



# LAC Focus: Latin America, China and the United States



## **Coordinadora Regional de Investigaciones Económicas y Sociales**

CRIES is a Latin American and Caribbean Think Tank aimed at mainstreaming network-based analysis of regional, hemispheric and global issues. With its headquarters in Buenos Aires, Argentina, the CRIES network extends to all of Latin America and the Caribbean, gathering over 100 research centers, NGOs and experts that specialize in foreign policy, integration, security, citizen's diplomacy, conflict prevention and mass atrocity prevention.

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### **Abstract**

In the near future, the relations among country-continents—such as the United States, China or Russia—with regional blocks that are able to speak with a single voice will become more important. Facing this new reality represents a challenge for countries in Latin-America and the Caribbean, which must balance, on one side, the interests of their own countries and social and political particularities with the ability to act as a block in the international sphere. But, are we prepared in Latin-America and the Caribbean to manage our international affairs with a common strategic agenda? What role do the United States and China play, as actors in global governance, in it?

## Latin America, China and the USA: the developing of a new route map

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An important part of this program is related to global governance. Global governance regarding climate change; regarding the Bretton Woods institutions and the necessity of updating them to the context of the 21st century. Global governance regarding international trade, especially when the Doha Round has had very small progress. And, particularly in our hemisphere, global governance related to migrations and drugs policies.



Then, if we look at the relationship between the United States and Latin America today, it becomes evident that the old donor-recipient dynamic

has changed, mostly because our countries no longer qualify for the traditional “foreign aid”. Nevertheless, new routes of cooperation are open regarding the agreements that could advance our common interests in terms of a global governance agenda. Especially

if we consider that the United States will continue to be the largest nation in terms of military, technological and scientific power, at least, up to the middle of the century. And, in a shorter term, it is the only place where Latin-American exports increased during the first semester in 2015 (+3%.)

On the other hand, China's increasing influence over Latin-American has been highly noticeable after

its efforts to move towards a new model of economic development, which is focused on innovation and internal consumption.



This “new normal” has a negative impact on Latin-American exports, since our region perceives that “the golden age of commodities” experienced in the last decade is over and we must be prepared to face new challenges.

In the middle of 2015, the authorities of the Inter-American Development Bank predicted that by 2025 the trade between Latin-America and United States will fall to 17% of the region's total commerce. Meanwhile, the economic exchange with the region of China could reach the same percentage. Moreover, the IMF predicts China, by then, will have become the first world economy. Hence, it is relevant to include China as an important actor to consider in our hemispheric relations.

We, as Latin-Americans, have to change our mentality and become autonomous to face the future by looking at USA and China as partners for our own development strategies. For example, the agreement known as the Trans-Pacific Partnership (TPP) is a free-trade agreement with an adequate balance of the aspirations of its 12 partners. This—it must be noted—is not an instrument that isolates China; especially, if we consider that, at the

same time, countries such as Mexico, Peru and Chile are also part of the APEC feasibility study for a free-trade agreement among all its members which includes it. In the same line, Argentina, Brazil and México are challenged to reactivate the G20 and contribute through that forum to think about the future of world economy.

Although Latin-America looks both to the Atlantic Ocean and to the Pacific Ocean, this does not mean that there is a confrontation between the coasts. As the President of Brazil made clear in her visit to Mexico: our challenge is to move towards concrete integration practices to face our region's deficits in infrastructure, digital networks, energy, education and advanced knowledge. We must be cautious, however, since Latin-American countries have a tendency to subscribe declarations and joint plans with others, but at the time of putting them in action the weight of unilateral politics has usually prevailed.

An example of these new forms of international relations is the Community of Latin American and Caribbean States, CLACS, whose main task is to be a mechanism of political coordination within the region and for the dialogue with the rest of the world. In January of 2015, all its Foreign Ministers attended the first China- CLACS meeting. Four months later, the Presidents of CLACS met with Canada and the United States. Now, the question is whether CLACS will be able to coordinate the naturally diverse positions of our countries and the G20, so it can speak with a single voice about the issues concerning the world economy and governance.

Could CLACS demonstrate to both Beijing and Washington that its countries are able to have a collective agenda with one another, as well as keeping their autonomy and self-interests? In order to achieve this goal is crucial to adopt a policy that combines approximation and caution. Approximation with initiative in order to make visible ideas and proposals. And, as history teaches, caution to observe with attention the behavior of these powers, because we do not want to reach agreements that imply to pay costs that we do not deserve to pay.