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**CHINA IN CENTRAL AMERICA: STRENGTHENING STRUCTURAL POWER AND
HEGEMONY, 2010-2015.**

MANUEL VILLEGAS MENDOZA.

ABSTRACT.

The end of the Cold War led to the construction of a new geopolitical scenario, where the dissolution of blocks allowed the arise of new great powers beyond their borders. Such is the case of the significant and increasing Chinese presence of China in Central America.

With the approach of structural power as a theoretical tool, the main purpose of this paper is to analyze China as a key player in that region without disrupting US hegemony in its "backyard".

This research shows that Chinese actions to become a power in Central America involves: first, seeking access to markets, raw materials and food; second, investing in infrastructure, telecommunications and technology; third, establishing financing mechanisms and development cooperation.

KEYWORDS.

China; Central America; structural power; emerging powers; US hegemony.

INTRODUCTION.

In the context of the current international multilateral system, the end of the Cold War gave way to the configuration of a new geopolitical scenario, where the dissolution of blocks aligned to the superpowers allowed a greater incursion of emerging powers in regions to which they do not belong geographically (Ellis, 2011). Such is the case of the presence of the People's Republic of China (hereinafter China) in Latin America and the Caribbean, and in particular in Central America, which is part of a broad and long-term foreign policy strategy aimed at securing the supply of raw materials and food, access to markets for their products, as well as support for its presentation abroad as a responsible country and committed to the defense of interests in favor of underdeveloped nations, thereby achieving a leadership that assures advantages in the pursuit of its national targets (Correa, 2012).

However, it is necessary to search whether seeking access to markets, energy, mineral and agricultural resources; investing in infrastructure, telecommunications and technology projects; and establishing mechanisms of

financing and development cooperation with the countries of the hemisphere entails an attempt to influence the norms, rules and institutions of the Latin American regional order, with the intention of underpinning the rise of China's global leadership in the contemporary international society.

The central argument of this paper is the fact that China is expanding its presence in Central America as an emerging country worldwide, through the strengthening of a structural power that includes the promotion of multiple issues and processes of interaction, without overturning American hegemony in its "backyard."

For this purpose, the first section focuses on defining the *Theory of Structural Power* (TSP) coined by Susan Strange, as well as highlighting the revisions that have recently emerged in this regard; and the second is intended to analyze the scope of China's presence in Central America and in the hemisphere through the areas of interaction established by structural power. Finally, some preliminary considerations are offered.

1. THE STRENGTH OF THE STRUCTURAL POWER THEORY AND ITS RECENT REVISIONS.

The following is a brief discussion of Susan Strange's central approaches to structural power and the criticisms made of it; which has contributed to the development of the analytical potential of this concept.

1.1. STRUCTURAL POWER ACCORDING TO SUSAN STRANGE.

The original theory of structural power was made known by Susan Strange (1994) in her work *States and Markets*; where she argues that power is the ability to control, or at least influence, the outcome of events. Strange warns that there are two dimensions of power: the internal and the external. The first refers to the capacity of a State to be free of influence or external coercion; it is defined, therefore, in terms of autonomy. The second, the external, is the ability to induce or inhibit certain behaviors, either through direct action, or by sanctions and reprisals, such as coercion, persuasion, leadership or authority; consequently, it is defined in terms of coercion and influence.

The expressions of power in this external sphere are three: relative endowment of capacities or tangible resources; results obtained in relation to what is intended to be achieved; and relational power, which implies an asymmetrical interdependence, exercised through a lasting and concrete relationship (Strange, 1994).

This leads to the definition of structural power as the capacity to form the structure or frameworks of action where the capacities are configured and the actors are related (Strange, 1994). It is the power of certain States to determine the rules of the game in international politics. Consequently, the power of those States is expressed in the ability to exert influence over others, as well as in the ability to establish rules of the game, whether legal norms, social practices or international regimes.

Structural power allows defining opportunity costs, sanctions and incentives, as well as assigning functions and determining which behaviors are acceptable, and which ones are not, depending on determined values. Likewise, structural power reflects the unequal distribution of capacities and resources, which allows certain States to influence institutions and the rules

of international politics. Structural power answers a key question: Cui bono? That is, determining who benefits and how benefits and costs are distributed (Strange, 1994).

The sources of structural power are interdependent, whereas, although they are different, they are intimately related; each of them is based on the others without any primacy over the others. These sources that dominate the structure of the international society are the following:

1.1.1. Structure of Security.

Power emanates from the fact that one State offers security to another in the face of a threat, real or potential, by an actor or group, in return for gaining material, political and / or status advantages. Structural power is obtained by those actors who possess the means to exercise security control, by threat or deterrence, before a society using violence.

In the structure of security, threats to international security come from: States, which can resort to war; markets, by influencing the capacity of the State for the provision of security, that is why their degree of industrialization and economic development are fundamental; the unipolar, bipolar or multipolar context in which States interact; and technology, which affects power balances, for example, in arms technology (Strange, 1994).

1.1.2. Structure of Production.

It focuses on social agreements, which determine what is produced, by whom, by what methods and by what terms. The interaction between the structure of production and social groups (including the State) influences outcomes and the allocation of costs and benefits.

Changes in production methods involve shifts of power between different social groups, firms and the State. It also implies adjustments in the responsibilities and capacities of States, which leads to a transformation of the State (Strange, 1994).

In short, the structure of production incorporates the relationship between state power and the transnationalization of production and technological change, thereby reducing the importance of the factors of production linked to the territory - land, raw materials and labor-, and increasing the importance of capital and technology in foreign direct investment flows. This motivates States, on the one hand, to develop favorable policies for transnational corporations and foreign capital; on the other hand, to significantly reduce autonomy of the State in the formulation of economic policy.

1.1.3. Credit and Finance Structure.

It focuses on state power in monetary affairs and credit. The structure of finance is defined as the set of agreements that govern the availability of capital and the exchange of currencies (Strange, 1994).

The crucial points of analysis are credit generation, monetary policies and the international monetary system. The power to generate credit is shared by governments and banks, and by the regulatory frameworks defined between them; and this is affected by both monetary policies and the behavior of markets.

1.1.4. Structure of Knowledge.

It determines what knowledge is discovered, how it is stored and transmitted, who communicates it and by what means, to whom and in what terms. In this structure, power and authority are conferred on those persons and institutions who occupy key positions in making decisions about what knowledge is "right" and desirable (Strange, 1994)

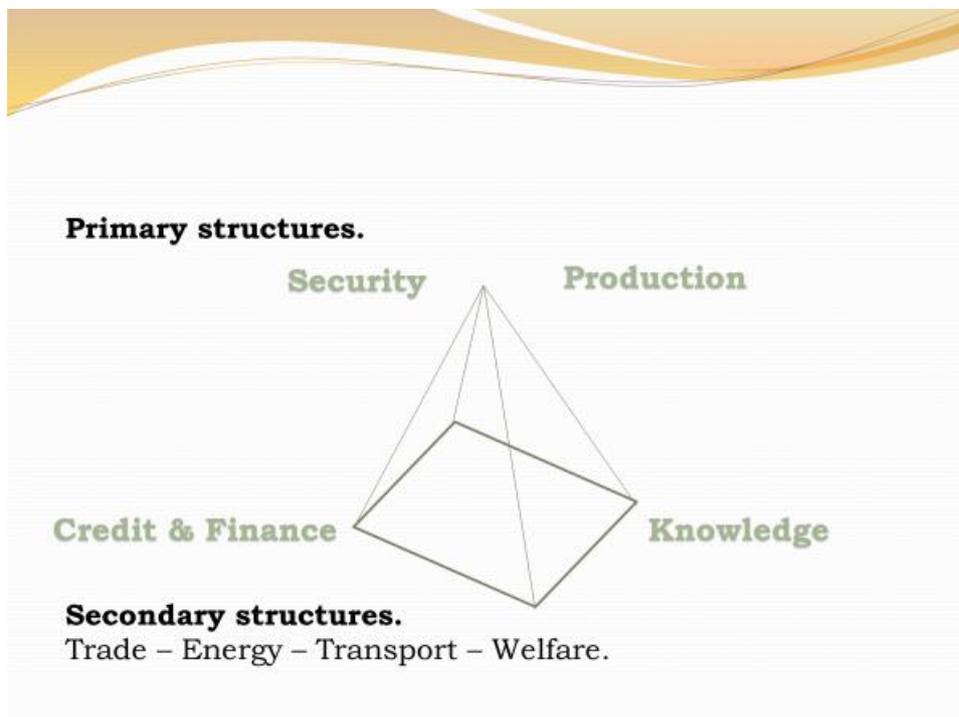
These people, groups and key institutions within this structure as holders of expert knowledge, generate consensus on the definition of problems and feasible solutions in a context of uncertainty; and therefore, they have a key role in risk mitigation and in defining the interests of States.

The analytical framework for the knowledge structure reviews changes in the following areas: provision and control of information and communication systems; language and non-verbal communication channels; and fundamental perceptions and values of the human condition that influence value judgments and, through them, in political decisions and economic policies (Strange, 1994).

1.1.5. Secondary Structures.

Trade, transport and energy, which have a greater technical component and are governed by market mechanisms; and welfare, in which the preferences of values play a key role, so that the allocation of resources depends on the decisions taken by the authorities, whether they are States or international organizations, or private actors, such as Non-Governmental Organizations (NGOs), religious congregations or foundations.

Figure 1.1: Areas of Structural Power (Sanahuja, 2008)



Elaboration made by the author.

1.2. REVISIONS TO TSP.

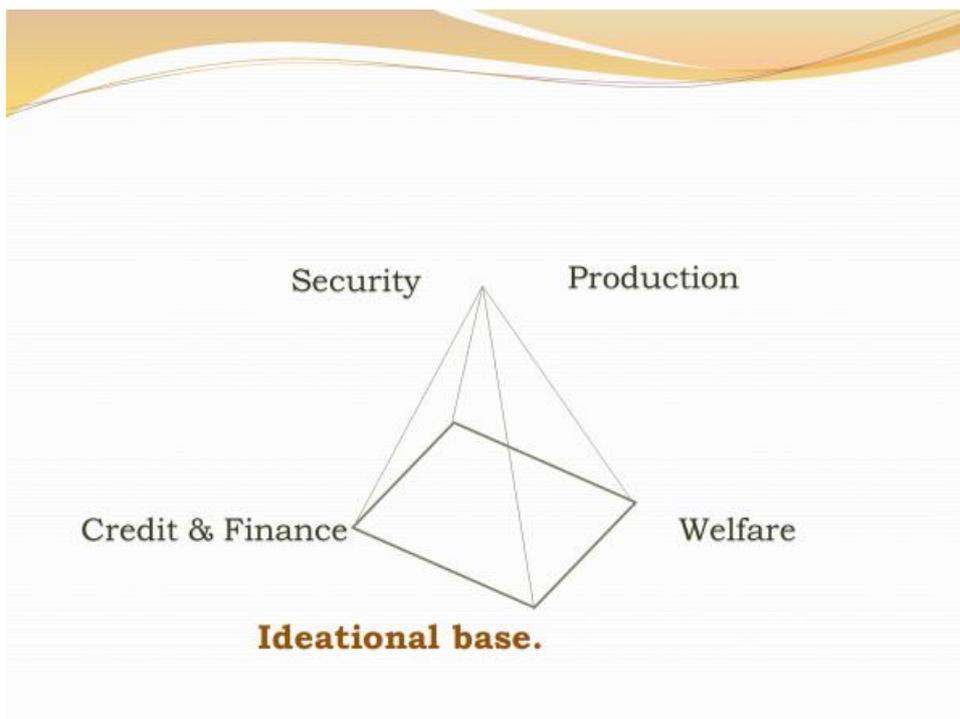
The main postulates of Strange's structural power have been reformulated based on criticisms made mainly of Roger Tooze (2000a; 2000b) and José Antonio Sanahuja (2008). Both authors refer that structural power has a series of inconsistencies and limitations that hinder its development. The main questions in this respect are the following:

1. Strange's approach does not recognize the relevance of knowledge. According to Sanahuja, this lack is observed in the omission of the preference of values and the inability to analyze the relationship between scientific-technical rationality, ideology and power relations. The security structure completely ignores the social construction of threats and the same notion of security (Sanahuja, 2008; Strange, 2012). In line with Tooze, ideas and ideology are part of the whole of social life, and they have a reciprocal relationship with the construction of a material environment. This means that Strange's theory of structural power ignores the non-material, that is, the ideational aspects of power and the concept of intersubjective meaning, and only addresses a small part of the power structure.
2. A repeated criticism made by Sanahuja is the secondary nature of the welfare structure. Unlike the other secondary structures, value preferences have a determining role and the allocation of resources depends on the decision taken by the authorities. Based on the above, Sanahuja proposes to reformulate the TSO originally proposed by Strange, to include the welfare structure as a primary structure (Sanahuja, 2008).

In summary, considering the criticisms presented and attempting to overcome some of them, the TSP has been reformulated, discarding an approach that takes into account only material factors and includes a new primary structure (Figure 1.2). It establishes an "ideational basis" that deals with the four Strange's structures, that is why non-material factors such as ideas, values or identities are taken into account. The structure of knowledge that Strange establishes as one of the four primary structures is, therefore, a "support" for all of them, thus allowing them to function as structures (Tooze, 2000b).

It also establishes a primary welfare structure that replaces the knowledge structure. This new structure addresses the rules of protection (human, labor, environmental, etc.), resource transfers (Official Development Assistance, etc.) and the provision of global public goods. Unlike other secondary structures (energy, transport and trade), it prioritizes value preferences, and the allocation of resources, based on decisions taken by authorities that are not directly related to markets (Sanahuja, 2008).

Figure 1.2: SPT revised (Tooze, 2000; Sanahuja, 2007)



Elaboration made by the author.

2. DISTINCTIVE FEATURES OF STRUCTURAL POWER IN CENTRAL AMERICA.

A efecto de poner en marcha dicha propuesta teórico-metodológica, se presenta a continuación una aproximación a las distintas dimensiones del poder estructural de Beijing en América Latina.

To implement this theoretical-methodological proposal, the following approximates the varied dimensions of Beijing's structural power in Central America.

2.1. SECURITY STRUCTURE.

This is perhaps the most complicated structure to verify, given that China's strategic interests in Latin America are primarily economic and commercial, rather than security, as evidenced by China's foreign policy strategies in the region, oriented both to obtain raw materials and food, and to enter in a privileged way to the Latin American markets.

Although Central America and the Caribbean do not fit into the Chinese interests above, the sub region is undoubtedly part of China's overall security strategy to contain Taiwan as an international and independent actor with respect to Beijing. It should be noted that currently, twelve of the twenty-three countries in the world that recognize Taiwan as a legitimate government of China are concentrated in Central America and the Caribbean. Six states that recognize Taiwan are in Central America: Guatemala, Belize, Honduras, El Salvador, Nicaragua and Panama; And five more in the Caribbean: Dominican Republic, Haiti, Saint Kitts and Nevis, Saint Vincent and the Grenadines and Saint Lucia. In South America, this is only the case in Paraguay. (Ministry of Foreign Affairs of the People's Republic of China, 2014).

Another relevant aspect is the fact that China is in the process of expanding its base of material power centered on the growth of its economy, which leads to this State seeking to increase and strengthen its global presence. Regarding Latin America, Beijing avoids overturning US hegemony in the region by calling itself globalization a "peaceful ascent." This avoids the United States' alarm and concern about its influence and presence in the Western Hemisphere.

This profile, which China intends to express to the increase of its world power base through the "pacific ascent", implies managing its participation in international relations through diverse levels (Haro Navejas, 2008):

- A. **Intergovernmental multilateral institutional.** China seeks to participate in multilateral forums and international organizations so as not to be perceived as a threat, and to have a presence in Latin America and political proximity in the region, such as its participation in the group of Seventy-seven (G-77) or At the United Nations Conference on Development and Trade (UNCTAD).
- B. **B. Intergovernmental institutional multilateral and regional in the American continent.** Beijing is active in various forums and regional cooperation mechanisms, such as its status as Permanent Observer in the Organization of American States (OAS) or membership of the Inter-American Development Bank (IDB).
- C. **Intergovernmental bilateral and regional in the American continent.** China recognizes the relevance of Mexico, Brazil, Argentina and Venezuela as "strategic partners", which implies not only an acknowledgment of the regional influence of these States, but also the search for mechanisms of coordination and cooperation on various issues. In sum, the primary relationship China seeks to strengthen with these states is to develop a network of interactions, as well as an order favorable to its interests in the region.

2.2. PRODUCTION STRUCTURE.

2.2.1. RAW MATERIALS AND FOOD AND CENTRAL AMERICA MARKETS.

The Chinese economy has experienced rapid and sustained economic growth in recent years, largely due to its industrial nature and the growing share of this economic sector in exports. In other words, China's extensive natural resources and even Asia will not be enough to meet China's long-term needs, as the share of Chinese industrial goods in international trade continues to increase. In addition, the combination of several factors, exacerbated by China's rapid industrial growth, prompts China's agriculture to enter a crisis phase, forcing the importation of even larger quantities of food for its people.

The increase in China's imports is an element of its strategy based on the recognition of the need for natural resources. In its tenth five-year plan (2001-2005), the Chinese Communist Party recognized the long-term incapacity of that State to produce and acquire only within the Chinese territory the raw materials required to sustain the growth of its economy. As a result, the Government of China promoted a "going out" strategy, which calls on large Chinese companies to seek relationships abroad, to build global supply chains, and to ensure inputs to sustain Chinese economic activity. Under this guide, many companies, for example, China Minmetals or China National Petroleum Corporation (CNPC) have strengthened their collaboration with

other companies through *joint ventures* or acquisitions in other regions of the world (Ellis 2009)

In addition to its raw material requirements for manufacturing, China also requires importing food for its population. The agricultural sector of that country is in crisis, only 13% of its territory can be used for agricultural purposes. Likewise, the ability to productively use arable land is being affected by many reasons, where farmers are leaving rural areas to settle in large cities in search of better employment opportunities. Another factor is that industrialization restricts agricultural productivity, because industrial activity requires enormous amounts of water, which is a scarce resource in many Chinese regions competing for water for agricultural use. The growing demand for water will make it difficult for the agricultural sector to irrigate crops and feed livestock. Frequent and serious droughts in China in recent years have served to emphasize water scarcity and its adverse effects on agricultural production (Ellis, 2009).

Beijing therefore requires raw materials for its industry and its population. About 95% of Guatemalan exports to China in 2013 were sugar (CEPAL, 2013).

The only Central American country with which China has maintained diplomatic relations since 2007, and which is also a trading partner of China through a free trade agreement is Costa Rica. This nation has been highly favored. 99.6% of Costa Rican exports enter China without paying tariffs, and an increase in this trade is expected in the coming years (Cordoba & Paladini, 2013). In fact, based on the diplomatic recognition granted by Costa Rica, this country has positioned itself as an export platform for inputs to China by Intel (Casarín, 2013).

Costa Rica's imports from China are concentrated in electronic products (computers and cell phones), textiles and clothing, musical instruments and footwear, furniture, leather products, iron and steel products, electrical machinery and equipment, plastic products and vehicles (Córdoba & Paladini, 2013).

In the case of Panama, where the Canal is located, it gives it a significant strategic importance for China, as evidenced by the fact that Hutchinson-Whampoa, based in Hong Kong, controls part of the maritime flow between both sides (Casarín, 2013). Chinese interest in Panama may increase once Panama's canal expansion works.

2.2.2. FREE TRADE AGREEMENTS (FTAs).

To meet these food and raw material consumption needs, as well as preferential access to the markets of Latin American countries, China has incorporated as a foreign policy strategy the signing of free trade agreements. Beijing conceives of this type of treaties as a second stage of the process of opening to the outside world initiated in 1978, inserting itself into the world economy through the multilateral trading system (IICA, 2009).

By 2015, China had signed 13 free trade agreements, of which three are with Latin American States. With Chile, it was signed in 2005, but it came into effect a year later, in October 2006. According to this agreement, both countries commit themselves to lower their tariffs to almost all their products (97%) within ten years. It should be noted that this was the first agreement

that China made with a Latin American country. In 2008, the Supplementary Agreement was signed and negotiations are being carried out in the field of investment (Ramón-Berjano, Malena & Velloso, 2015).

With Peru in 2009, it was the second treaty that China signed with a Latin American country and the first with the region that includes the areas of services and investment.

Finally, with Costa Rica in 2011, after three years of negotiations. This country is China's second largest trading partner in the Central America region and China is Costa Rica's second largest trading partner.

It is noteworthy that of the thirteen FTAs that China has signed, three are in Latin America, two of them with members of the Pacific Alliance and one third Costa Rica that is currently an observer and candidate for full member of the Pacific Alliance.

Figure 1.3: The FTAs signed by China with Latin America (Ramón-Berjano, Malena & Velloso, 2015).

The FTAs signed by China with Latin America	
Latin American State.	Year of subscription.
Chile	2005
Perú	2009
Costa Rica	2011

Elaboration made by the author.

2.3. CREDIT, FINANCE AND WELFARE STRUCTURES.

China has an Association for Comprehensive Strategic Cooperation with the Community of Latin American and Caribbean States (CELAC), established during the meeting of Chinese President Xi Jinping with the representatives of the Chinese Communist Party, as part of his second visit to the region in July 2014. The scheme 1 + 3 + 6, that is to say, "a plan, three engines and six fields" was proposed, in order to deepen the cooperation between both parties (Ramón-Berjano, Malena, & Velloso, 2015).

"A plan" refers to the elaboration of a Cooperation Plan between China, Latin America and the Caribbean for 2015-2019, to achieve inclusive growth and sustainable development. "Three engines" refers to trade, investment and finance, with which Beijing promotes the comprehensive development of practical cooperation between both parties and aims to raise, within a 10-year period, the volume of trade to 500,000 million of dollars annually, compared to 261, 600 million dollars in 2013 (Ramón-Berjano, Malena & Velloso, 2015).

Likewise, China will stimulate the investment of more companies in the region, with the expectation of increasing accumulated investments to 250 billion dollars over the same period.

Finally, "six fields" refers to energy, infrastructure construction, agriculture, manufacturing, technological innovation and information technology, sectors

in which emphasis will be placed on the further development of Mutual benefit between China and Latin America.

CONCLUSIONS.

The question that guided the development of this paper was the following: are there elements to affirm that China exerts a structural power capable of influencing the regional order of Latin America?

The answer is that these elements are not enough. It is observed that China is in a process of strengthening that structural power without being consolidated yet. In other words, Beijing seeks to link with different actors and at diverse levels to influence them and satisfy their interests in various foreign policy issues as an international actor with global presence, trying not to violate the rules that tacitly or explicitly have set the regional order led by the United States,

By using the TSP to explain the presence of China in the region of reference, it is possible to verify that China has all the elements to transform the balance of power in the Hemisphere in the medium or long term.

According to the analysis presented here, the interconnected areas in which Chinese structural power (Cui bono?) can be strengthened in coming years are: a) a multi-thematic agenda: trade, investment, infrastructure development, development cooperation, geopolitical aspects, among others; B) a globalized foreign policy that is implemented in different arenas at the same time for the attainment of its interests; C) an enormous capacity for adaptation to the political and economic conditions of the Latin American countries strategic for Beijing; D) a strategy that motivates various Chinese actors to establish links with Latin America in different ways, depending on the nature of those actors.

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