The United States and China in Latin America: Rival Imperialisms

written by Dan La Botz | October 8, 2022



The United States has long dominated Latin America, but today—in fact for the last twenty years—it is being challenged by China, which has invested billions and established political and some military relationships with many governments in the region. The U.S. took control of Latin America first through wars and later through economic investment, China has begun with economic investment, but as we know from history, defending such investments often requires war. One can foresee a sharpening of U.S.-Chinese inter-imperialist competition in Latin America today.

U.S. Imperialism in Latin America

Let's begin with the United States' bloody history in Latin America. The United States' rise to domination in Latin America took about 100 years, involved two major wars and many military interventions, occupations, and coups d'état. Driven by the Southern states' desire to expand slavery, the U.S. began to take territory from Mexico between 1836 and 1855, most important the U.S.-Mexico War of 1846-48, following which the United States took half of Mexico's territory, which became the Southwestern United States (California, Arizona, New Mexico, Nevada, Utah, Colorado). Some 100,000 Mexicans and many indigenous people were forced to become part of the United States; the Mexicans were not granted full rights and many native peoples were exterminated.

Then in the Spanish-American War of 1898, the United States acquired Puerto Rico and established a protectorate over Cuba. In 1903 the United States backed Panama's secession from Colombia, and in 1904 the United States took over from France the construction of the Panama Canal that opened in 1914. The canal became strategically significant, allowing the U.S. to move its warships between the Atlantic to the Pacific. So, by the beginning of World War, I the United States dominated all of Central America and the Caribbean, though keeping the region under its control entailed the occupation of Haiti 1915 to 1934 and of Nicaragua 1912-1933. In 1933 U.S. President Franklin Roosevelt announced the "good neighbor policy" and ended the occupations and withdrew the Marines but he left U.S. backed dictators in their place. Still, whenever American interests were threatened, the U.S. intervened, as in the case of the coup it organized in Guatemala in 1954.

At the end of World War II, the weakened British empire lost its economic hold on Latin America and the United States replaced it to become the principal banker and investor in the mines, oil fields, and plantations. The Cuban Revolution of 1959 finally ended U.S. control of the island, but in response the United States organized the failed the Bay of Pigs invasion. After that fiasco, President John F.

Kennedy launched the Alliance for Progress, ostensibly to promote democracy and capitalism, but it gained no traction. President Lyndon B. Johnson sent the U.S. Marines to invade and occupy the Dominican Republic in 1963 in order to remove the left nationalist president, Juan Bosch. At the same time, Cuban revolutionary Che Guevara inspired a wave of guerrilla movements throughout Latin America, but without a mass working class or peasant base, they were tragic failures. And the Latin American elite reacted by organizing military coups aided or by the United States in Brazil (1964), Bolivia (1971), Chile (1973), Uruguay (1973), and Argentina (1976).

Only at the end of the 1980s did the U.S. and Latin American elites permit democracy to return to Latin America, generally in the form of conservative political institutions and parties accompanied by neoliberal economic policies. So, the United States continued to dominate finance, industry, and trade until the twenty-first century. But then a series of rebellions, social movements and popular uprisings led to elections that brought to power the Pink Tide governments opposed to both U.S. domination and the neoliberal economic system. Hugo Chávez in Venezuela in 1999, Luiz Inácio da Silva (Lula) in Brazil in 2003, Nestor Kirchner in Argentina in 2003, and Evo Morales in 2006. Lula played a central role in the creation of BRICS, and economic alliance of Brazil, Russia, India, China and South Africa. BRICS created a development bank and other financial institutions as an alternative to the International Monetary Fund and the Word Bank. The Pink Tide soon went out, but a new era was beginning.

The Rise of the Chinese Economy

Since the new millennium, everything has changed with the rise of China. While the United States is still the world largest economy with a GDP of 23.0 trillion USD, China is in second place with a GDP of still 17,734.1 trillion. The top four of the world's 15 largest banks are Chinese. China today exports more goods and services than the United States: China $2,723,250.43 millions followed by U.S. with $2,123,410.00 millions. China's growth in economic power has been accompanied by a growth in ambition as, like other great imperial powers such as the United States, the European Union, and Russia it seeks to expand its economy as well as its political and military influence. Unlike the United States and Europe which are driven by profit maximization. Chinese imperialism is driven by state political interests. China's hybrid bureaucratic collectivist and capitalist economy, controlled by the Communist Party, has the advantage that the state directs the banks, corporations, and trading companies, making its international economic policies quite effective.

Chinese involvement in Latin America has been gradual. After Richard Nixon traveled to Beijing to embrace Mao Zedong in 1972, most Latin American governments follow U.S. foreign policy and recognized the People's Republic of China (PRC). Still there was little economic, political or military involvement until the World Trade Organization accepted China as a member in 2001. In the early 2000s, China established free trade agreements with Chile (2005), Peru (2009), and Costa Rica (2010). Other Latin American nations later followed suit. To establish ties with the PRC often meant having to break ties with Taiwan, as Costa Rica did in 2007, Panama in 2017, El Salvador in 2018 and Nicaragua in 2021. And trade with the PRC has boomed. In 2001, Latin America exported only 1.6% of all its exports to China; today that figure is 26%. According to the World Economic Forum, Chinese-Latin American trade grew 26-fold between 2000 and 2020, from $12 billion to $315 billion. Today China is Latin America's largest trading partner, *followed* by the United States. Some countries like Chile, which sends about 39 percent of its exports to China, and Jamaica which is deeply indebted to China, have become economically dependent.

Chinese trading patterns in Latin America resemble those of the United States and Europe with Latin America in the 19th and 20th centuries. Latin American principally exports commodities such as pork, soybeans, sugar, timber, copper, bauxite, petroleum, oil, and other materials that China wants for its industries and to feed its people. And China sells Latin America higher-value manufactured goods, such as Huawei and Xiaomi smart phones, which Latin Americans desire. The disadvantage for Latin America is that imported Chinese manufactured goods often displace domestic products, so that there

may be growth in extractive and agriculture sectors but a stagnation or even a decline in industry.

China's relationship with Latin America goes far beyond trade. Chinese corporations, many of them state-owned enterprises, now have vast investment in Latin America. Logically, just as the British and Americans did in an earlier era, the Chinese tend to invest in the processing of the extractive and agricultural products they are buying. For example, from 2000 and 2018, China invested $73 billion in in refineries and processing plants in Latin American countries that provide coal, copper, uranium, natural gas, and oil. Beijing also recently invested about $4.5 billion in lithium production in Mexico, and the "Lithium Triangle" of Argentina, Bolivia, and Chile, believed to have half the world's store of this valuable mineral.

China engages in outward direct investment (ODI), that is, establishing subsidiaries of its corporations or acquiring companies in Latin America. Chinese ODI in Brazil amounts to $60 billion, in Peru, $27 billion, and in Chile $15 billion today. Total Chinese ODI in Latin America is $130 billion. Then too there are Chinese bank loans. The China Development Bank and the China Export-Import Bank had made 94 loans in the region amounting to $137 billion in 2020. Chinese loans have benefited some countries, but others, like Bolivia and Ecuador face created excessive debt. Chinese loans typically have adjustable interest rates, so now, with interest rates rising, Latin American nations are finding it harder to make their payments.

The Chinese Belt and Road Initiative (BRI) has also come to Latin America. Originally launched in September 2013, the BRI was originally intended link Asia, Europe, the Middle East and Africa through the construction of infrastructure: roads, bridges, and then damns, power stations, electrical systems, and electronic communications. The BRI, which is the heart of the Chinese imperial economic system, creates a web for Chinese loans, investments, trade, and military assistance as well. China promotes the BRI as part of its South-South diplomatic initiative, supposedly to unite the Global South to contest the Global North of Europe and the United States. Twenty out of twenty-four Latin American and Caribbean countries had joined the BRI as of December 31, 2021.

Politics, Soft Power, and the Military

The Chinese President Xi Jinping has personally taken the lead in promoting Chinese relations with Latin America, having visited the region eleven times since he took office in 2013. Other Chinese leaders frequently visit Latin America either as diplomats to promote closer ties, to oversee the granting of loans, or to make new investments.

The Chinese government, in addition to economic projects, has also spent $10 billion per year to establish Confucius Institutes in Latin American and Caribbean countries that offer undergraduate and advanced degrees in Chinese language and culture and organize cultural exchanges. Mao Zedong introduced the reactionary Confucian philosophy into the Chinese Communist Party and later into the state after taking power in 1949; together with Stalinism and Maoism it forms part of the society's authoritarian ideology. China also provides financing to other institutions and universities for research.

China has also established ties with the Latin American military. China has established a defense forum that promotes discussions with military leaders. China offers military exchanges and training programs in which officers or soldiers' study in each other's military academies, visit each other's bases, and learn each other's methods. Thus, China learns the strengths and weaknesses of Latin American countries and gain influence among Latin American military officers, just as the United States has done in the past. China has not established military bases in Latin America, which would alarm the United States, but it has created what it calls "strategic strong points" to provide naval access and supply. The Chinese have seven port operations in Mexico, three in Panama, three in the Bahamas and one in Buenos Aires, Argentina, as well as being engaged in port construction projects in Brazil, Peru, Ecuador, and Jamaica.

China has sold millions of dollars' worth of aircraft, ground vehicles, aid defense radar systems,

assault rifles and other materiel to Bolivia and Ecuador. But some of its closest military ties are with the authoritarian leftist regime in Venezuela, which has been besieged and sanctioned by the United States. Venezuela has purchased $80 million in K-8 fighters and also bought military transport planes.

Conclusion: Latin America Will See Inter-Imperialist Conflict

The United States is not about to give up its supremacy in Latin America without a fight, whether economic, political, or military. The American government views the Caribbean and Central America in particular as part of its sphere of influence and considers its involvement in South America to be necessary to maintain its hold on the hemisphere.

While some progressives, and leftists believe that China is a benign power working to create a fairer world, there is little to justify this view. Consider the case of Tibet. After the Chinese Communists took power in 1949, the PRC annexed Tibet in 1950, but in a negotiation with Tibet's Dalai Lama promised the Tibetans autonomy. Unhappy with Chinese rule, Tibetans rebelled in 1959, which led China to take direct control and impose the Chinese Communist one-party system, while a few years later the Cultural Revolution carried out the destruction of six thousand Tibetan Buddhist monasteries and caused the deaths of between 200,000 and one million people. Han Chinese military officials and bureaucrats took charge of the government while the PRC promoted Han immigration, carrying out the Sinicization of Tibet.

Then there is the case of the Uighurs, some twelve million ethnically distinct people who speak a Turkic language and are mostly Muslims living in Xinjiang Uyghur Autonomous Region (XUAR). China has detained and holds over one million Uighurs, adults and their children, in "reeducation camps" where many perform forced labor, are subject to abuse, and some tortured. At the same time, as happened with Tibet, the policy of promoting mass migration of Chinese into Xinjiang has been changing the ethnic character of the region. China has no toleration of ethnic and cultural difference or freedom of conscience, whether of Tibetan Buddhist or Uighur Muslims. Neither, of course, does it permit the establishment of rival political parties, independent labor unions, or any other form of independent social movement.

Finally, there is the role of China in the South China sea, one of the world's most important shipping passes with vessels carrying trillions of dollars in goods that sail through each year. The South China Sea islands are claimed by many different nations: China, Taiwan, Philippines, Vietnam, Malaysia, Indonesia, Brunei, and Singapore. There is competition not only over the islands and the trade route but also over oil in the sea. China has staked out its claims to the lion's share of the South China Sea and has militarized three of the islands with anti-ship and anti-aircraft weapons increasing tensions in the region. China's behavior in Asia reveals its character and suggests how it would behave if it had more power in the Western Hemisphere.

Of course, Latin America is far from China and close to the United States, still the world's greatest military power. China is in no position to take military action in the Western Hemisphere. Yet the two greatest imperial powers of the day now struggle for dominance over the Latin American economy and one can expect that struggle to become more acute.