

South-South Cooperation: A Taxonomy of China's Aid to Latin America and the Caribbean

Cooperación Sur-Sur: una taxonomía de la ayuda de China a América Latina y el Caribe

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Recibido: 11-12-2020

Aceptado: 29-06-2021

Abstract

The present study analyses the typology and structure of Chinese Aid to Latin America and the Caribbean (LAC), considering the features of this kind of South-South Cooperation within the context of China's aid policy and strategic aims in this region. The results of the study reveal the different patterns in the structure of Chinese aid to the LAC sub-regions. These patterns indicate that the most significant funds are focused on development and commercial projects in South

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America; those grants prevail in the case of the Caribbean; and representational aid, which does not need major resources, is associated with Central America. As Wan (2018) states, this shows that China's aid has a strategic role at a global level.

Keywords: South-South Cooperation, Chinese Cooperation, Bilateral Aid, Latin America.

Resumen

El presente estudio analiza la tipología y estructura de la Ayuda China a América Latina y el Caribe (ALC), considerando las características de este tipo de Cooperación Sur-Sur en el contexto de la política de ayuda y los objetivos estratégicos de China en esta región. Los resultados del estudio revelan los diferentes patrones en la estructura de la ayuda china a las subregiones de ALC. Estos patrones indican que los fondos más importantes se concentran en proyectos de desarrollo y comerciales en América del Sur; que prevalecen las subvenciones en el caso del Caribe; y la ayuda de representación, que no necesita mayores recursos, está asociada a Centroamérica. Como afirma Wan (2018), esto demuestra que la ayuda de China tiene un papel estratégico a nivel global.

Palabras-clave: Cooperación Sur-Sur, Cooperación China, Ayuda Bilateral, América Latina.

1. Introduction

Historically, Organization for Economic Cooperation and Development (OECD) has defined Official Development Assistance (ODA) as those flows that are provided by official organizations, including local and federal governments aiming countries and multilateral development institutions listed on their recipient list (OECD 2008: 1). Since 2018, OECD and Development Assistance Committee (DAC) introduced the concept of Total Official Support for Sustainable Development (TOSSD), which pretends to be considered as a new international statistical measure with the purpose of computing foreign resources.

This adjustment responds to the dynamics of global power and the emergence of new actors that have changed in recent years, returning to the world and the system of international cooperation more complex and heterogeneous. Facing the orthodoxy of traditional aid, in recent years, new forms of cooperation are opening that question its vertical logic that runs from North to South. South-South Cooperation (SSC) has been revalued a

recatalogued as a kind of cooperation that reduces, to a large extent, the effects of the conditionality, since it is rooted in a horizontal logic.

In this context, the Latin American and the Caribbean (LAC) region, for example, has obtained increasing South-South assistance from China in a context where the Asian giant has provided support to the poorest regions of the world. According to Hongbo (2017: 282), “equality and mutual benefit” were the prevailing principles, while diplomatic relations or “soft power” constituted the framework for this Asian country’s foreign policy.

The present research work attempts to answer: how should Chinese SSC be analyzed to create a taxonomy of China’s foreign aid³ in Latin America? The hypothesis we underlie thru this work is that China’s cooperation could represent new financing schemes and opportunities for Latin America, so that could go beyond than the merely development assistance. In this way, a taxonomy of China’s aid to the region could be useful to provide information concerning Latin America-China cooperation, so that the countries of the region may comprehend what this relation represents.

This paper analyzes the typology and structure of China’s aid in LAC, considering the characteristics and interests of this type of South-South cooperation. For this purpose, the Chinese aid flows in the Latin American and Caribbean region so far in the 21st century are analyzed, considering the adventures of the Belt and Road Initiative (BRI), as a watershed that has been deploying a new China’s dynamics of cooperation with Latin American countries. Based on these elements, the article studies the taxonomy of China’s foreign aid to LAC and validate the prospect of this type of cooperation.

This work is divided into three parts. The first section analyses the way in which China is building a new insight of SSC, within the framework of the construction of a new international regime of cooperation. The second section analyses the typology and structure of China’s aid to LAC, considering the features and interests of this kind of SSC, framed within its assistance policy for the region. Finally, the conclusions section presents some reflections about the typology and taxonomy of China’s aid to the region, within a driving context of a new international regime of cooperation, to answer whether this kind of cooperation repeats the same dynamics as the Organisation for Economic Cooperation and Development’s (OECD) Development Assistance Committee.

³ The China International Development Cooperation Agency (CIDCA), in Art.2 of its document *Measures for the administration of foreign aid*, states that China’s foreign aid refers to “the use of government funds for foreign aid (hereinafter referred to as “Foreign aid funds”) to provide economic, technical, material, personnel, management and other support to aid recipients” (CIDCA 2018).

2. China's role within the foreign aid system

The foreign aid system has been in constant development and transformation since its creation after the Second World War (Zhou 2017: 52). The traditional aid system could be defined as an integrating issue of world politics since 1949 and includes a huge range of regulations, organizations and processes, but the numerous institutions related to this system would also have organized, legitimized and represented the “vertical” relations between donor and recipient States (Sogge 2009: 12-14). However, the changes that took place in the dominant economic theory were the main factor that directly affected the conceptualisation of ODA, conducted under the assumption of promoting economic development and wellbeing for the developing countries and they have a concessional nature, meeting a grant element of at least 25% (OECD 2008: 1).

In this sense, there is no doubt that from the beginning of the 21st century, China's aid has represented both a conceptual and a practical change in the international cooperation regime. This means that China has been interested in promoting cooperation with certain countries considered as “underdeveloped”, with whom it is working in a substantial and complementary way to create new paths towards development, trying, as O'Keef (2007) argues, to offer counterweight to the traditional foreign aid system.

In other words, the new role of China emerges as an alternative in a period of tensions experienced by the foreign aid system. At least, that is how president Xi Jinping expressed it in his speech in Davos in January 2017⁴ when he stated that China sees itself as a leader in continuing the integration of global economy in a moment in which the richest countries' support is decreasing (Suman 2017). This has undoubtedly affected the current dynamics of foreign aid in this context that it could be considerate as a new globalization with Chinese characteristics.

China's motivation was to obtain natural and energy resources, crucial to satisfy its internal market and global expansion and in return, the Southern countries obtained attractive loans that could be categorised as economic “cooperation” rather than “assistance”, as defined by traditional hegemonic institutions. In this way, Chinese leaders identified the priority for the 21st century with the establishment of cooperation networks with countries considered strategic, with whom they have concluded diverse and concrete agreements (Olguín 2011: 589).

⁴ It is important to mention this fragment of president Xi's speech: “China has not only benefited from economic globalization but also contributed to it. Rapid growth in China has been a sustained, powerful engine for global economic stability and expansion. The inter-connected development of China and many other countries has made the world economy more balanced. China's remarkable achievement in poverty reduction has contributed to more inclusive global growth. And China's continuous progress in reform and opening-up has lent much momentum to an open world economy.” (Xi Jinping 2017).

In addition, the announcement of the Belt and Road Initiative (BRI) by the President of China Xi Jinping in 2013 makes even more evident the Chinese objective of establishing a dense network of trade relations, with the final objective to create a harmonious international community where cooperation can bring benefits to all participants (Avramidou 2019). This suggests, according to Dominguez (2018), that there could be an important change in the traditional western foreign aid scheme, in its three pillars: (i) political-financial institutionality based on World Bank Group and the DAC, (ii) the concessional finance instrument from ODA, and (iii) the monitoring and evaluation structure; in its grammar, that is, the exercise of power linked to the development discourse, and its metric, adapted to the times, in which the public flows of resources are now complemented by private capital.

Accordingly, the Chinese government would offer development assistance without the habitual restrictions of Western assistance⁵, that impose political conditions in exchange for aid and investment, which has caused deep erosion in some of the foundations of the Washington Consensus (Vadell; Ramos & Neves 2014: 96). It is worth mentioning that DAC assistance has been always conditioned by shifts in economic policies (public expenditure cuts and liberalization) and institutional reforms (privatisations –now disguised as public-private alliances– and deregulations to create friendly environments for Foreign Direct Investments, in an irresponsible way and without fiscal control). These political and institutional shifts are unfavorable for development conceived as a structural transformation and they refer to two fundamental differences between China's aid and the DAC's aid.

The latter now pretends to become purified to be in accord with China, as it is shown by TOSSD. This is the new international framework for measuring all official resources and private financing mobilized through official interventions in support of the Sustainable Development Goals (SDGs), which seeks to coexist with ODA. At the same time, the public and private mixed financing agenda in the Blend Finance mechanism and the regulation of private sector instruments such as the Build Act of 2018, aims to establish rules for ODA to promote private investment. The fundamental reason for this was to respond to China's BRI and its increasing economic influence over developing countries, allowing the influence of the United States in developing countries by incentivizing private investment as an alternative to an investment model led by the State (Congressional Research Service 2019).

⁵ The first difference is that Chinese aid does not impose attached conditions, while DAC and its international financial organisms do, through the sovereign guarantee clause has priority over any other public expenditure line. Consequently, this situation leads to a compulsory cut in expenditure. The second difference is that China's aid is bound by contract to the purchase of goods and services to a company of the recipient country, which runs the project in a fairly short term and with few transaction costs, with the possibility of payment-in-kind (that is, without affecting the balance of payments). In contrast, DAC imposes an international tender that will inevitably be won by a company or consortium owned by its members.

These instruments reorganise different cooperation agencies and USAID, integrating them to the new International Development Finance Corporation of the United States, thus offering a counterweight to the Asian Infrastructure Investment Bank (AIIB) and the New Development Bank (NDB), the new multilateral development banks that launched operations in early 2016. According to Hongying Wang (2019) it could be evidence that indicate that China is promoting a new model of multilateral financing for development, based on a minilateralism, which is the meeting of a subgroup of countries inside or outside a multilateral institution to resolve a problem when the multilateral institution is unable to reach agreements among its members, which that undermines the existing system that dates to Bretton Woods.

The growth of China's involvement in international relations has been gradual and it intensified mostly since the beginning of the 21st century. In perspective, China's foreign aid amounted to 362 billion dollars (256 billion 290 million RMB) in more than six decades (1950-2009)⁶ (Zhou, 2017). Furthermore, although China was initially interested in supporting its socialist "brothers", recently, this view changed, with the new understanding that development assistance could be a strategy to conquer markets and maximise profits (Wan 2018). This issue is effectively the one that has raised the most intense debates. Harris (2015) argues that the *sinophobia* could explain the uncertainty that chinese cooperation generates in LAC. Otherwise, Jenkins (2015) discusses the reemergence of China is leading to a "primaryzation" of exports and a "deindustrialization" of the regional economy, with negative impacts on long-term of the Latin American economic development.

According to Lin and Wang (2017), from the traditional DAC's perspective, which distinguishes aid from trade, many specialists are concerned about the fact that designating Latin American countries a subordinate role as commodity producers, allowed China to grow stronger as an exporter of manufactured goods with great added value. This has generated certain economic dependency for the countries of the region, which have had relatively limited success with their manufactures in the Asian country (Lin & Wang 2017: 91-93).

Carol Wise and Victoria Ching (2018) argue that China has had to internationalise its development strategy to compensate for its serious natural resources deficit and to feed the greatest national population of the world. In this context, LAC has been only a part of the Asian giant's strategy. In this sense, Zhang & Smith (2017) highlight how the network of actors in the Chinese aid system led by Xi Jinping is in a growth stage and will still be shaped by the internal competition among a wide range of actors.

Until the creation of the State Agency for Development and International Cooperation in April 2018, China's main aid agency had been the Ministry of

⁶ According to China's foreign aid white paper published in 2011.

Commerce (MOFCOM), an implementation agency with limited independence. Although China did not have a central aid agency until 2018, since 2008, it had an institutional linkage mechanism, which was upgraded to coordination mechanism in 2011. The president of MOFCOM, the vice-president of the Ministry of Foreign Affairs (MFA), the vice-president of the Minister of Finance (MoF), as well as the Chinese Exim Bank and the Bank of China have been the actual protagonists of this complex aid system.

Moreover, the Department of Foreign Aid (DFA)⁷ was designated by the MOFCOM as the institution in charge of managing the assistance. Its responsibilities comprise the formulation of aid policies, regulations, and plans, including the annual plan and the national plans. It also approves and runs aid projects (Zhang & Smith 2017).

It is worth mentioning that development assistance has served as an important foreign policy tool for the Chinese government, primarily to ensure international political support. However, the traditional assistance that China offered as grants has played a comparatively small role in this process, if it is compared to the commercial projects and credits that China has been implementing in different regions of the world. This view is based on the western hegemonic perspective, which conceives development aid as the supply of grants and cheap credits. Conversely, China has a wider and more flexible point of view, which combines trade, investments, and funding (Wan 2018). To characterize the stages of China's role in the international aid system, we can *grosso modo* identify six moments.

The first moment (1950-1969) was characterised by a strong ideological policy based on the idea of self-sufficiency and mutual benefit and this time lapse is marked by a cold war context and by the beginning of the Sino-Soviet split. In this phase, we can highlight China's aid to North Korea and Vietnam. A second moment (1979-1978) was based on the ground rule of leading the third world in line with Mao Zedong's strategy. In this period, China also offered financial assistance to LAC. This stage is characterised by the previous aid

⁷ The DFA has about seventy staff members specialised in foreign aid, grouped in fourteen divisions and one general bureau. While the DFA and the Department of International Trade and Economic Affairs (DITEA) supervise aid projects at a policy level, the MOFCOM has three aid agencies to share the workload. Once the DFA has completed the internal procedures to approve a project, it goes to the Executive Bureau of International Economic Cooperation. This bureau, established in 2003, is responsible for the design of the project, the conclusion of implementation contracts with the recipient countries, the prequalification of the contractor, the tender, the internal agreement with the successful contractor, project management and the formal approval of the project. The foreign aid plan formulated by MOFCOM must be accepted by the Ministry of Finance and included in the budget. After its approval, the Ministry of Finance allocates the aid funds that will be distributed by China's ministries. Since the Ministry of Finance is the keeper of the purse strings, foreign aid project proposals must be sent and approved by the MoF. As for direct funding for Chinese aid, the MFA covers the gap between the commercial and concessional interest rate for China Exim Bank's concessional loans in favourable conditions (Zhang y Smith 2017).

principles, with a special drive towards internationalism and humanitarianism.

The third moment (1979-1989) was characterized by the Popular Republic of China (PRC)'s new course after Mao's death and mainly with the arrival of Deng Xiaoping, who started a new era in China's foreign aid policy. It was considered more pragmatic and in line with the idea of the new role that China could play in economic and political international relations. This takes place within China's gradual openness to global economy schemes. In this stage, the PRC starts to promote SSC under the principles of equity, mutual benefit, efficiency, and common development. The fourth moment (1990-1995) was characterised by a search for greater diplomatic support in the international game, by an increase of foreign aid and by a less ideological foreign policy strategy. From that moment on, China formed the bases for its future aid strategy, identified by a strong link between aid, investment, and trade (Dreher & Fuchs, 2011). In this phase, the introduction of beneficial loans in 1995 marks a big change in China's foreign aid policy.

The fifth moment (1996-2005) was based on a radical change of China's aid policy in relation to the previous periods. It is characterised by multiple ways of financing assistance to the rest of the developing countries. In this stage, donations and no-interest loans assume an important role in the PRC's foreign aid policy. In 2001, China joined the World Trade Organization (WTO). Finally, the sixth moment (2006-present) is characterised by China's new cooperation strategy, which, in the case of LAC, it is based on the publication of two "white papers" on Latin America; the first one in 2008 and the last one in 2016.

China and LAC also gain rich experience in implementing the Millennium Development Goals (MDGs), especially MDG1 (Eradicate extreme poverty and hunger), MDG2 (Achieve universal primary education) and MDG4 (Reduce infant mortality). In this moment, both parties share differentiated responsibilities in the application of the 2030 Agenda and the Sustainable Development Goals (SDGs). Some of the reasons, is because the Chinese government has attached great importance to this 2030 Agenda, including it in the XIII Five-Year Economic and Social Development Plan of the People's Republic of China (2016-2020) published in March of 2016. In this way, China is willing to work with LAC in sustainable development, which is observed in the China-Latin America and the Caribbean Cooperation Plan (2015-2019) and the Joint Action Plan of Cooperation in Priority Areas CELAC-China (2019-2021) based on the Second Ministerial Meeting of the China-CELAC Forum in February 2018, which emphasizes its willingness to support the implementation of the countries of Latin America and the Caribbean in the 2030 Agenda and share their experience in poverty reduction and public policy formulation and implementation of environmental protection (Li, 2018).

The new 2016 white paper and the China-CELAC forums have given a greater presence to the Asian dragon in the Latin American region⁸. In the international sphere, the strategy is driven by the BRI based on a win-win strategy and an impulse toward a new Chinese-led globalization, destined to change current globalization and give China a dominant role in political and economic global relations. To all this, it should be added that, in January 2021, the State Council of the People's Republic of China published the White Paper on "International cooperation for the development of China in the new era", it contains China's recent commitment to aid with maintaining its economic commitment abroad (SCPRC, 2021). This is rooted in the Chinese tradition of the White Papers that emphasize the spirit of internationalism and humanitarianism that China has demonstrated and how the national and international commitment, especially the one that is shaped by President XI Jinping in a new era after the XVIII Congress National Communist Party from China in 2021.

3. China's aid flows to Latin America and the Caribbean

Although at the beginning, LAC was not officially part of BRI, political dialogue, commercial agreements and the funding provided to different Latin American countries, positioned the region in an important place within the plans of the Asian giant. In this context, the new situation that Latin American countries are facing in the economic, political, and social spheres, provides us with an important grasp of reality to observe the region's development, to foretell its future and to accelerate China-LAC cooperation.

We could consider this last phase as the "second awakening of the South" (Amin 2004), which was accelerated by BRICS international cooperation – since their first Summit in 2009– and by China's decision to establish a new SSC international regime. To accomplish this last goal, China created the Asian Infrastructure Investment Bank (AIIB) in 2014 to finance BRI and it launched the New Development Bank (NDB) or BRICS Development Bank, in the same year. This "SSC re-emergence" (Gosovic 2016) has allowed to recover the autonomous insight of this kind of cooperation between emerging and developing countries.

In this scenario Domínguez (2018) has suggested the predictive hypothesis of China creating a new international regime of cooperation as an alternative to the one that DAC and OECD have established. The new international regime

⁸ We consider it worth highlighting that China also offered Latin America military cooperation, which could be classified into humanitarian aid, peacekeeping operations, military exchanges, arms trade and donations, and technology transfers (Marcella, 2012).

of cooperation led by China is set around a first pillar based on financial and political international organisations, such as the AIIB and the recently created China International Development Cooperation Agency. A second pillar is the expansion of development funding, which includes trade and investments. The third pillar starts from a new monitoring and evaluation system. Based on these pillars, China would ensure the creation a new international regime of cooperation as an alternative to DAC's⁹ system. The creation of a new international regime of cooperation as an alternative to DAC's system -and therefore, a change of regime- has great possibilities of succeeding due to China's growing strength as an emerging power in economic, military, and cultural terms, as well as for its political leadership (Domínguez 2018: 38).

In this way, studying China's aid policy makes it possible to understand how this Asian country has dealt with the international shifts and with its own foreign policy demands. For these reasons, for the present research work, it is important to consider the role of China's aid during the last six decades and focus the attention in the last of those phases, centred on the authority that the Asian giant currently unfolds in global politics and economy. The effects are particularly relevant to the LAC region, and they are the object of analysis of this study.

The quantification of China's aid is one of the greatest challenges of the studies on development, due to the scarce availability of official information and the different approach that the Asian giant has understand aid, that is, not classifying ODA with the same criteria as DAC. In this field of study, the most renowned work is from Dreher, Fuchs, Parks, Strange & Tierney (2017), who present a new compilation of official information on financing, which includes foreign aid and other conventional public and non-concessional financing methods that China implemented in 138 countries between 2000 and 2014. The purpose of the mentioned research tool is to estimate the effects of the average economic growth of China's aid, comparing the Asian giant performance with other three prominent sources of development funding: The World Bank, the United States and OECD-DAC donors.

Some authors, as Ray, Gallagher, López, and Sanborn (2017) and Garzón (2018), stress that the increase of China's presence in LAC has a negative

⁹ It is worth noting that before this insight and practice of autonomous SSC- as we have featured China's aid along this study -DAC has unfolded its institutional and ideational apparatus to dispute that notion. This has led to an exhausting proliferation of futile events: out of the 820 significant international forums on SSC organised from 1945 to 2019, 88% took place from 2000 onwards. The United Nations, through United Nations Office for South-South Cooperation -which was created in 2012 -has tried to reach a synthesis between the autonomous insight of Bandung spirit and the inclusive- and historically uncritical- nterpretation of the Buenos Aires Plan of Action. which established 9 objectives and 38 recommendations at the national, regional, and global level, becoming the founding document of the CSS in its technical dimension. The latter was finally the one that the UNOSSC adopted as its official position, that is, a reductionist vision of SSC understood as technical and complementary cooperation and subordinate to North-South cooperation.

environmental impact, because of the lack of political directives for China's Outflows of Foreign Direct Investments (OFDI) and its companies as Dussel (2019: 107) argues, because of the region's institutional weaknesses¹⁰. Several Chinese companies have been substantially increasing their presence in the region because of negotiations with Latin American countries. These are China National Petroleum Corporation, China Petroleum and Chemical Corporation and China National Offshore Oil Corporation in the oil sector; in the power and electronics distribution sector, State Grid and Lenovo; Hawey in telecommunications; Gian Motors, Chery and Lifan in the automotive sector; and China Fishery Group and Chinalco in mining, among others (Dussel 2014: 11). In other words, Chinese companies have a fundamental role in accelerating the integration and construction of infrastructures in LAC, be it transport, telecommunications, petrochemical, or electricity projects, but they result from a diffuse relationship between cooperation and investments that characterizes Chinese ODA.

In this study, for the sake of characterising China's ODA in LAC, we used information from the Global Chinese Official Finance Dataset, available for the 2000-2014 period. In other words, the information corresponds to the fifth and sixth stage of the aid policy that we have described in the previous section – period in which the aid is more intense and extensive in practical and conceptual terms. This information provided by AidData, which coordinates official and unofficial information, refers to aid flows and projects. The information was obtained from the China Development Bank and China Export-Import Bank. This data contains information about credits and loans that these banks make to governments and state-owned companies in Latin America and the Caribbean. Finally, it was taken the information about Chinese investments and construction at a global level available since 2005 in China Global Investment Tracker (CGIT) published by the American Enterprise Institute was incorporated.

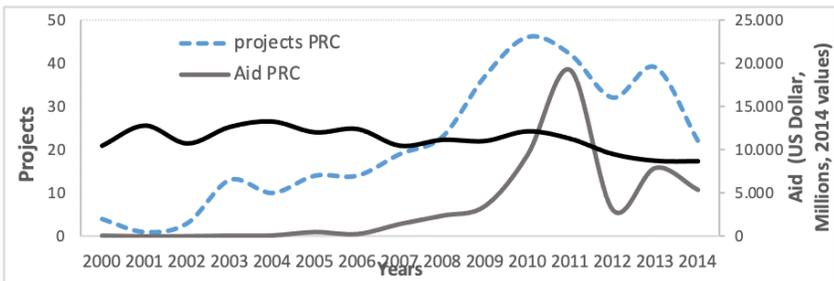
The collected data captures the officially financed Chinese projects in five regions of the world from 2000 to 2014 (i.e.: Africa, Middle East, Asia and the Pacific, LAC, Central and Eastern Europe). Chinese official finance refers to the sources of concessional and non-concessional funding of Chinese governmental institutions –including central, state, and local governmental institutions– with development, commercial or representational purposes. More specifically, on the one hand, it presents China's highly concessional development projects that meet the OECD criteria for ODA. On the other hand, it presents the officially financed projects that lack a development intention or

¹⁰ Accordingly, Lin and Wang (2017) have argued that it would be useless to compare ODA with China's aid logic, mostly because the latter goes even beyond SSC principles. In fact, this logic rather relies on actions in which China presents itself as an instructor that trains the recipient and identifies the comparative advantages of each country within a framework of gradual development (Lin & Wang 2017: 91-93).

that obtain higher interest rates and have lower grant elements, that is, projects that fulfil the OECD criteria for “other official flows” (OOF). This database also makes it possible to consider, in the strict sense of the term, China’s official finance and other official flows, being the latter a wider definition of aid. It is worth noting that this study deals with the information in a broad sense.

In the 2000-2014 period, China’s ODA represented 351 billion dollars allocated to 4,304 projects around the world, focusing mostly on Africa and Asia, with 3,510 initiatives (67% of total flows). Latin America was the third strategic destination in number of projects, 319 (7%), which represent 53 billion 389 million dollars, that is, 15% of total Chinese flows in this period. When checking the evolution of China’s aid flows in LAC, it is evident that there has been an increasing interest for this region since 2000, despite the decrease and then recovery that the figures show from 2012 to 2014 (see Figure 1).

Figure 1. Evolution of financed projects and Comparison of total aid flows (in 2014 USD values) provided by OECD and the PRC to LAC, 2000-2014



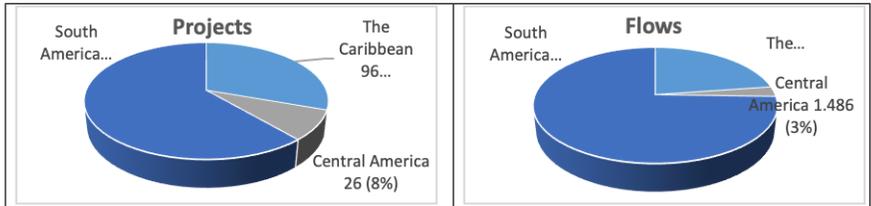
Note: Own production, based on OECD and *AidData's Global Chinese Official Finance Dataset*, Dreher et al. (2017).

Although 2014 closes with a drop in relation to the previous year, total aid represented 5 billion 372 million dollars, while the ODA that this region received from OECD represented 8 billion 686 million dollars. In terms of the sums received, it is evident that China has boosted its share as an important cooperation agent. The main peak of China’s ODA flows is in 2011, especially owing to the funds allocated to projects in Cuba (debt-related action), Venezuela (infrastructure), the Bahamas (tourism), Ecuador (energy production and multi-sectors) and Argentina (transport), represents 2 out of 3 dollars of the total aid allocated to LAC that year.

By LAC sub-regions, South America is the greatest recipient of China’s aid, since it received 39 billion 778 million dollars from 2000 to 2014. This

represented 3 out of 4 dollars from total ODA to the region and consisted in 194 projects. The Caribbean, on its part, received 12 billion 125 million dollars, while Central America, 1 billion 486 million dollars, which constitutes less than 3% (see Figure 2).

Figure 2. PRC's projects and ODA flows (2014 values) by LAC sub-regions, 2000-2014.



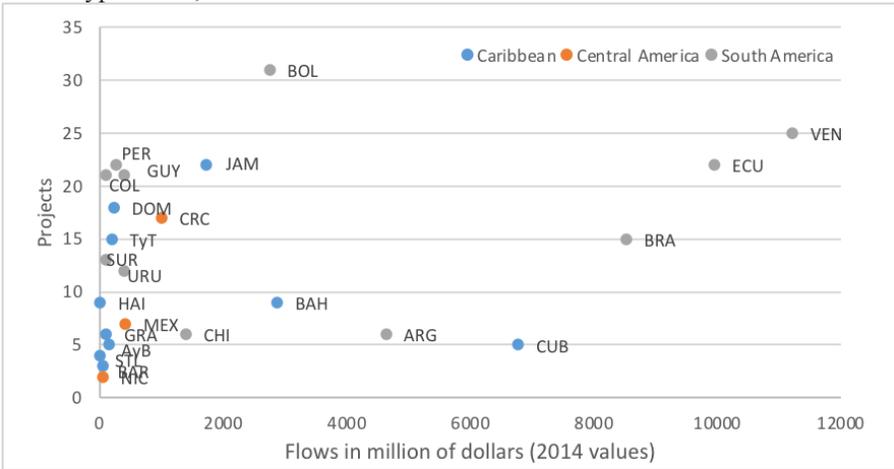
Note: Own production, based on *AidData's Global Chinese Official Finance Dataset*, Dreher et al. (2017).

China, in 2014 surpassed the European Union and was only below the United States, became the second main commercial partner of LAC and drastically increased its aid and loans to Latin American governments. Using its foreign aid and its trade relations strategically, China knew how to considerably increase its influence in global affairs, to promote its interests in Latin America (Maggiorelli 2019: 13). Trade between China and LAC was mutually beneficial, allowing Latin American producers to diversify their export destinations and China accessing a reliable source of food and primary resources necessary for their development.

According to the World Bank's World Integrate Trade Solutions database, the region's exports to China totaled more than \$ 7,775,733,805 million between 2008 and 2018, the five main export products have been concentrated in petroleum oils and oils obtained from bituminous, soybean, minerals and copper concentrates, automobiles with reciprocating piston and digital process units. In the same period, LAC imported from China more than \$ 10,376,272,999 million, the five main import products have been concentrated in petroleum oils, monolithic integrated circuits, transmission devices for incorporation of radiotelephony, automobiles with piston engines and other petroleum oils and crude oils obtained from bituminous minerals (WITS-World Bank, 2018). It should be said that, between 2013 and 2016, exports to China fell by 25% at the end of the "raw materials supercycle", but exports recovered in 2017 due to the increase in prices and other raw materials, as well as profits from commercial diversion for selected regional exporters due to trade tensions between the United States and China. (ECLAC, 2018: 39).

This marked difference in the flows by sub-regions is explained by China’s geostrategic interest in certain LAC countries. Just Venezuela, Ecuador and Brazil, the main recipients, received 29 billion 699 million dollars of Chinese aid, which represented 55.6% of total ODA addressed to LAC in the period under study (see Figure 3).

Figure 3: Total amount of aid, percentages and implemented projects for each type of aid, 2000-2014



Note: Own production, based on *AidData’s Global Chinese Official Finance Dataset*, Dreher et al. (2017).

Different types of aid describe China’s transfers of financial flows, goods, or services to LAC. The largest part of the transfers was focused on loans, which represent 80% –about 42 billion 820 million dollars– and were allocated to energy generation, transport, and tourism projects. Concessions represented 176 out of 319 implemented projects, that is, 55% (see Table 1).

Table I. Quantities and percentage shares of China's projects and flows to LAC, classified according to the type of aid, 2000-2014

Type of flow	Projects		Flows	
	Quantity	Percentage share	Quantity	Percentage share
Debt forgiveness	2	1%	6.703.989.830	13%
Debt rescheduling	2	1%	9.928.174	0%
Export credits	6	2%	2.274.811.353	4%
Free-standing technical assistance	14	4%	0	0%
Grant	176	55%	1.433.629.767	3%
Loans	110	34%	42.820.895.063	80%
Scholarships/training in the donor country	6	2%	0	0%
Vague TBD	3	1%	145.772.701	0%
Total	319	100%	53.389.026.888	100%

Note: Own production, based on AidData's Global Chinese Official Finance Dataset, Dreher *et al.* (2017).

According to the official source of the assistance, flows are classified under three concepts: (i) Official Development Assistance, (ii) OOF, which are defined as transactions of the official sector that do not meet ODA criteria -like grants to developing countries for representational or essentially commercial purposes; official bilateral transactions intended to promote development but having a grant element lower than 25%; and official bilateral transactions, whichever their grant element, that primarily have an export-facilitating purpose¹¹- and (iii) Vague official finance, which we assign to any flow that represents official financing, but for which It has insufficient information, for example, those projects for which It does not know the level of concessionality to determine whether the project should be classified as ODA-like or OOF-like. Although ODA represents the largest number of projects, OOF is the most important in terms of flows.

The database of the Chinese Official Finance Dataset also classifies resource flows according to the supplier's perceived intention. This category registers whether the "donor's intention" is oriented to development, trade, representation, or a mixture (which combines any of the other three). In this sense, China's aid intentions show that 2 out of 3 projects have a development purpose. As for the absolute values of flows, the mixed intention channels the

¹¹ This category comprises by definition: export credits of an official agency or institution extended directly to a recipient (direct official export credits); credits directly obtained by governments and central monetary institutions, granted by multilateral development banks, in market conditions; subsidies (grants) for the private sector in order to lighten their credits to developing countries; and funds to support private investment.

most resources; slightly more than 22 billion dollars, that is, 41.5% of total flows in this time lapse (see Table 2).

Table II: Quantities and percentage shares of China's projects and aid flows to LAC, classified according to their purpose, 2000-2014.

Intent / Purpose	Projects		Flows	
	Quantity	Percentage share	Quantity	Percentage share
Development	209	66%	14.232.808.015	27%
Commercial	17	5%	16.779.492.050	31%
Representational	47	15%	243.170.432	0,5%
Mixed	46	14%	22.133.556.391	41,5%
Total	319	100%	53.389.026.888	100%

Note: Own production, based on AidData's Global Chinese Official Finance Dataset, Dreher *et al.* (2017).

Chinese Official Finance Dataset presents China's aid according to the economic sector to which it is addressed in the recipient country. As for the number of implemented projects, the principal sector was education, with 66 initiatives that represented 21% of all the projects, that is, 79 million dollars. The energy production and supply sector obtained 18 billion 203 million dollars, that is, 1 out of 3 dollars allocated to LAC a taxonomy of the distribution of China's ODA in LAC sub-regions (see Table 3).

Table III: Quantities and percentage shares of China's projects and aid flows to LAC, classified by economic sector, 2000-2014

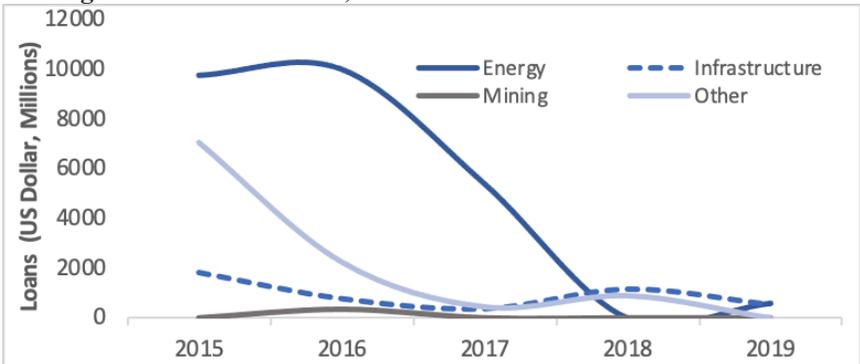
Economic sector	Projects		Flows	
	Quantity		Quantity	
Action Relating to Debt	3	1%	6.713.918.004	13%
Agriculture, forestry and fishing	13	4%	577.750.461	1%
Banking and financial services	1	0%	271.419.758	1%
Business and other services	7	2%	272.430.104	1%
Communications	12	4%	2.228.747.689	4%
Food security and assistance	1	0%	0	0%
Education	66	21%	79.243.014	0%
Emergency response	29	9%	36.033.150	0%
Energy generation and supply	26	8%	18.203.792.263	34%
General budget support	2	1%	1.428.812.774	3%
General environment protection	1	0%	73.072.259	0%
Government and civil society	23	7%	302.629.614	1%
Health	15	5%	403.917.056	1%

Industry, mining, and construction	21	7%	2.244.493.402	4%
Product assistance, excepting food	1	0%	0	0%
Others, multi-sector	17	5%	2.754.262.931	5%
Other Social infrastructure and services	34	11%	5.263.176.738	10%
Support to NGOs and Government Organizations	1	0%	164.105	0%
Trade and tourism	2	1%	2.790.641.684	5%
Transport and storage	33	10%	9.386.907.520	18%
Water supply and sanitation	4	1%	68.304.096	0%
Unallocated / Unspecified	7	2%	289.310.266	1%
Total	319	100%	53.389.026.888	100%

Note: Own production, based on Dreher *et al.* (2017).

Regarding credits and loans from the China Development Bank and China Export-Import Bank to governments and state companies, 41,462 million current dollars between 2015 and 2019, mainly focused on mining projects, especially in Brazil (see Figure 4).

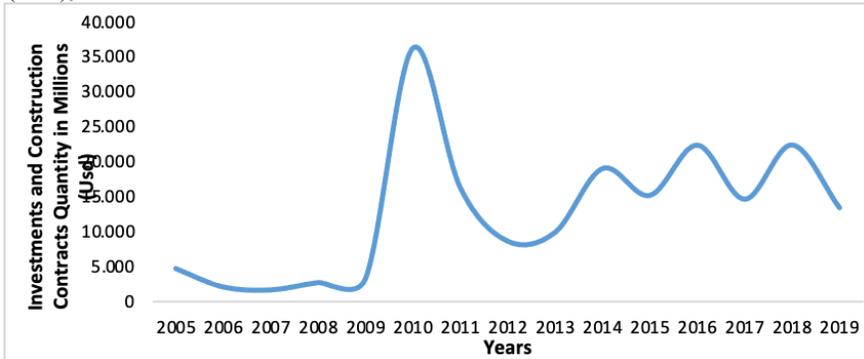
Figure 4. Loans for sector, 2015-2019.



Note: The Inter-American Dialogue and the Global China Initiative at Boston University's Global Development Policy Center (2020).

Finally, in relation to investments and construction in Latin America and the Caribbean, at current prices between 2005 and 2019, 192,540 million dollars were transferred (Figure 5). The 74% concentration of these resources occurred in Brazil, Argentina, Peru, and Venezuela.

Figure 5: Investments and Construction Contracts Quantity in Millions (Usd), 2005-2019.



Note: China Global Investment Tracker (CGIT), 2020.

The above presented analysis demonstrates the marked purposes of China's aid, which evidence two out of the three pillars that support the new international regime of cooperation as described by Domínguez (2018). The first one is related to the commitment on infrastructure projects, which represented more than half of the flows allocated to LAC. This is illustrated by the fact that just the energy production and supply sector (34%) and other services and social infrastructure (10%) represented 44% of total ODA resources to LAC. The second pillar is the one that refers to the expansion of development funding, focused on trade and investment, which represented 58% of the flows and 71% of Chinese projects in LAC between 2000 and 2014. Likewise, the analysis also reveals the structure of Chinese aid according to the LAC sub-region to which it is addressed. In South America, there is a pattern based on loans focused on development and commercial projects of high flow levels; in the Caribbean, it is based on grants and in Central America, it has a primarily representational purpose, and it is implemented mostly without economic resources. Overall, as Wan (2018) states, China's aid has a strategic role at a global level.

This means that China's commercial or financial system has played a central role in the design of global policies. For this reason, the Chinese government has also recognized the importance of gaining allies to guarantee its geostrategic interests, promoting regional forums, such as the one it has with the Community of Latin American and Caribbean States (CELAC) in this region, which represents a point anchor in a strategy focused on turning the key regions of the world around China taking advantage of its economic and financial momentum (Ríos 2014: 18).

Close relations with LAC were referred to through the I CELAC-China Forum (in Beijing, 2015) and then with the II CELAC-China Forum (in Santiago, 2018), in which the parties signed an action plan to deepen their cooperation, solidarity and complementarity from the explicit invitation of the Chinese government to the 33 CELAC countries to become part of the BRI, as a global project that could open the margins of regional autonomy. Even though LAC had been excluded from the official BRI map, several countries in the region have joined it by means of memoranda of understanding.

Currently there are 10 countries in Latin America that are part of the BRI in Latin America. Panama was the first Latin American country to join, and then Uruguay, Ecuador, Venezuela, Chile, Uruguay, Bolivia, Costa Rica, Cuba, and Peru have joined, who was the last in this initiative. The other countries in the region that have signed BRI agreements are Bolivia, Antigua and Barbuda, Trinidad and Tobago, and Guyana. In some cases, these memoranda are already being translated into concrete projects and infrastructure, as the construction of two bridges and the reconstruction of the “Eloy Alfaro” airport in Ecuador or the development of a railway system in Panama.

For some critics like Howard Zhang, BRI represents not only a bold increase in China's geopolitical and strategic influence, but also the indebtedness of recipient countries that are now facing enormous difficulties in the context of the global Covid-19 pandemic, informing Beijing of the inability to pay its debts (Navas, 2020).

However, for other analysts such as Dussel, China is in the best possible position to respond to requests from Latin American countries in the framework of the Covid-19 pandemic, especially in terms of transmission of experiences in general and with resources human and financial (Koop, Andreoni, Bermúdez & Cuéllar 2020). In any case, this does not rule out uncertainties about whether the Covid-19 pandemic threatens the BRI or opens new opportunities for the Latin American and Caribbean region.

4. Conclusions

Far from evoking the reductionism of categorizing China's political-economic aid and investment as good or bad, the truth is that it represents another source of financing and economic support for Latin American and Caribbean countries. Besides, many of those countries expect Beijing to make larger investments in projects that may stimulate employment and generate greater profits. Moreover, LAC countries need partners and investors. In the case of China, despite its commitment to the “Global South” and to a wide variety of sectors, eventually, it acts in its own interests, fact which should be taken into consideration.

Latin America and the Caribbean is not a central region regarding the BRI project, it is gaining an increasingly important place in China's global strategy. Notwithstanding the reflections upon these debates, certainly, the pillars of the PRC's foreign policy have been political dialogue, commercial agreements, and funding. In this sense, China has essentially based its cooperation on trade, investment, credits, and foreign aid. Conversely, it is ironic that development assistance, –which was inspired by the crisis perceived in development– has shown and still shows signs of crisis during most of its existence (Hout 2019).

According to Li, China and the LAC region could learn from the experience of implementing the MDGs, better understanding the challenges and opportunities in implementing the 2030 Agenda and achieving the SDGs of both parties through academic and civilians' exchanges and dialogues, based on official mechanisms and platforms. China's initiatives such as the BRI, with regional and national initiatives in the LAC, region could be integrated with the 2030 Agenda and mutually gain benefit for the development of SDG (Li, 2018).

Currently, the Covid-19 pandemic has accelerated some pre-existing processes and stalled others. Therefore, in its development aid strategy, the Chinese government has emphasized in its recent 2021 White Paper a highlight on health issues after Covid-19 (SCPRC, 2021). According to Florencia Rubiolo and Javier Vadell, the incipient emergence of a health geopolitics for Latin America and the Caribbean, that is, the reconfiguration of priorities in relation to international cooperation and aid in health issues, China has been at the forefront of health cooperation, since the outbreak of the Covid 19 pandemic, in what is known as 'chinstrap diplomacy'. This diplomacy consists of a policy of cooperation and aid from China towards some countries dramatically affected by the pandemic (Rubiolo & Vadell 2020). China has provided significant amounts of Covid-19-related aid to Latin American and Caribbean countries that earned nearly \$ 215 million dollars in supplies. From surgical gloves to advanced thermal imaging technologies, totaling about \$ 2.128 million dollars of Chinese donations for this region (Ray, Albtight and Wang, 2021: 4-5).

All things considered, it proves suitable to indicate that the multiple types of funding presented in this analysis as well as the increase in China's aid funds to LAC, are historically coherent with the radical changes introduced to China's aid policy. In addition, these changes strategically and drastically reduced the ideological features of the Asian country's foreign policy, which increased the provision of grants and no-interest loans. Finally, the collected information shows that LAC will still be a major actor in China's global strategy and that the consolidation of a new and alternative international regime of cooperation could provide the region with a significant role regarding the SSC mechanisms that it brings forth.

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