era, who gains the advanced communication skills, the powerful communication capability and whose culture and value is more widely spread is able to more effectively influence the world.¹⁹

China remains consistent and calculated in its information policy and messaging regarding its interests in Latin America. As part of that policy, it will remain careful not to antagonize the United States by maintaining that its interest in the region are benign and are primarily focused on economic development and greater access to the regions natural resources. China is successfully portraying itself as a viable alternative model for economic development, one based on an authoritarian form of government and elite rule and without the restrictions and demands and that come with political liberalization.²⁰ This appears to be Beijing's official story and it's sticking to it.

China's Military Engagement in Latin America – A Low Key, but Important Initiative

In examining the third element of the DIME paradigm – Military Might – one can see this is an area where Beijing has maintained a very low profile in Latin America. Because of that low profile, most observers give marginal attention to the military and defense dimensions of Sino-Latin American relations instead focusing on the diplomatic

and economic ties between China and the region. That said, it would be a mistake to underestimate China's use of this element of national power as an effective tool to exert its influence in the region. While many critics point to China's limited arms sales to Latin America as the litmus test of China's insignificant military status in the region, weapons trade is not the only measure of China's military influence in the region.²¹ There are a substantial number of engagement tools that the Chinese are using to shape the security environment in Latin America. These include military and defense education opportunities, official visits by military officers and defense officials at all levels, participation in combined exercises, unit exchanges, United Nations missions and air shows just to name a few.²²

China's increasing military engagement in the region is a key component of Chinese foreign policy and it is becoming increasingly more visible and relevant. The number of Latin American officers training with the People's Liberation Army (PLA) is on the rise. In the past several years, more than 100 officers representing the three services of 12 Latin America countries were trained in PLA academies.²³ China is now training Latin American military officers at all levels of command in all of the region's branches of the armed forces. This also includes the training of senior military officials at Beijing's elite National Defense University, PLANDU, where the region's senior military officers study a four-and-one-half month course on national strategic studies.²⁴ Additionally, senior military visits and exchanges are on the rise between Beijing and Latin America; in 2009, the Vice Chairman of China's Central Military Commission, Xu Caihou, toured military installations in Venezuela, Chile and Brazil and promised more military exchange in the future.²⁵ A continuation of China's increasing military diplomacy

in the region is evidenced as the Deputy Chief of the PLA General Staff, the Commander of the Lanzhou Military Area Command, Commander of the PLA Air Force, and Political Commissars of various military departments were making their rounds in the region.²⁶ This is certainly by no measure a one-way engagement, as more and more senior Latin America Military officials are also traveling to Beijing for high-level consultations.

As Sino- Latin American military relationships blossom, there is an increase in the number of port calls by South American Navies to the Chinese mainland. Ships from Peru, Mexico, Chile and Colombia are frequenting China's ports more than ever before.²⁷ While seemingly benign on the surface, there are indications that military-to-military relations are becoming more sophisticated and closer. The deployment of more than 125 Chinese military peacekeepers as part of United Nations relief efforts is also part of China's growing military influence in the region.²⁸ China is demonstrating its willingness to stand with Latin American partners on issues of mutual concern, such as Haiti. China also expanded military cooperation with other countries in the region such as Cuba, who allowed China to use previously abandoned Russian telecommunications infrastructure, principally the Torens Base near Havana.²⁹ China has reciprocated by helping Cuba upgrade its air defense systems and has assisted Cuba in maintaining its aging fleet of MIG-21 aircraft. Additionally, China has supplied the Cuban military with armored personnel carriers, tactical wheeled vehicles, and other forms of logistics equipment.³⁰

While it is difficult to obtain information on Chinese arms sales to Latin America, information points to that fact that China's arms sales to the region have risen over the

last couple of years. According to the People's Liberation Army National Defense University graduate writing in *Military Review*, Bolivia, Peru, and Uruguay are all rumored to have purchased aircraft from China. Beijing's ability to sell small quantities of weapons systems is demonstrating its growing capacity in the region.³¹

To evaluate China's security and military relations with Latin America strictly from the sole perspective of arms sales is misleading. One must look at China's military engagement holistically to gain a full understanding of its approach and growing influence in the region. If one takes a comprehensive examination of Chinese defense and military education, visits and exchanges of military personnel in the region, equipment donations and weapons sales at substantial discounts, it becomes apparent that Sino-Latin American defense relations are evolving. While arms sales are small when compared to those of Latin America's main arms suppliers such as the U.S., Germany, Russia, France, Spain, and Brazil, one must consider how rapidly they have grown.³² China's use of military diplomacy as part of its grand strategy in the region is allowing it to posture itself for increased influence in many Latin American countries. Beijing is exercising a sophisticated system of engagement mechanisms that are enhancing military-to-military relations. China's military is cautiously active in Latin America, building formative relationships one friend at a time. It is steadily making progress in securing relationships and it is doing so very rapidly. China's military and security relations with Latin America are complex, multidimensional and highly developed.³³ The increase in military ties between China and Latin America appears to have a direct correlation to individual countries' desires to diversify their security relationships away from a U.S.-centric orientation.³⁴ A failure of the United States to

mitigate this trend in the near term is likely to manifest itself into a far greater problem in the future.

In Sino-Latin American Relations - Economics is King

The final element of the DIME paradigm – Economics – is without a doubt the most prominent element of national power being used by China in its relationships with Latin American countries. It dominates Sino-Latin American relations in almost all aspects. China offers several attractive opportunities for Latin America. Economically, Latin America stands to benefit from trade diversification, foreign direct investment, low-cost imports, and growth in trade sectors that are mutually beneficial to all parties.³⁵ In 2009, Latin America and China continued to pursue two-way investment, trade, and commercial ties even as the global economic crisis froze international credit markets and reduced global trade. During his 2004 visit to Latin America, Chinese President Hu Jintao announced that China was prepared to increase two-way trade with the region to a sum totaling \$100 billion dollars by 2010. By 2007, two-way trade between China and Latin American nations had already surpassed that figure with two-way trade totaling some \$102.6 billion dollars.³⁶ The pace of trade between China and the region has skyrocketed from \$10 billion in 2000 to over \$100 billion in 2007 and is steadily growing. China is now Latin America's third largest trading partner behind the United States and the European Union.³⁷ China's combined trade surpluses and high internal savings rate give Beijing significant resources that many in Latin America hope will be invested in their countries.³⁸ China also maintains a distinct competitive advantage in leveraging its economic element of power. Many governments that receive aid from the PRC are attracted to the fact that the money comes with little or no caveats stipulating

demanding human rights conditions or other good governance requirements levied by countries like the United States and other western nations.³⁹

Chinese direct foreign investment in Latin America still lags far behind that of the European Union and the United States with the E.U. being the region's largest investor of \$620 billion and the United States trailing with investments in the region totaling \$350 billion. China's direct foreign investment by contrast is estimated at \$22 billion.⁴⁰ China's direct foreign investments seek high levels of return regardless of social, labor, or environmental conditions and these issues tend to cause conflict with native populations in the region.⁴¹

Another key component of Sino-Latin American economic relations centers around the fact that sustained Chinese economic growth within this past quarter century has required China to substantially increase its search for quantities of basic energy commodities such as petroleum products, coal, iron steel, and strategic minerals. China's ferocious appetite for new sources of energy supplies outside of Asia has led it to the doorstep of Latin America. Over the last decade, China's economy has grown by nearly 10 percent annually.⁴² There is no question that China has fueled a boom in the natural resources sector in Latin America. However, some Latin American economists worry about falling into a "commodity trap" in which resources are exported overseas and cheap imports flood the markets. While experiencing a boom in commodities, some manufacturing sectors are being eroded by inexpensive Chinese imports. To the contrary, some experts argue that the imports are actually good for Latin America in the sense that consumers ultimately benefit as these products are more affordable.⁴³

Some estimates show that China has the potential to become the world's largest economy in 2032 and grow to be 20 percent larger than the United States by 2050.⁴⁴ Such estimates, even if over inflated, give credence to China's future economic power. The global economic crisis encountered in 2008 resulted in the shrinking economies of the United States and Europe. This contraction encouraged China to expand its economic interest in Latin America as part of an overall plan to reduce its dependence upon the United States, Japan and Europe. Today, China continues to view the United States as a country that uses its economic leverage to exert political pressure as a strategy of "containment"; this is another reason that China seeks to diversify its economic and security relationships. Latin America, in addition to being an important source of supply for energy commodities, is a huge strategic market for Chinese exports. Latin America, with a population of more than 500 million and economy of \$3 trillion, is a very attractive market for China. At a time when the United States is concentrating its attention and resources on the war on violent extremism, China has made important inroads in expanding its economic influence throughout Latin America. The PRC is actively courting nations in the region to build stronger economic and security relations. There is little doubt that the People's Republic of China has moved from the periphery to become an important actor in hemispheric economic affairs. This new global strategy of China is considered by many security observers to be part of a grand offensive by Beijing to challenge U.S. interest and hegemony in the region.

Some experts take a benign viewpoint of China's expanding global economic influence and categorize it as more of an opportunity than a threat. Many consider it a natural manifestation of China's growing need for raw commodities and increased

demand for new energy resources.⁴⁵ Undeniably, China has become much more sophisticated and influential in building economic partnerships in the region. It is now securing its access to critical resources from the region that it requires for continued economic growth and ensuring its trajectory as a rising global power.

Examining the DIME Paradigm in the Context of the Chinese Perception of Time

When one considers the significance of how China's employment of the DIME to pursue its interests in Latin America is being measured, it is important to take into account the variable of time as a critical component of China's strategy. The relationship of time to culture is profound and it is part of the enculturation process that shapes the human way of life from our very inception into this world.⁴⁶ Each culture has its own particular norms regarding the importance of time. Anthropologist Edward T. Hall proposed that cultures organize time in one of two manners: either monochronic (M-Time) or polychronic (P-Time). These classifications represent two distinct approaches to perceiving and utilizing time.⁴⁷ Western cultures such as the United States view time as monochronic. Time is seen as a linear one directional continuous movement. It is often viewed as a commodity that can be bought, sold, saved, wasted, lost or borrowed. Once it is passed, it cannot be brought back. Therefore, westerners use time very exactly, to the minute, in a second and so on.⁴⁸ Americans see time as tangible, thus promoting a need for schedules, deadlines and efficiencies on tasks that they undertake. In this context, time is finite, with a distinct beginning and end, and is often considered a constraint.

Chinese culture, on the other hand, perceives time as circular as opposed to linear and feels that all things in the world return to their original state after a cycle of time. This line of thinking puts more opulence to the concept of time allowing the

Chinese to be more vague and relaxed with relation to time. They handle time at their disposal and do things at ease.⁴⁹ Polychronic cultures view the maintenance of harmonious relationships as prime.⁵⁰ The Chinese think that all things develop with the cycling of time; thus their need to create “ripe” conditions is the most important factor and the perceptions of their surroundings tend to dictate their actions.⁵¹

Distinction of these two concepts of time is important because it demonstrates how the Chinese use of DIME will be employed radically different from a western approach. The Chinese perception of time enables them to approach their engagement with Latin America much differently. Should the conditions not be “ripe” for a particular element of DIME to be engaged in pursuit of their national interests, the Chinese leadership is unlikely to become frustrated. They will just wait until the cycle presents more accommodating circumstances for that particular DIME engagement. By contrast, western cultures, such as the United States, are likely to view the inability to employ a particular element of national power at a particular moment in time as an obstacle. United States strategic leaders may see an opportunity as lost or wasted and are culturally programmed to become more frustrated. Consequently, they are more inclined to seek an alternative option in the interest of time. China, however, is more culturally aligned to bide its time until it can try again, staying focused on its long term strategies in the region. In some ways, this polychronic view of time provides a strategic advantage for the Chinese as they seek to expand their global influence. Time for China’s policy makers is a strategic enabler and a key component to achieve its geo-strategic aims.

So What? – The Strategic Implications for the United States

As China successfully employs its elements of national power throughout Latin America as part of its “peaceful rise’ strategy, there is little evidence to suggest an imminent national security threat to the United States even though some skeptics argue otherwise. What is clear and undeniable is that China has now moved into what used to be the unchallenged sphere of influence of the United States. What should be noted and carefully monitored are the dynamics surrounding China’s emergence in the region.⁵² The geo-political and economic implications of a strategic miscalculation could be catastrophic in nature should China overstep or the United States underestimate or misinterpret Chinese behavior. While Beijing’s motivations behind its international activities in the region remain peaceful and legitimate on the surface, there is an underlying skepticism that is particularly troubling. Thus far, China has been cautious, calculative and pragmatic in its dealings with Latin America. It will be interesting to watch as China continues to expand its ties to the region and if it will continue along its current trajectory or if it will deviate in some unforeseen way. Policy makers in the United States are now confronted with a myriad of challenges surrounding the PRC’s involvement in the region. These are but a few of the questions that United States strategic leaders must grapple with:

- How will the United States compete with China for political leverage and diplomatic influence?
- Will Chinese influence undermine democracy in the region?
- How does the United States mitigate against the PRC’s growing trade ambitions in Latin America?

- How will the United States respond to the PRC's limited military engagement in the region?
- How does the United States maintain its prominence as the partner of choice in the region?
- How does the United States recover from a perception of disengagement in the hemisphere?
- What policies will help the United States maintain a competitive edge for the region's energy resources?
- What, if any, policy evaluations need to be made concerning Taiwan in competing for interest in Latin America?⁵³

To date, the challenges surrounding the multifaceted confrontations with China have been addressed through a policy of “engagement” directed by the past seven United States presidents in their relations with China. In its most simplistic form, it has been a policy that has sought to draw the United States and China closer through dialogue and avoid a strategic miscalculation.⁵⁴ The archaic idea that China can be “contained” is no longer viable or desirable given the dramatic effects of globalization. The challenges and risks for the United States in meeting the challenges posed by China are significant and complex as the United States struggles with its multi-dimensional dealings with the various countries in Latin America. China has demonstrated that it shares significant interests in the region and is actively applying a calculated strategy to pursue those interests. The question is how will the United States confront those challenges? Will it seize the opportunity to work with China and its Latin American partners on a cooperative basis or will it take the more adversarial position of

dealing with China as a more hostile global competitor, furthering the potential for increased mistrust and confrontation? While significant challenges exist for the United States as it seeks to define its future relationship with China, there are in fact a number of shared interests that yield opportunities for a strategic partnership in Latin America. The ability of the United States to recognize the challenges and seize the opportunities associated with dealing with a rising China in Latin America will ultimately define its place in history as a global leader and respected partner.

Facing the Challenges – A Way Ahead for the United States

What is clear is that China does not intend to back away from bolstering its ties to Latin America. The United States is at a crossroads in dealing with its partners to the south and mitigating the challenges associated with a formidable new influencer in the hemisphere. The status quo of inattention and under resourcing of efforts will not bode well for the future of United States ties in the region. There are several mechanisms that can be leveraged to mitigate the challenges surrounding China's growing presence in Latin America.

First and foremost, the United States policy makers need to 're-frame' the problem. This issue is not that China is leveraging its power to 'move into' the region; the issue is that the United States has neglected its partnerships and has 'moved out.' Second, the United States has to define its overarching bilateral relationship with China. A failure to do this will only increase points of future friction as China's rise continues. Ultimately, this is the cornerstone that is missing. Until Washington develops an comprehensive national strategy to deal with the complexities of Sino-U.S. relations, the United States will likely continue to struggle with its relationship with China in the multilateral context in a region as complex as Latin America.

China's interests in Latin America are significant and are unlikely to change in the near future. If the United States wants to alter the course of its relations in the region, it needs to embrace the realities there. In order to re-establish stronger ties with its partners in the region, the United States should seize the opportunities that exist to work with China and, in particular, the Latin American nations, in areas of mutual concern. These areas of cooperative possibilities include venues of international trade, sustainable development, alternative energy research, and environmental sustainment in the region. Any other course that leads to a direct confrontation with China in the Americas will be counterproductive to other United States strategic interests elsewhere around the globe. Ultimately, this will mean potentially difficult compromises and choices for American policy makers.⁵⁵

Additionally, United States policy makers must pay more attention to what's occurring in the hemisphere so that they can adjust more responsively. The increasing trend of American unpopularity in Latin America is substantial. Even without China's increasing involvement in the region, America's declining popularity decreases Washington's ability to use its soft power and potentially makes the United States resort to less desirable options, rather than persuasion, to meet its strategic objectives.⁵⁶ The United States needs to re-calibrate its partnerships with its friends in the region and make a credible effort to reach out with a sincere and pragmatic public diplomacy campaign. It must leverage the strengths of its own elements of the DIME paradigm to not only the United State's traditionally strong partners in the region, but also to those countries who demonstrate considerable anti-U.S sentiment. The United States and Latin America are historically linked politically, economically and, to an ever growing

extent, culturally. While China's presence in the hemisphere is growing, it is far from omnipresent. The United States has to re-focus its efforts to demonstrate to its southern neighbors that while China does have much to offer the region, the United States can offer more and is still clearly the partner of choice. China's rise in Latin America should be a strategic warning for the United States. The choice must be to meet the challenge with the creativeness and ingenuity that has made America stand out as a global leader. Rather than speculate on how to mitigate the challenges regarding China, America should recognize them, embrace them, and let them serve as a catalyst to drive its foreign policy in Latin America in a more constructive manner. It is time for the United State to restore its partnerships in the region to a level that China will be unable to compete against.

Endnotes

¹ Riordan Roett and Guadalupe Paz, eds, *China's Expansion into the Western Hemisphere: Implications for Latin America and the United States* (Washington, D.C.: Brookings Institution Press, 2008), 28.

² David Lampton, "Paradigm Lost", *National Interest* 3 (2005): 73-71 quoted in Joshua Kurlantzick's, *Charm Offensive, How China's Soft Power is Transforming the World* (New Haven and London, Yale University Press, 2008) 40.

³ Roett and Paz, *China's Expansion into the Western Hemisphere: Implications for Latin America and the United States*, 35.

⁴ R. Evan Ellis, *China In Latin America the Whats & Wherefores* (Boulder, Colorado: Lynne Rienner Publishers, Inc., 2009) 1.

⁵ Jaewoo Choo, "China's Relations with Latin America: Issues, Policy, Strategies, and Implications", *Journal of International and Area Studies*, 16, no.2 (November 2009): 75.

⁶ Robber G. Sutter, *Chinese Foreign Relations, Power and Policy Since the Cold War*, (New York, Rowman & Littlefield Publishers, Inc., 2007) 380.

⁷ R. Evan Ellis, "Chinese Soft Power in Latin America", *Joint Forces Quarterly*, 60, 1st Quarter 2011): 87.

⁸ Roett and Paz, *China's Expansion into the Western Hemisphere: Implications for Latin America and the United States*, 36.

⁹ Choo, "China's Relations with Latin America: Issues, Policy, Strategies, and Implications", 77.

¹⁰ Sutter, *Chinese Foreign Relations, Power and Policy Since the Cold War*, 386.

¹¹ Ellis, "Chinese Soft Power in Latin America," 89.

¹² Roett and Paz, *China's Expansion into the Western Hemisphere: Implications for Latin America and the United States*, 39.

¹³ *Ibid.*, 44.

¹⁴ U.S. Congress, U.S.-China Economic and Economic and Security Review Commission, *China's Propaganda and Influence Operations, Its Intelligence Activities that Target the United States and the Resulting Impacts on National Security: Hearing before the U.S.-China Economic and Economic and Security Review Commission, 111th Cong., 1st sess., April 30, 2009*, 10.

¹⁵ Kerry Dumhaugh and Mark Sullivan, *China's Growing Interest in Latin America*, CRS Report for Congress (Washington, D.C.: Library of Congress, Congressional Research Service, April 20, 2005), p 6, <http://www.usembassy.it/pdf/other/RS22119.pdf> assessed 15 November 2010.

¹⁶ Cynthia J Arnson, "Testimony by Dr. Cynthia J Arnson, Director, Latin American Program, Woodrow Wilson International Center for Scholars, Senate Foreign Relations committee Subcommittee on the Western Hemisphere", *Congressional Record* (December 1 2010): 2.

¹⁷ Fredrick Stakleback, Jr, "China and Global Positioning (GSP)," August 23, 2005 linked from Global Politician at [www://globalpolitician.com/21116-china](http://www.globalpolitician.com/21116-china) (accessed 12 November 2010), 1.

¹⁸ U.S. Congress, U.S.-China Economic and Economic and Security Review Commission, *China's Propaganda and Influence Operations, Its Intelligence Activities that Target the United States and the Resulting Impacts on National Security: Hearing before the U.S.-China Economic and Economic and Security Review Commission*, 11.

¹⁹ *Ibid.*, 16.

²⁰ Congressional Research Service, Library of Congress, "China's Foreign Policy and "Soft Power" in South America, Asia, and Africa, A Study Prepared for Committee on Foreign Relations United States Senate", (Washington, D.C.: Library of Congress, Congressional Research Service, April, 2008), 3.

²¹ Loro Horta, "In Uncle Sam's Backyard: China's Military Influence in Latin America," *Military Review*, (September-October 2008); 47.

²² Ibid.

²³ Ibid., 48.

²⁴ Ibid.

²⁵ Tom Lasseter, "China's Influence in Latin America", February 8, 2009 from McClatchy Blog at <http://washingtonbureau.typepad.com/china/2009/02/chinas-influence-inlatin-america.html> (accessed on 3 Dec 2010)

²⁶ Horta, "In Uncle Sam's Backyard: China's Military Influence in Latin America," 49.

²⁷ Ibid.

²⁸ Francois Lafargue, "China's Strategies in Latin America," *Military Review*, (May-June 2006); 83.

²⁹ Ibid.

³⁰ Horta, "In Uncle Sam's Backyard: China's Military Influence in Latin America," 53.

³¹ Cynthia, Watson, "China's Arms Sales to Latin America: Another Arrow in the Quiver" *China Brief*, vol 10, issue 4 (February 18, 2010), 10.

³² Horta, "In Uncle Sam's Backyard: China's Military Influence in Latin America," 55.

³³ Ibid.

³⁴ Watson, "China's Arms Sales to Latin America: Another Arrow in the Quiver", 10.

³⁵ Roett and Paz, *China's Expansion into the Western Hemisphere: Implications for Latin America and the United States*, 16.

³⁶ Stephanie Miller, "Cooperating with China in Latin America", June 3, 2009 from the Center for Progress at http://www.americanprogress.org/issues/2009/06/cooperate_china.html (accessed on December 21, 2010), 2.

³⁷ Daniel P. Erikson, "The New Challenge: China and the Western Hemisphere" Testimony before the House Committee on Foreign Affairs, Subcommittee on the Western Hemisphere", June 11, 2008 from *Inter-American Dialogue* at <http://www.thedialogue.org/page.cfm?pageID=32&pubID=1386>, (accessed December 21, 2010), 1.

³⁸ Ellis, "Chinese Soft Power in Latin America," 87.

³⁹ Congressional Research Service, Library of Congress, "China's Foreign Policy and "Soft Power" in South America, Asia, and Africa, A Study Prepared for Committee on Foreign Relations United States Senate", 9.

⁴⁰ Erikson, "The New Challenge: China and the Western Hemisphere" Testimony before the House Committee on Foreign Affairs, Subcommittee on the Western Hemisphere", 1.

⁴¹ Virginia de la Siega, "What is China's Interest in Latin America", June 2010 from International Viewpoint Online Magazine at <http://www.internationalviewpoint.org/spip.php?article1883> (accessed on December 21, 2010) 2.

⁴² Erikson, "The New Challenge: China and the Western Hemisphere" Testimony before the House Committee on Foreign Affairs, Subcommittee on the Western Hemisphere", 1.

⁴³ Erik Bethel, "Why China is Going to Latin America", July 23, 2010 from Seeking Alpha at <http://seekingalpha.com/article/216247-why-china-is-going-to-latin-america> (accessed December 21, 2010), 3.

⁴⁴ Uri Dadush, "The G20 in 2050" November 2009 from the Carnegie Endowment *International Economic Bulletin* at www.carnegieendowment.org/publications/index.cfm?fa=view (accessed on December 21, 2010), 1.

⁴⁵ Roett and Paz, *China's Expansion into the Western Hemisphere: Implications for Latin America and the United States*, 1.

⁴⁶ Larry A. Samovar, Richard E. Porter, Edwin R. McDaniel, *Communication between Cultures* (Boston, MA: Wadsworth Publishing 2010), 273.

⁴⁷ *Ibid.*, 278.

⁴⁸ LIU He-jun, "Comparison between Chinese view of time and the western view," *Sino-US English Teaching* Volume 5, no 11 (November 2008): 61.

⁴⁹ *Ibid.*

⁵⁰ Larry A. Samovar, Richard E. Porter, Edwin R. McDaniel, *Communication between Cultures*, 278.

⁵¹ LIU He-jun, "Comparison between Chinese view of time and the western view," 62.

⁵² Ellis, "Chinese Soft Power in Latin America," 91.

⁵³ Congressional Research Service, Library of Congress, "China's Foreign Policy and "Soft Power" in South America, Asia, and Africa, A Study Prepared for Committee on Foreign Relations United States Senate", 13.

⁵⁴ C. Fred Bergsten, et al., *China's Rise: Challenges and Opportunities* (Washington, DC: Peterson Institute for International Economics Center for Strategic and International Studies, 2008), 235.

⁵⁵ Nina Hachigan and Mona Sutphen, *Next American Century* (New York: Simon & Schuster, 2008), 234.

⁵⁶ Joshua Kurlantzick, *Charm Offensive: How China's Soft Power is Transforming the World* (New Haven: Yale University Press, 2007), 193.