

China-Latin America Belt and Road Cooperation: Challenges and Paths for In-Depth Progress

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Amid profound changes unseen in a century, the international community is faced with an ever more complex and volatile situation, as typified by the increasingly intense competition among the world's great powers. In this context, China is focused on developing stable and reliable global ties with major regions. Latin America, for example, with its large number of developing countries, has become a crucial partner for China to expand its South-South cooperation. Continuous progress between the two sides has led to positive outcomes in recent years. Consequently, Latin America has not only become a major priority for China's diplomacy, but China has also fostered a new type of cooperative relationship with Latin America featuring equality, mutual benefit, innovation, openness and tangible results for the people. New circumstances demand that China and Latin American countries optimize and upgrade their cooperation in an innovative manner, with the joint building of the Belt and Road Initiative playing a pioneering role. While there is great potential for China to expand cooperation with Latin America on this front, difficulties and challenges of various kinds should also be taken into account. Only by aligning strategies and innovating policies can the goals of the Belt and Road Initiative, namely policy coordination, facilities connectivity, unimpeded trade, financial integration and people-to-people bonds, firmly take root in Latin America.

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Progress of China-Latin America Belt and Road Cooperation

Since 2017, the Latin American region has gradually become an important participant and beneficiary of the Belt and Road Initiative. As China and Latin American countries are continuously strengthening coordination of their policies, connectivity among their people and infrastructure facilities, and the integration of their trade and financial markets, their development relationship is constantly being optimized and upgraded.

Strengthening policy coordination

China has always shaped its relations with Latin American countries from a strategic and long-term perspective, because it regards Latin America as a major force in the multipolar world and a fundamental basis of its diplomacy. Since 2012, Latin America has continuously enhanced its position in China's diplomatic outlook. Chinese President Xi Jinping has personally outlined the roadmap of China-Latin America relations, and has visited 11 countries during his five tours to the region since taking office. With the deepening of mutual trust, China and Latin America have jointly established a comprehensive cooperative partnership, and are constantly stepping up policy coordination under the Belt and Road Initiative. So far, China has reached consensus with a number of Latin American nations on Belt and Road cooperation, and has signed memoranda of understanding with 19 regional countries.¹ Suriname and China have struck a Belt and Road cooperation agreement, while Brazil and Argentina are accelerating the synergy of their development strategies with that of China. In the joint statement issued during Brazilian President Jair Bolsonaro's visit to China in October 2019, the two countries agreed on the intention to bring China's national development

¹ These 19 countries include Peru, Jamaica, Barbados, Ecuador, the Dominican Republic, Grenada, Cuba, El Salvador, Chile, Suriname, Venezuela, Guyana, Costa Rica, Uruguay, Dominica, Bolivia, Trinidad and Tobago, Antigua and Barbuda, and Panama.

strategy and its international initiatives, like the Belt and Road, in accordance with Brazil's own development policy and investment plans, like the Investment Partnership Program.²

Upgrading trade ties

During his visit to Latin America in 2014, President Xi proposed a framework for pragmatic China-Latin America cooperation, known as “1+3+6.”³ Furthermore, in 2015, Chinese Premier Li Keqiang put forward the “3×3” model on his visit to the region.⁴ With the introduction of these advanced and improved mechanisms, economic cooperation between China and Latin America has entered a transition period towards better quality and higher efficiency, with significant progress already witnessed in trade connectivity.

Trade ties between China and Latin American countries have thus expanded in terms of both quantity and quality. In 2018, trade volume between the two sides reached US\$307.4 billion, surpassing the record peak in 2014 and registering an increase of 18.9 percent year-on-year. Specifically, China's exports to the Latin American region amounted to \$148.79 billion, a 13.7 percent increase year-on-year, while its imports from the region reached \$158.61 billion, a 24.1 percent surge year-on-year.⁵ In the first eleven months of 2019, trade volume between China and Latin America increased by 1.8 percent year-on-year, reaching \$286.83 billion. China's exports expanded by 0.2 percent to \$136.48 while its imports rose by 3.4 percent to \$150.35 billion.⁶ China has become the second largest trading partner of

2 “Joint Statement between the Federative Republic of Brazil and the People's Republic of China,” October 25, 2019, http://www.gov.cn/xinwen/2019-10/25/content_5444954.htm.

3 In the “1+3+6” framework, “1” means being guided by the *China-Latin American and Caribbean Countries Cooperation Plan (2015–2019)*, “3” means utilizing trade, investment and financial cooperation as driving forces, and “6” means identifying energy and resources, infrastructure construction, agriculture, manufacturing, scientific and technological innovation and information technology as cooperation priorities.

4 The “3×3” model refers to jointly building the three major passages of logistics, electricity and information in Latin America, enabling healthy interactions among enterprises, society and government, and expanding the three financing channels of funds, credit loans and insurance.

5 “Imports and Exports in Goods by Country (Region) in December 2018,” China General Administration of Customs, January 23, 2019, <http://www.customs.gov.cn/customs/302249/302274/302276/2278978/index.html>.

6 “MOFCOM: China-Latin America Trade and Investment Facilitation Has Substantially Improved,” December 26, 2019, http://www.financialnews.com.cn/hg/201912/t20191226_174220.html.

Latin America after the United States. At the same time, the composition of China-Latin America trade has been changing. The products exported by Latin American countries to China are increasingly diverse, and high value-added goods are making up an ever larger share of the export portfolio. The former dominance of primary raw materials such as crude oil, ore and grain in Latin American exports is being gradually replaced by a multitude of high value-added products such as frozen meat, fruits, flowers, alcohol and tobacco, and other refined and processed foods.

China's investment in Latin America is also transforming from an overreliance on energy resources to cooperation in capacity building aimed at more diversified ways of production. In 2017, China invested \$14.08 billion in the region, which accounted for 8.9 percent of its total FDI. As of the end of 2017, China's direct investment stock in Latin America had reached \$386.89 billion.⁷ By November 2019, this figure had already exceeded \$410 billion.⁸ Latin America has become the second largest destination for China's overseas investment after Asia. China's investments into the Latin American region have also expanded into emerging technological fields such as intelligent manufacturing, electricity, and communications. Meanwhile, the accumulative actual investment made by Latin American countries in China has surpassed \$220 billion, with 33,188 enterprises established.

Advancing infrastructure connectivity

As China keeps accelerating its cooperation with Latin American countries in infrastructure construction, remarkable progress has been made in recent years in the fields of transportation, energy, and in the information-based sector. In terms of transport infrastructure, Chinese enterprises have stepped up investment in the construction of ports, bridges, railways, and highways in many Latin American countries. Notable projects in this regard include the container port on Panama's Margarita Island, a fourth bridge over

7 "Basic Information on China-Latin America Economic and Trade Relations," Ministry of Commerce of China, August 12, 2019, <http://mde.mofcom.gov.cn/article/NoCategory/200210/20021000042975.shtml>.

8 "MOFCOM: China-Latin America Trade and Investment Facilitation Has Substantially Improved."

the Panama Canal, and the renovation of the Belgrano Cargas cargo railway in Argentina. With regard to energy infrastructure, Chinese companies have also increased investments significantly. This includes their participation in several hydropower station projects in Ecuador, which greatly alleviates the problem of the country's energy shortage, as well as the modernization of Brazil's Jupia and Ilha Solteira hydroelectric plants, the second phase of the Belo Monte ultra-high-voltage power project, and the construction of the São Lourenço water supply system. In the field of information connectivity, Huawei's technological lead in 5G has created new opportunities for cooperation between Chinese and Latin American telecom operators. Brazil and Mexico, among other regional countries, have welcomed Huawei's involvement in building their 5G networks.

Initial formation of a financial cooperation network

Driven by the Belt and Road Initiative, financial cooperation between China and Latin America has been continuously expanding in scope and quality. The use of the renminbi in cross-border trade and investment has become more and more prevalent. By the end of 2018, China had signed local currency swap arrangements with Brazil, Argentina, Suriname, and Chile respectively. Renminbi clearing banks had been established in Argentina and Chile, while Brazil and six other Latin American countries had joined the Asian Infrastructure Investment Bank. In April 2019, a multilateral development-oriented financial cooperation mechanism proposed by the China Development Bank (CDB) was set up, becoming the first of its kind between China and Latin American countries.

Deepening people-to-people exchanges

In recent years, China and Latin American countries have expanded their communication on multiple levels and in many diverse areas such as media, think tanks, education, and tourism. So far, China has launched 44 Confucius Institutes and 12 Confucius Classrooms in Latin America, which lead to a surge of interest in learning the Chinese language. The number

of student and business exchanges between Latin America and China has seen a steady annual growth, and a large amount of Chinese literary works have been published in Spanish or Portuguese for Latin American readers. Chinese newspapers and magazines such as *China Daily* and *China Today*, as well as the China Global Television Network (CGTN), have set up branches or satellite channels in the region. Currently, a total of 24 Latin American countries have become travel destinations for Chinese tourists, many of them exempting Chinese visitors from visa requirements on a conditional basis, with some even issuing five-year multiple-entry visas to Chinese citizens. Direct flights between Chinese and Latin American destinations have further facilitated people-to-people exchanges. Thus, the number of Chinese visitors to Latin America has been increasing over the past few years, reaching nearly 1.3 million in 2017.

Motivations for China-Latin America Belt and Road Cooperation

With its open and inclusive approach to cooperation and an innovative and pragmatic institutional design, the Belt and Road Initiative has been able to take China-Latin America relations to a higher level. Advancing cooperation within the Belt and Road framework is not only consistent with the need for progress of China and Latin American countries, but also serves as a fresh driving force for deepening their ties.

Facilitating transition and upgrade of the Chinese economy

As trade frictions between China and the United States are worsening and the pressure of a domestic economic downturn is building up, advancing cooperation under the Belt and Road program would effectively support China's efforts to promote a supply-side structural reform, intensify its opening-up process, and ensure its economy operates within an appropriate range. Such forms of cooperation would compel China and Latin American countries to harmonize their policies and profit from mutual learning and common experiences. For instance, China can gain practical knowledge of

pollution prevention and control, and learn from Latin America's lessons of financial risk management, to improve its own capabilities in the "three tough battles" of preventing and defusing financial risks, targeted poverty alleviation, and pollution control. Such cooperation would also deepen their economic and trade ties, which China can use to optimize its standing in the global market to achieve sustainable and enhanced momentum for its international trade. Moreover, through the joint building of production capacities with Latin American countries, China's innovation-driven development strategy can be thoroughly brought into play, thus creating more opportunities for its enterprises to "go global." Through agricultural cooperation, China can diversify its imports of agricultural products and safeguard its food and economic security. Through transnational operation of e-commerce systems, cross-border logistics and finance, the economic transition to innovative, green, clean, and sustainable forms of cooperation can be accelerated on both sides.

Helping Latin American countries overcome development barriers

The Belt and Road Initiative is expected to enhance trade between China and other countries along the routes. In the same way, it will also expand the scope of external economic ties for Latin American countries. Cooperation in building new production capacities and upgrading existing industrial chains will boost the potential for connectivity and innovative development of Latin America. In addition, the Belt and Road Initiative would attract foreign investment into Latin America, thus accelerating economic reform and facilitating economic recovery and growth in the region. According to statistics of the Inter-American Development Bank, an investment of \$2 trillion in the transportation and energy sectors is needed for the Latin American region in the next two decades. Given this, the multi-level and cross-sectoral cooperation platform launched by the Belt and Road Initiative would open new horizons for multilateral cooperation of Latin American countries. Through regional infrastructure construction, the Belt and Road would help overcome the geographical barriers for Latin American

integration, and allow for a free flow of goods, capital, services, and labor forces. Besides, such a development-oriented regional cooperation concept would bring new impetus to the efforts of regional countries to put aside political differences and pursue common prosperity and solidarity.

Resolving issues facing China-Latin America cooperation

Although economic and trade cooperation between China and Latin America has made considerable progress in terms of volume and quality, there is still ample room for improvement, as the vast potential of trade between the two sides is yet to be tapped. In 2018, China's total volume of external trade in goods reached \$4.62 trillion, a record increase of 12.6 percent. However, trade between China and the whole of Latin America stood at a mere \$307.4 billion, accounting for only 6.7 percent of the total volume. Imbalances in the trade structure are even more worrisome, namely that, according to statistics, 72 percent of Latin American exports to China are bulk commodities such as soybeans, iron ore and petroleum, whereas 91% of their imports from China are manufactured goods. Besides, China's investment in Latin America needs urgent diversification. Currently, the areas in which China is directing its investments into is still characterized by a low technological level, mostly concentrated on mineral resources and labor-intensive industries, rather than high-tech industries such as computers and software. For China-Latin America cooperation to reach a higher level and the broadest possible spectrum, the two sides need to reinforce and institutionalize their interactions through a comprehensive and long-term strategy of interconnectivity. Only if China-Latin America Belt and Road cooperation can advance in depth and content, can previous shortcomings be expected to be overcome. Within the framework of policy coordination, the two sides can begin to implement their cooperation projects in very specific and effective ways; in particular, the building of a "clean Silk Road" would help to avoid the "corruption trap." When following the connectivity roadmap, the joint construction of a "green Silk Road" based on responsible, low-risk, high-quality, and sustainable infrastructure building plans would

give birth to a series of demonstration projects that promote local economic development, protect the native environment and ecology, and benefit the Latin American communities. By enhancing “unimpeded trade” and dismantling unnecessary barriers, Latin American nations would be enabled to deliver more high value-added products to the Chinese market. Increased “financial integration” would provide diversified, sustainable monetary support for cooperation between the two sides. Closer “people-to-people bonds,” as reflected in more cultural exchanges and mutual learning between civilizations, would gain solid popular acceptance for extensive and long-term strategic cooperation.

Responding to the complex world situation

As structural socio-economic contradictions intensify in the United States and other Western developed countries, trade protectionism, populism, and anti-globalization sentiments have made a comeback. On the other hand, the Belt and Road Initiative, which is proposing an open, inclusive, connected, and sustainable world economy, has forcefully countered these protectionist, isolationist, and anti-globalization trends, and has pledged to uphold an international economic order featuring openness, inclusiveness and sustainability. The approach of promoting inclusive and high-quality economic growth to improve people’s livelihood has effectively curbed the spread of populist myths in Latin American developing countries. By advocating connectivity construction between Latin America and the Eurasian continent, and by strengthening China-Latin America cooperation in all fields, the participating trade partners, investment sources, and financing channels of Latin American countries are very diverse. This creates the opportunity for Latin American countries to adopt a more independent position in their relations with the United States, and gives China more self-confidence in addressing external interference with its ties to Latin America.

Even though the United States has been publicly meddling with China-Latin America cooperation, disagreements between the US and

Latin American countries remain intact, which leads the latter to attach more importance to Belt and Road cooperation with China. For a long time, the US has been handling its relations with Latin American countries in a hegemonistic manner. The Donald Trump administration has even reactivated the Monroe Doctrine and stepped up interference in Latin American affairs. Admittedly, some countries in the region with right-wing governments have consolidated and even strengthened their ties with the US, but the selfish nature of Washington's Latin America policy has determined that the inequality in their relationships would remain. In fact, dissatisfaction with Washington's policy has been growing in a number of these countries. Furthermore as Latin America is not a top priority of US diplomacy and the US is unwilling to give up its protectionist approach in economic and trade issues towards Latin American countries, any substantial improvement in relations between the two sides is highly unlikely in the short term. Hence, China's proposal to jointly build the Belt and Road is expected to receive more positive responses in the region. Alicia Bárcena, Executive Secretary of the UN Economic Commission for Latin America and the Caribbean (ECLAC), pointed out that the Belt and Road Initiative, as a farsighted proposal for international cooperation, has become a model for Latin America and China to enhance their inter-connectivity.⁹ Nayib Armando Bukele Ortez, President of El Salvador, expressed his country's willingness to participate in jointly building the Belt and Road Initiative during his visit to China in December 2019.¹⁰ José Luis Bernal, Mexican Ambassador to China, also indicated that Mexico, as a key transit node in the historical Maritime Silk Road, will play an even more important role in future Belt and Road construction.¹¹

9 "Alicia Bárcena: La iniciativa china de la Franja y la Ruta puede contribuir al gran impulso ambiental propuesto por la CEPAL para la región," CEPAL, 11 de abril de 2019, <https://www.cepal.org/es/noticias/alicia-barcena-la-iniciativa-china-la-franja-la-ruta-puede-contribuir-al-gran-impulso>.

10 "Joint Statement between the People's Republic of China and the Republic of El Salvador," December 3, 2019, <https://www.mfa.gov.cn/web/zyxw/t1721149.shtml>.

11 "Second Seminar on China-LAC Dialogue between Civilizations Focuses on Belt and Road," September 8, 2018, <http://world.people.com.cn/n1/2018/0909/c1002-30281498.html>.

Challenges for China-Latin America Belt and Road Cooperation

In the midst of an increasingly difficult internal and external environment in Latin America, and faced with intensifying China-US strategic competition in recent years, the Belt and Road cooperation between China and Latin American countries is confronted with mounting challenges.

More efforts required from the Chinese side

Latin America is geographically distant and culturally different from China, with its own distinctive system of discourse and way of thinking. This is partly the reason for a lack of mutual understanding and knowledge between China and Latin American countries. Many aspects about the Belt and Road Initiative are insufficiently understood, and sometimes even grossly misinterpreted in some countries in the region. Without a clear comprehension of the concept, the connotations and the extension of the Chinese initiative, confusion prevails about which projects belong to the Belt and Road Initiative and whether signing a Belt and Road memorandum of cooperation will bring real benefits. Some do not fully grasp the inherent relationship between the Belt and Road Initiative and other policies and commitments of China concerning Latin America. The Brazilian Center for International Relations, for example, once raised similar sounding concerns and publicly stated some of their reservations about the Belt and Road Initiative.¹² Some Latin American countries merely focus on the short-term benefits the initiative will bring, without adequate recognition of its long-term significance. Besides, suspicions of a so-called “Chinese threat,” “colonialism” and “debt trap” still sell well in Latin America. Unfounded accusations against China such as “damaging the environment” or “violating human rights” are frequently popping up in newspapers and are sensationalized by individual media outlets and non-governmental

12 “Brasil-China: por uma parceria estratégica global sustentável para o século XXI,” Centro Brasileiro de Relações Internacionais, October 2018, http://midias.cebri.org/arquivo/Livreto_Position%20Papers%20Trilingue_FINAL.pdf.

organizations. Protests and demonstrations targeting Chinese enterprises have been witnessed in Ecuador and elsewhere. It is therefore a major challenge for the Chinese side to bridge the gap in perception and convey the Chinese angle of the Belt and Road Initiative.

In addition, the Chinese side does not yet have a comprehensive understanding of the national conditions and systems in Latin American countries. That demands stronger integration of research efforts between the government, enterprises and think tanks in China. While the Belt and Road Initiative advocates a government-guided and enterprise-dominated approach with the market playing a major role, most Chinese companies in Latin America do not have sufficient knowledge about the national conditions of the countries in which they operate. Domestic think tanks are also not able to offer targeted recommendations, if they lack specific information about the overseas operations of Chinese enterprises. The absence of close communication between the government, enterprises and think tanks has become a constraint on Belt and Road construction. In terms of strategic synergy, the non-material connectivity between China and Latin America has yet to be improved. Laws, regulations and standards on tax, labor and environmental protection in Latin American countries are complex and vastly different from those in China. The lack of professionals in these areas has resulted in poor adaptability of Chinese enterprises and added to difficulties regarding their alignment with host countries. Lastly, there are too few cooperation mechanisms at the sub-regional level. Currently, the top-down design of China-Latin America cooperation is created to serve the region in its entirety, and mechanisms for Belt and Road cooperation are mostly bilateral, without much participation from sub-regional organizations.

Intertwined risks in Latin America

Numerous political risks and the instability of governments in some Latin American countries are most likely having a significant impact on external cooperation. In recent years, political turmoil, coupled with economic depression and rampant corruption in some countries, has led to

increasing dissatisfaction among populations. In Peru, the dispute between the President and his opposition in Congress is intensifying. In Chile and Ecuador, anti-government demonstrations are fueled by an outbreak of social contradictions. This complicated political environment has posed challenges to the construction of Belt and Road projects and the operations of Chinese enterprises in the region. Moreover, changes of government after elections have prompted some countries to significantly adjust their domestic and foreign policies, often leading to a shift in their attitudes towards China. Although that does not necessarily lead to a derailment of their cooperation with China, this unreliability has caused some non-negligible disturbances to China-Latin America cooperation.

Economic risks are also persistent in the region. According to ECLAC, the global economic downturn and the China-US trade frictions will continue to negatively affect Latin America's ability to export and attract foreign investment. With insufficient endogenous momentum due to their unbalanced industrial structure and over-dependence on external stimulus, the economic growth rate of the region in 2019 was only expected to be 0.1 percent, much lower than even the 0.9 percent in 2018. The growth of the Latin American economy will continue to lag behind the worldwide average and that of emerging economies.¹³ In particular, as Brazil, Mexico and Argentina are mired in sluggish economic performance or even a downturn, the arising financing difficulties may result in the abandonment of their cooperation projects with China. The region-wide economic depression has also significantly exacerbated the fiscal situation of central governments in Latin America, putting more pressure on their external debt. Argentina has been hit by a financial crisis, and has also been burdened by the large sums it owes to the International Monetary Fund. Venezuela and other left-wing states have felt the severe impact of sanctions imposed by the United States, lowering their economic prospects and creating additional risks of a debt

13 "Overall Deceleration Persists in Latin America and the Caribbean in 2019 and Low Growth is Expected for 2020," ECLAC, November 11, 2019, <https://www.cepal.org/en/pressreleases/overall-deceleration-persists-latin-america-and-caribbean-2019-and-low-growth-expected>.

crisis. Furthermore, the fragile economic structure and low risk resistance capacity in various regional countries have also accumulated hazards in their foreign exchange systems. The multiple interest rate hikes by the US Federal Reserve in 2018 have accelerated the capital outflow of emerging markets, with a currency storm breaking out in Argentina. In fact, volatilities in the foreign exchange markets have become a major concern for Chinese enterprises during their expansion of operations in Latin America. Lastly, the issue of trade frictions must not be underestimated, given that some regional countries intend to erect barriers and launch anti-dumping investigations against Chinese producers and investors to improve their export structure.

The public security risk in the region is also on the rise. After the global financial crisis in 2008, most Latin American countries went through a very slow economic recovery phase and saw their public security situation deteriorate. Since Donald Trump took office, the United States has stepped up repatriation of illegal immigrants and cut off aid to the three Central American countries of Guatemala, Honduras and El Salvador, worsening the chances of maintaining public stability in these states. As the situation in Venezuela came to a deadlock, there has been a surge in the number of refugees flooding into neighboring Colombia and Brazil, which has aggravated the burden on their governance and public safety systems. All this has contributed to the security risks for Belt and Road construction in Latin America.

Greater external influence

Since taking office, the Trump administration has characterized China as a strategic competitor, and has adopted a variety of measures to interfere with China-Latin America cooperation. Using extensive anti-China rhetoric, the US government is accusing Beijing of creating a sphere of influence in Latin America by leveraging its economic clout and injecting “corrosive capital into the economic bloodstream,” all in an attempt to create divisions in China-Latin America relations. Instead, it is the US itself that has revived the Monroe Doctrine and stepped up intervention into Latin American affairs, forcibly suppressing left-wing regimes like those in Venezuela and

Cuba while catering to right-wing states like Brazil and Argentina, in order to regain its own influence in the region. From 2019 onwards, the US has more flagrantly meddled with the Venezuelan situation and sowed discord in Chinese-Latin American cooperation efforts, even obstructing the annual conference of the Inter-American Development Bank and its component meeting on China-Latin America cooperation.¹⁴ Infrastructure projects between the two sides have also encountered direct US interference. “Growth in the Americas,” an initiative launched by the US in December 2019 to encourage US enterprises to engage in Latin American infrastructure building,¹⁵ is widely regarded as Washington’s response to counter the Belt and Road Initiative.

The increasing presence of other major powers in Latin America has brought additional competitive pressure on China. Europe, with its deeply rooted historical and cultural connections to Latin America, has an obvious natural advantage in terms of economic, trade, cultural, security and social governance cooperation. Currently, the European Union is the third largest trading partner of Latin America and the leading investor in the region. In August 2018, a contract agreement to build a digital data highway was signed by the BELLA (Building European Link to Latin America) Consortium and EllaLink, a private consortium, to launch the deployment of an underwater fiber optic cable connecting the two continents.¹⁶ In June 2019, the EU and the Southern Common Market (Mercosur) reached a political agreement for a free trade deal, which would promote the EU’s standards of e-commerce, labor rights and environmental protection¹⁷ and make the EU a strong competitor for China’s Belt and Road projects in the future. Russia has

14 “Exclusive: IADB Cancels China Meeting after Beijing Bars Venezuela Representative,” *Reuters*, March 23, 2019, <https://www.reuters.com/article/us-venezuela-politics-china-iadb-exclusi/exclusive-iadb-cancels-china-meeting-after-beijing-bars-venezuela-representative-idUSKCN1R32NU>.

15 “Growth in the Americas,” December 18, 2019, <https://www.state.gov/growth-in-the-americas>.

16 “BELLA: A New Digital Data Highway between Europe and Latin America,” European Commission, August 13, 2018, <https://ec.europa.eu/digital-single-market/en/news/bella-new-digital-data-highway-between-europe-and-latin-america>.

17 “EU and Mercosur Reach Agreement on Trade,” European Commission, June 28, 2019, <http://trade.ec.europa.eu/doclib/press/index.cfm?id=2039>.

been closely cooperating with Cuba, Venezuela and Nicaragua, and has offered firm support to Venezuela's Maduro government, thus consolidating its bilateral relations with these countries. Japan has effectively utilized its technological edge and the influence of its expatriates to expand relations with Latin America, and is likely to support the US in countering China-Latin America Belt and Road cooperation. Furthermore, India, with its large population and its advantages in technological services and the use of the English language, is not only a tremendously attractive partner for the region, but has even surpassed China as the largest importer of Latin American oil. Against such a background of a major-power contest, the Belt and Road Initiative is expected to face a more competitive environment in Latin America.

Approaches to Deepening China-Latin America Belt and Road Cooperation

The second Belt and Road Forum for International Cooperation in 2019 has laid out a new blueprint for China-Latin America cooperation, charting a course for its future development. According to these guidelines, the Chinese side should take a long-term perspective and conduct its overall planning in a prudent and pragmatic manner, following the principles of wide consultation, joint contribution, and mutual benefits. By continuously advancing Belt and Road cooperation in Latin America, the Chinese-Latin American relations are expected to continuously improve and take a more innovative path.

Overarching principles and approaches

China-Latin America Belt and Road cooperation should aim at achieving win-win outcomes and building a community with a shared future in the long term. With South-South cooperation as its major component, China and Latin America will jointly strive for common development and prosperity based on complementary advantages. As a crucial driver of China-

Latin America cooperation, the Belt and Road Initiative will lend strong support to building a community of common destiny between the two sides. China and Latin American countries will continue to uphold multilateralism and remain committed to a rules-based multilateral trading system with the World Trade Organization (WTO) at its core, to enhance free and open trade and investment. The two sides can start from bilateral cooperation mechanisms, and then expand their ties further into the multilateral arena. Latin America has the potential to become a success story of international Belt and Road cooperation, if the synergy of development policies and new sources for economic growth are jointly explored, which would represent solid steps closer to the lofty goal of building a community with a shared future for mankind.

Advancing comprehensive connectivity

Policy coordination serves as an important underpinning of Belt and Road construction. Any further broadening and intensification of China-Latin America Belt and Road cooperation will not only enrich traditional ties between the two sides, but also increase the Belt and Road's appeal to new potential partners. The first step is to advance cooperation at multiple levels. China should accelerate the synergy of strategies or plans with Latin America at national, regional and global levels, better utilize the existing cooperation frameworks, and further develop its strategic collaboration with regional and sub-regional organizations in Latin America. By doing so, a truly global Belt and Road cooperation architecture can be established, which would be led by the Belt and Road Forum and supported by specific multilateral and bilateral cooperative projects. In addition, China can promote dialogue and consultations with ECLAC, the Inter-American Development Bank and the Pacific Alliance, to contribute to the further integration of Latin American economies. The second measure would be to broaden the range of cooperation. If both sides pursue the further integration of their respective sustainable development goals in the areas of economy, society, finance and environment with the UN 2030 Agenda, China and Latin America can

cooperate in poverty reduction, tackling climate change and expanding financing channels, thus making crucial joint contributions to implementing the 2030 Agenda. Lastly, it is essential to motivate additional participants to enter into the cooperation framework. Through third-party market cooperation, China and Latin America can better synergize their advantages, share their resources, and work to foster a more extensive partnership. This will bring more flexibility and broader space for Latin America's participation in the Belt and Road Initiative.

In terms of their trade and investment ties, China and Latin America should focus on industry-wide cooperation, and promote industrialization and economic growth of both sides through deeper cooperation in value, industrial and supply chains. Taking advantage of the digital economy and the new industrial revolution, the two sides can improve the integration of their digital infrastructure and the industrial chains of their high-end manufacturing. By accelerating high-level cooperation in various fields and fostering the further integration of markets, technologies and industries of both sides, China can help Latin American countries achieve sustainable industrialization and thus create conditions for an even closer link between their economies. Specifically, the two sides can strengthen cooperation on high-value-added agricultural products and in the food processing industry. China can consider issuing health and quarantine certificates to more Latin American agricultural products, step up technical and financial support for the agricultural sector in Latin America, and facilitate the promotion and selling of Latin American agricultural products in China. Depending on the circumstances, China can also upgrade relevant bilateral free trade deals and trade arrangements, and study the feasibility of signing free trade agreements with Mercosur and the Pacific Alliance. Scientific and technological cooperation can be strengthened to fulfill the aspiration of Latin American countries to get involved in the new industrial revolution. China may also share its extensive e-commerce experience and grant more Latin American products access to Chinese e-commerce platforms. The establishment of cross-border payment systems will overcome the temporal and spatial barriers

between the Chinese and Latin American agriculture and services sector markets.

Connectivity, especially through the building of high-quality infrastructure, should be the priority of future China-Latin America Belt and Road cooperation. First, the institutional architecture of the cooperation should be enhanced to bring laws, regulations and standards of both sides into alignment. By adopting internationally recognized practices, rules and technical standards, the potential of infrastructure connectivity will be further stimulated. Second, the quality of cooperation projects should be enhanced. The joint focus on high-quality, risk-resistant and sustainable infrastructure construction and industrial cooperation will enable China and Latin America to address major bottlenecks in financial support, challenges of investment environment and risk control. This will also help to facilitate new industrial, value and supply chains, create more job opportunities, cultivate human resources, and promote economic sustainability. Third, all cooperation efforts should serve to improve people's livelihood. While working on some of the flagship projects that benefit socio-economic development in Latin America, the two sides should pay special attention to projects that can quickly bring positive effects. Only by so doing can local communities truly and substantially benefit from the results of Belt and Road cooperation in the short term. Fourth, cooperation patterns should be innovated. The conventional pattern of project contracting should be gradually extended to the stages of construction and operation. Financing models such as public-private partnership (PPP) and build-operate-transfer (BOT) should be promoted. Through a point-to-point pattern, China can step up connectivity with transport facilities like ports, railways and highways in various hub countries. Considering the specific national environment of Latin American countries, China can create favorable conditions for its logistics and infrastructure building companies to operate in the region, with advisory support and early warning on business environment and investment risks. The trans-Pacific fiber cable project should be advanced to build an "invisible bridge" between China and Latin America.

China and Latin America should also foster their financial integration. China can admit more Latin American countries into the Asian Infrastructure Investment Bank and other Belt and Road financing institutions, as well as the CDB-led China-Latin America development-oriented financial cooperation mechanism. China could sign local currency swap agreements with more Latin Americas countries, which would advance the renminbi's internationalization. Furthermore, it could consider following the example of the BRICS cooperation framework, by establishing a contingency reserve arrangement supported by the renminbi and bilateral and multilateral local currency settlement systems between China and Latin America. Besides, China can more actively introduce special guidelines of renminbi-denominated investment and bond issuance to Latin American enterprises, so that regional countries can not only participate in renminbi-denominated futures trading in crude oil and iron ore, but also provide reliable, effective and sustainable financing support for China-Latin America economic cooperation.

People-to-people bonds are the social foundation of Belt and Road cooperation. China should uphold the spirit of mutual learning in communication between different civilizations, and strengthen cooperation with Latin American countries in education and vocational training. Exchanges in science and technology, culture, arts, the creative economy, rural development, health, tourism and sports should be expanded. By engaging more deeply with non-governmental groups in Latin American countries, mutual understanding between people of both sides can be deepened and a broad public opinion basis in favor of China-Latin America cooperation can be laid. Learning from previous successful cases of humanitarian aid in Latin America by the US, the EU and Japan, China should adjust its approach and increase training on medicine, health, disaster prevention and relief in the region. China can also liaise more frequently with local Chinese communities, and encourage them to play an active role in China-Latin America relations.

Other supporting work

Communication between government representatives, think tanks and enterprises should be prioritized, to advise companies on how to seize opportunities while avoiding risks. Enterprises that already operate in Latin America can also be encouraged to provide useful examples for government decision-making and think tank analysis. The economic and commercial counselor's offices of Chinese embassies should work to coordinate more smoothly with local companies, and ensure that the latter have completed relevant feasibility studies before initiating a project, to avoid disorder and unnecessary competition among Chinese enterprises operating in Latin America.

Conclusion

As a major component of South-South cooperation, China-Latin America cooperation stands on a strong foundation and has bright development prospects. It is a model case for building a new type of international relations, and also provides a reference for developing countries to address their governance dilemma. The Belt and Road Initiative can become a particularly important platform and driver of in-depth cooperation between the two sides. Upholding the principle of wide consultation, joint contribution and mutual benefits, and following the concept of open, green and clean development, China should comprehensively strengthen cooperation with Latin American countries in the five major areas of policy coordination, facilities connectivity, unimpeded trade, financial integration and people-to-people bonds, thus consolidating and enlarging their common interests. In the process, the two sides should strive for high-level and high-quality cooperation and jointly explore new dynamic factors for economic growth to set an example for sustainable development to other developing countries. 