

## Latin America lures Asia's big powers

9th September, 2014

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Considered for most of the twentieth century as the United States' backyard, Latin America is today a place where other major powers seek to exercise a growing influence and find a steady supply of energy and natural resources as well as markets and investment outlets.

In the span of just three weeks in July, the leaders of Russia, China and Japan led well publicised tours in the region. Vladimir Putin arrived in Cuba on 11 July and from there visited Nicaragua, Argentina and Brazil. Xi Jinping landed in Brazil on 14 July and then toured Argentina, Venezuela and Cuba. Shinzo Abe started in Mexico on 25 July, continuing to Trinidad and Tobago, Colombia, Chile and Brazil.



Putin's trip to Latin America was a timely opportunity and the summit meeting of the BRICS grouping to be [held in Brazil](#) <sup>[1]</sup> was a handy excuse. Beyond his official goals, Putin sought to widen Russia's influence in the region and, especially, to rebuild the partnership with Cuba given his urgent need for allies in the west, especially one neighbouring the United States.

The day before his departure for Havana, Russia's Federation Council (the upper house of the national legislature) ratified an agreement to write off 90 per cent of Cuba's US\$35.2 billion debt to the [Soviet Union](#) <sup>[2]</sup>. This move, and his encounter with Fidel Castro, revealed Putin's intention to revive an old and, today highly, useful friendship broken by the collapse of the former superpower. On 15 July, Russian newspaper *Kommersant* reported that government officials had announced that Putin had closed a deal with Cuba to reopen the Lourdes signals intelligence facility — a listening post located just a couple of hundred kilometres away from Florida — which was used by the Soviets to spy on the United States during the [Cold War](#) <sup>[3]</sup>. Putin denied this claim a day later in his speech at the BRICS summit but the news was already

out.

In any case, the perception that he may be harbouring the idea of [rebuilding the Soviet empire](#) <sup>[4]</sup> was reinforced with those moves. After all, in 2005 he declared that the collapse of the Soviet Union was the greatest [geopolitical disaster of the twentieth century](#) <sup>[5]</sup> and last March orchestrated the annexation of Crimea.

Regardless of Putin's ambitions, Latin America benefited from his tour: he waived the Cuban debt; signed several agreements in Argentina to provide technical and financial support for the construction of two power dams and parts for a nuclear power plant; and pledged to increase Russia's food imports from Ecuador, Chile, Brazil and Argentina. In addition, he expressed a keen interest in Latin America's vast reserves of oil, bauxite, water, and food.

China's President Xi Jinping, in turn, sought to secure a steady supply of oil and raw materials and tap investment niches to ease the pressures stemming from overinvestment at home. To do so he brought a big bag of fresh capital, a tactic China has followed for the last decade. From 2005 to 2013, the China Development Bank loaned more than US\$98 billion dollars to [over a dozen countries](#) <sup>[6]</sup> that were finding it hard to get credits through the main international institutions. Nearly 90 per cent of those loans were channelled to Venezuela, Argentina, Brazil and Ecuador to be repaid through [long-term oil sale deals](#) <sup>[7]</sup>. During his trip, Xi disbursed nearly [US\\$68 billion](#) <sup>[8]</sup> more for multiple projects in the countries he visited. He also agreed to provide Cuba with soft loans for trade deals and roll over its debt.

But Xi harvested a valuable crop too. He got agreement that the BRICS development bank will have its headquarters in Shanghai. He also secured a permanent presence for China in the Community of Latin American and Caribbean States (CELAC) with the creation of a China-CELAC forum, which held its first meeting during Xi's visit to Brazil.

Just three days after Xi left Latin America, Japanese Prime Minister Shinzo Abe arrived in Mexico. Although Japanese government officials argued that the close timing was a coincidence dictated by the Japanese parliamentary calendar, the general perception was that '[where Xi leads, Abe follows](#)' <sup>[9]</sup>.

Abe signed 14 economic and technical cooperation agreements with Mexican President Enrique Peña Nieto and offered to collaborate with him on the Trans-Pacific Partnership (TPP). Abe also pledged to bolster the Pacific Alliance (a trade bloc between Chile, Colombia, Mexico and Peru) and increase Japan's presence within it. He repeated this pledge to Presidents Juan Manuel Santos and Michelle Bachelet in his visits to Colombia and Chile respectively. In addition, he offered to accelerate negotiations toward signing an FTA with Colombia so that Japan can have FTAs with all four members of the Pacific Alliance.

In Trinidad and Tobago, Abe attended the summit meeting of the Caribbean Community and Common Market (CARICOM) and the first meeting of the newly established [Japan-CARICOM summit](#) <sup>[10]</sup>. In these meetings he ensured a permanent presence of Japan in CARICOM and won the support of its members for Japan to secure a non-permanent seat on the UN Security Council, one of Abe's official objectives in Latin America.

Japan is catching up with China in Latin America. On 28 July, Peter Drysdale observed that Abe is seeking to realise Japan's post-war vision of a '[region-wide economic dynamism, with expanding frontiers](#)'<sup>[11]</sup>. It seems that these frontiers can expand across the Pacific into Latin America.

More generally, the tours of Abe and Xi further increased the entanglement of the Asia Pacific's spaghetti bowl of FTAs and regional and sub-regional arrangements. Japan now has a permanent presence in CARICOM and potentially in the Pacific Alliance, as China does in CELAC. The question now is how these movements will feed into the current momentum surrounding mega-regional trade deals in the Asia Pacific, and whether they will improve China's chances of getting into the TPP.

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Article from the East Asia Forum: <http://www.eastasiaforum.org>

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[1] held in Brazil: <http://www.eastasiaforum.org/2014/07/23/cementing-the-brics-together/>

[2] Soviet Union:

<http://www.themoscowtimes.com/business/article/russia-ratifies-35bln-debt-write-off-for-cuba/503222.html>

[3] Cold War: <http://www.bbc.com/news/world-europe-28338996>

[4] rebuilding the Soviet empire: <http://www.bbc.com/news/magazine-26769481>

[5] geopolitical disaster of the twentieth century:

[http://archive.kremlin.ru/eng/speeches/2005/04/25/2031\\_type70029type82912\\_87086.shtm](http://archive.kremlin.ru/eng/speeches/2005/04/25/2031_type70029type82912_87086.shtm)  
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[6] over a dozen countries: [http://www.thedialogue.org/map\\_list](http://www.thedialogue.org/map_list)

[7] long-term oil sale deals:

<http://www.economist.com/news/americas/21600686-china-lends-disproportionately-countries-lack-other-options-flexible-friends>

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[9] where Xi leads, Abe follows:

<http://www.csmonitor.com/World/Asia-Pacific/2014/0728/Where-Xi-leads-Abe-follows-Chi>

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[10] Japan-CARICOM summit:

<http://thediplomat.com/2014/07/abes-latin-america-tour-focused-on-trade-and-china/>

[11] region-wide economic dynamism, with expanding frontiers:

<http://www.eastasiaforum.org/2014/07/28/japans-search-for-a-new-regional-vision/>