Policy Coordination between China and Latin American Countries under the Framework of the Belt and Road Initiative

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ABSTRACT. Latin American countries were not a part of the earlier draft of the route map of China’s Belt and Road initiative. Through efforts of both sides, starting from the Belt and Road Forum for International Cooperation in May 2017, Latin America has become an indispensable and important participant of the ‘Belt and Road’ initiative. In view of the differences in history and objective circumstances between China and Latin America in terms of histories, cultures, current economic states and development needs etc., policy coordination plays a fundamental role in the China-Latin America cooperation under the framework of the Belt and Road initiative. This article explores the four aspects of policy coordination in the BRI context, namely historical background, philosophy, principle and objective. The article notes that the weight of the US, EU and Japan in the global economy is decreasing, and the number of contradictions in the national economies of these countries, on the contrary, is growing. At the same time, the aggregate economic weight of developing countries is increasing. This new paradigm of development of the world economy gives a chance to developing countries, namely China and Latin America, to deepen economic cooperation. China has already become the second largest trading partner and the third largest source of investment for Latin American countries. China also proposes a solution based on its own Chinese experience, which will allow countries from Latin America to further accelerate their economic growth through infrastructure cooperation within the framework of the Belt and Road Initiative. The basic principles of such cooperation are win-win cooperation, shared growth through discussion and collaboration and the essence of policy coordination, etc. It is believed that, on the premise of a high degree of consensus achieved through policy coordination, both China and Latin America will achieve sustainable and efficient cooperation and development under the framework of the Belt and Road initiative.
Introduction

Between China and the Latin American countries are the vast seas of the Pacific. In fact, the Latin American countries were not a part of the earlier draft of the route map of China’s Belt and Road initiative [Vision and Actions on Jointly Building Silk Road Economic Belt 2015]. However, in view of the foundation of cooperation built through the history of China-Latin America relations, realistic needs of both sides and the benefit for promoting globalization, as well as the openness and inclusiveness characteristic of the Belt and Road initiative itself, it is inevitable that Latin America would become a necessary and active participant of the initiative. Both presidents of Argentina and Chile along with close to 20 ministerial officials from other Latin American and Caribbean countries attended with enthusiasm the Belt and Road Forum for International Cooperation held in May 2017 upon invitation. On May 17, 2017, at the meeting with the Argentina president Mauricio Macri, Chinese president Xi Jinping noted that “the Latin America is a natural extension of the maritime Silk Road of the 21st century” [“China Ship” to the “New Maritime Silk Road” 2017]. Further, in November, 2017, at the meeting with the Panama president Juan Carlos Varela Rodriguez, Xi again emphasized that “China regards Latin America as an indispensable and important participant of the ‘Belt and Road’ initiative” [Xi Jinping Meets with President Varela of Panama 2017]. These meetings marked the beginning of a joining path of China and Latin America as they are writing a new chapter of cooperation in history under the framework of the Belt and Road initiative.

China’s Belt and Road initiative centers on five aspects of connectivity, namely, policy coordination, facilities connectivity, unimpeded trade, financial integration and people-to-people communication. Considering the differences in history, culture, economic realities and development needs between China and Latin American countries, policy coordination is the premise for practical China-Latin America cooperation and plays a fundamental and supporting role.

Historical Background of China – Latin America Policy coordination under the Framework of the Belt and Road Initiative

Since the global economic and financial crisis from 2007 to 2009, new changes have been brought to the global economic structure and a new stage of economic and political restructuring has started. The change and uncertainty of politics and economies of the U.S. and Europe, the new concept of striving away from low growth promoted in the Belt and Road initiative, the common efforts of China and Latin American countries in building new international political orders, compounded with many other factors constitute the historical background for strengthened China-Latin America policy coordination under the Belt and Road framework.

1. POLITICAL AND ECONOMIC DEVELOPMENTS IN THE U.S. AND EUROPE PRESENT STRATEGIC POTENTIAL AND OPPORTUNITIES FOR CHINA – LATIN AMERICA COOPERATION

A new paradigm of world economies has gradually emerged since the global economic and financial crisis that spanned from 2007 to 2009. The U.S., Europe and Japan have shown slow and weak economic recovery and GDP of the seven major western countries has been weighing...
less in the global GDP. The European debt crisis is yet to see a thorough resolution even to date, while Brexit in 2016 and Europe’s refugee problems are compounding the instability. On the other hand, emerging economies (including China and Latin American countries) are gaining increasing importance in the world economy as their total economies are weighing high. Additionally, as waves of trade protectionism rise and anti-globalization movements surge, the international investment and trade environment and multilateral investment and trade patterns are undergoing adjustments to unprecedented depth.

The U.S. and Europe are receding in their global leadership and influence, manifested not only in the economic arena, but also in terms of political splits and factions. This has reached a peak as Mr. Donald Trump took office as the U.S. president in 2017. The series of propositions advocated by the Trump administration highlight some substantial changes in the current international relations. Trump’s “America as the top priority” or “America first” mark the further retreat of America from its global leadership. In March 2018, the U.S. announced the imposition of tariffs on steel and aluminum imports in the name of protecting its own manufacturing bases. The affected counties are forced to take countermeasures against the U.S. On May 8, 2018, Trump administration further announced that it’d pull the U.S. out of the Iran nuclear deal and reimpose sanctions on the Iranian regime [Gearan, DeYoung 2018], a decision that directly harms the interests of E.U. countries. The U.S. we see today is taking a series of unilateral actions in the global scope, not to address the pressing problems, but to create even more problems.

The U.S. has also taken a number of unfriendly policies towards the Latin American countries, such as unilateral withdrawal from the Trans-Pacific Partnership (TPP), restarting the negotiation on North American Free Trade Agreement (NAFTA), building the “impenetrable” wall at the U.S.-Mexico border, deporting illegal immigrants from Latin American countries, and threatening with restrictions on immigrant remittance, among others. These moves pose serious impact on the economies of Latin American countries that are highly reliant on the U.S. market. As a result, Latin American countries are forced to search for reliable markets and financing outside the American continent.

Just as the U.S. president Donald Trump was talking about building the wall on the U.S.-Mexico border and closing the door to free trade [Serrano 2018], China put forward its Belt and Road initiative to the global community, working to build a bridge for China-Latin America economic cooperation. The political and economic uncertainties and increasingly dooming tendency for isolation in Europe and the U.S. offer strategic potential and strategic opportunities for the China-Latin America relations. The intentions of China and Latin American countries to strengthen economic cooperation have gradually strengthened. In contrast to the U.S. anti-globalization and trade protectionism, China’s Belt and Road initiative is offering continued support for globalization and multilateral free trade system. The Latin American countries will no doubt make their rational choice on whether to take the opportunities presented by the BRI as opposed to self-closure and trade protectionism in the region.

2. BELT AND ROAD INITIATIVE PRESENTS NEW IDEAS AND PHILOSOPHIES FOR RESOLVING THE DILEMMA OF SLOW GROWTH

In the face of new changes and new problems in the global politics and economy, new ideas and principles are needed to respond to the new challenges. Through opening up in all dimensions and the sustaining growth of economic strength over the recent four decades, China is playing an increasingly important role in the
world. As the world’s largest consumer market and growth market, China is the second largest trade partner and the third largest investment source for Latin American countries. China’s own development presents excellent opportunities and strong momentum for the economic growth of Latin American countries. China’s Belt and Road initiative since September 2013 advocates for continued promotion of globalization, free trade, strengthening economic cooperation and joint effort in overcoming the global phenomenon of slow economic growth. It presents the new ideas and principles for economic development and solving the dilemma of slow growth for countries around the world, which are based on China’s traditional philosophy, its belief in common development and experience of success over the four decades of reform and opening up.

Since the establishment of normal foreign relations between China and Latin American countries in the 1970s, China-Latin America trade has seen remarkable achievements. Latin America is one of the most important origins of raw materials and commodities in the world, while China is the largest importer of raw materials. Trade structure between the two sides shows strong mutual complementary features. To date, China has become the second largest trade partner of Latin America, and the largest trade partner of many Latin American countries [Economic Watch: China’s Development Offers “Unprecedented Opportunities” for World 2018]. Most notably, since 2000, China-Latin America trade has registered a 22-fold increase in volume.

In recent years, many Latin American countries have suffered from weak eco-

Trend in China-Latin America Trade from 2000 to 2015 (in 100 million USD)

Data source: CEIC database. Import, Export, Total volume of trade, Trade gap
nomic growth, social instability, rising debts, insufficient financing and lack of investment in infrastructures. These countries are under various constraints, slowing down their economic growth. China’s Belt and Road initiative further facilitates the China-Latin America trade, strengthened financial integration and people-to-people communication by promoting infrastructural cooperation. Latin American countries have witnessed the rapid development of China’s economy, and are able to correctly understand the new development principles and cooperation approaches advocated in the Belt and Road initiative. They have actively engaged in friendly exchanges with China and taken a positive stance in China’s Belt and Road initiative based on the rapid development of economic and trade exchanges between China and Latin America. Latin American countries regard the Belt and Road initiative as an important opportunity to revitalize their own national economies and promote infrastructure development, and are taking a positive stance on joining the Belt and Road initiative.

3. ADVOCATING TOGETHER FOR A NEW RATIONAL AND FAIR INTERNATIONAL ECONOMIC ORDER

Entering the 21st century, along with the rise of China, Latin America and other emerging economies, it’s largely impossible for one or several countries to decide on world affairs. As a representative of the emerging force for global prosperity and growth, the Latin American region is casting crucial influence on global politics, and playing an ever more important role in the many international organizations and international coordination mechanisms. As the representative of emerging economies, China and Latin America shoulder common missions in jointly advocating for the construction of fair and reasonable new order of international economies. From breaking through trade and investment protectionism, to joining efforts to achieve the 2030 agenda for sustainable development, eliminating poverty and responding to crises, climate change and other global issues, China and Latin America are enhancing strategic integration, which will make important contributions not only to the improvement of global economic governance and enhancing the influence and power of emerging markets in international political and economic affairs, but also, ultimately, to promoting the development of the global governance systems in a reasonable and fair manner.

Since the global financial crisis in 2008, the G20, encompassing the main developed countries and emerging economies, is gradually replacing the G7 as a key platform for global economic governance. This is a landmark event in the evolution of global governance system. Among the G20, Latin America has become a force that cannot be neglected. Both Argentina and Brazil are members of the G20, and Mexico hosted the 7th Leaders’ Summit in 2012. The 13th Leaders’ Summit will also be held in Argentina in 2018. The Meetings of Finance Ministers and Central Bank Governors under the G20 dialogue framework were also held in Mexico and Brazil in 2003 and 2008 respectively.

The BRIC is the latest attempt of emerging economies’ participation in the global economic governance and increasing their voice in the global governance system. Latin America is an indispensable region in improving the global economic governance. As the representative of the Latin American countries, Brazil works hand in hand with the other four countries to promote explorations in and development of global economic governance. At the same time, along with the establishment of the New Development Bank of BRIC, regional monetary agreement and aid mechanism created by emerging economies have come into effect, aiming mainly at serving the developing economies. Along with the
development of the BRIC mechanism, the Latin America represented by Brazil will play an increasingly important role.

The important role of Latin America in the global economic governance is also manifested in the crucial status of Latin American countries in multinational cartels. A typical case is the Organization of Petroleum Exporting Countries, which currently has 13 members, of whom two are from Latin America, namely Venezuela, a founding member country and Ecuador which joined the organization in 1973 and 2007. Since its establishment, the OPEC has been exerting crucial influence on the world's oil prices and international relations, during which course, the Latin American force has always been a significant one.

In many international organizations and international coordination mechanisms, China and Latin American countries actively cooperate, jointly respond to the global economic disorder in face of global crises, and together advocate for the fair and reasonable new global political order, as manifested in the important consensus and joint actions achieved by the two sides. In this grand context, China and Latin America have reached extensive consensus and achieved effective communication on development-related issues.

**Principles and Essence of China-Latin America’s Policy coordination under the Framework of the Belt and Road Initiative**

Any initiative and new political propositions put forward to the international community would instinctively invite certain doubts and questions. Advocator of a concept needs to elaborate and interpret the principles and essence of the proposition for the international community to have better understanding and communication. This is the underlying intention of the “policy coordination” in the Belt and Road initiative. Policy coordination plays a significant role in inter-state cooperation and is the prerequisite to and important support for inter-state cooperation. One must be aware that many developing countries including those in Latin America have engraved memories of the history of colonialist exploitation and imperialist invasions. Their perceptions of the current state of international relations are also rational and realistic. In the wake of China’s Belt and Road initiative, it is only natural that many countries have doubts and questions. Meanwhile, western media deliberately spread the “China threat” conspiracies. Some are concerned that with Latin America joining the Belt and Road initiative, China will only speed up its commodity dumping to the Latin American countries along with capital, workforce and even ideologies, and will eventually influence or even threaten the development of national industries, industrialization progress and values of Latin America. For these reasons, certain countries remain doubtful on China’s BRI. Additionally, these countries also have considerations for their positioning in the globalization progress, their own gains and losses, and direction of development. Without reaching consensus through in-depth and extensive policy coordination, the two sides will not have sufficient mutual trust, and China-Latin America cooperation under the BRI framework will no doubt be impaired. Therefore, in the early stage of China-Latin America cooperation under the BRI framework, policy coordination is of exceptional importance.

1. **BUILDING A NEW MODEL OF INTERNATIONAL RELATIONS OF WIN-WIN COOPERATION IS AN IMPORTANT GUIDING PRINCIPLE OF CHINA’S FOREIGN RELATIONS IN THE NEW ERA**

Inclusiveness and co-existence are the concepts underlying the ancient Chinese philosophies. China’s emphasis on mutual
benefits in inter-state cooperation and exchanges is deeply rooted in the traditional Chinese philosophies. As early as in 1953, the newly established Chinese government proposed to the international community the “Five Principles of Peaceful Co-Existence” [Wenhong Xu 2017], which won extensive acknowledgement in the international community and have served as the fundamental principles of inter-state relations.

In March 2013, during his visit to Russia, General Secretary Xi Jinping raised the proposition of building a new model of international relations of win-win cooperation for the first time [President Xi Jinping’s Speech at the Moscow Institute of International Relations 2013]. In November 2014, General Secretary Xi Jinping highlighted in his speech at the Central Government Foreign Affairs Working Meeting the importance of keeping up with the pace of the time, discarding the Cold War mentality, promoting the new model of international relations of win-win cooperation, adhering to the strategy of openness for mutual benefits and win-win results, and embodying the principle of win-win cooperation in political, economic, security, cultural and other foreign cooperation [Jinping Attends the Central Government Foreign Affairs Work Meeting and Delivers Important Speech 2014]. This was followed by General Secretary Xi Jinping’s speeches at the Bo’ao Forum for Asia in 2015 and the General Discussions of the 70th United Nations Conference, which comprehensively and systematically interpreted the principle of the new model of international relations of win-win cooperation. Today, the construction of the new model of international relations of win-win cooperation has become a principle generally acknowledged by countries around the world.

2. THE UNDERLYING PRINCIPLES OF POLICY COORDINATION ARE “TO ACHIEVE SHARED GROWTH THROUGH DISCUSSION AND COLLABORATION”

The underlying principles of policy coordination are “to achieve shared growth through discussion and collaboration”.

“Discussion” means the joint consultation and planning for development direction and goals through discussing strategies related to their own development by peoples of associated countries. When the development goals and plans are reached by agreement through discussions with all stakeholders, consensus of stakeholders is the natural result, constituting the basis for synergy in striving for the jointly established goals. The principle of “discussion” is a breakthrough from the “game rules” whereby the powerful sets the development goals, which dominated the world’s economic development over the past centuries. China’s Belt and Road initiative calls for peoples of the related countries to join together in charting the blueprint for future development. In this process, regardless of size or economic power, countries as stakeholders negotiate and consult with each other on equal basis to seek strategy for development. This is an approach that will guarantee the positive support and enthusiasm from all sides.

“Coordination” means that under the Belt and Road initiative, China calls for development, and provides practical and operable plans, structures and necessary financial support on the basis of discussion with all related countries (e.g. by establishing the Belt and Road Development Fund and taking the lead in the establishment of the Asia Infrastructure Development Bank and Silk Road Fund etc.). Related parties are able to take up active roles in ways they deem appropriate to promote development of relevant projects.
“Shared growth” means that all participants get access to the benefits of accomplished projects. With more and more Belt and Road projects flourishing, the participants will be able to enjoy and use the outcomes together, which will no doubt maximize the synergy and potential for mutual help and economic development in the region.

3. ESSENCE OF POLICY COORDINATION

In essence, policy coordinations under the framework of the Belt and Road initiative is China’s proposal for economic cooperation to countries around the world. Those countries that accept the proposal are able to join the journey with China, seek development goals through infrastructure interconnectivity, unimpeded trade, financial integration and people-to-people bonds, thereby sharing the prosperity and stability. Those that do not accept China's proposal may continue to observe and communicate. In the five years since the initiative was proposed, the concept advocated by China has turned into practical international cooperation, and won response and support from an increasing number of countries. We believe that with the joint efforts of relevant countries, greater opportunities and outcomes will be contributed to the world.

The Four Levels of China-Latin America Policy coordination under the BRI Framework

From the perspective of man years’ practice of international cooperation, in inter-state economic cooperation, it is the technical problems that are easier to be solved. More strenuous obstacles lie in the communication on development strategies, alignment of development plans, linkage of mechanisms and platforms and cooperation in specific projects.

1. COMMUNICATION ON THE LEVEL OF DEVELOPMENT STRATEGIES

Each country has its own judgment on the development of international environment and its own contemplation for the relatively long-term development in the future, and will formulate its own development strategies thereon based. Therefore, communication on development strategy involves communication and coordination on the highest level among the states aimed at finding the greatest common ground for both sides on the macroscopic level and the common direction for actions to achieve collaboration and common development. Specifically, countries that respond to or participate in BRI need to have similar or contiguous understanding of the background of the time China is under, and similar general perception of the current trend of international economies and policies. They need to have similar understanding with China as to the historical missions faced.

The global economic and financial crisis in 2009 brought about new adjustments to international politics and economies. Some countries chose to move against the globalization tide, upholding their own interests, high tariffs and barriers and segregation from neighboring countries. China, on the other hand, believes that the momentum of globalization is unstoppable, and that trade protectionism will only hurt all sides. Certain countries accuse other countries for “taking a free ride” [Landler 2016] and request the “free riders” to pay a price for it [Swerdlick 2016]. Contrary to that, China openly welcomes all countries around the world to take the ride on China’s fast train of development. On the issue of global trade, most Latin American countries support globalization and free trade, and stand against trade protectionism. They support and commit to “a multilateral trade system based on norms that is non-discriminatory, transparent, open and inclusive within the framework of
the World Trade Organization” [Xi Jinping: Welcome Onboard China’s Development Train 2014]. Under this context, China and Latin America are capable of reaching consensus on the strategic level, and the Latin American countries have actively responded to China’s BRI. The signing of the Declaration of Santiago by China and CELAC serves as the political endorsement of the strategic consensus between China and Latin America through BRI policy coordination.

China has always held the view that economic development, improvement of people’s livelihoods, and “continuously striving for meeting the increasing material and cultural needs of the people” are the responsibilities and historical missions of a government. After the GDP per capita in Latin American countries reached USD 1,000, the governments neglected the coordinated development in the society over the years, which caused drastic social unrest, a unique course of history termed as the “Latin America phenomenon”. Under the context of slowing economic growth of the U.S. and European economies, Latin American governments are adapting their governance principles to strengthening economic cooperation with China, playing out the resource and labor advantages of Latin American countries, thereby strengthening the “coordinated economic and social development”. China and Latin America share many similarities in terms of medium to short-term development goals.

In addition, Latin America is an active participant in the global economic governance. However, due to many factors, the region does not have a powerful voice on the international stage [Gao 2018]. China is strengthening dialogues and communication with Latin America as the two sides share common interests in the improvement of global economic governance, implementation of the 2030 agenda for sustainable development and response to climate change, Internet security and various crises (financial crisis, oil crisis and food crisis). This strengthened communication is also represented in the coordination and cooperation in G20, APEC, IMF and other international economic and financial organizations, the development of multilateral trade system centering around the WTO, the governance reform at IMF and World Bank to increase presence of emerging markets and developing countries, and the construction of global financial security network to enhance the world’s resilience against systematic impacts.

On top of the cooperation between China and Latin American countries in international affairs, China also needs to gain acknowledgement of its core foreign relations principles with Chinese characteristics, such as the “community with a shared future for mankind” and “development of a new model of international relations of win-win cooperation” based on global partnerships of common interests and political understanding, so as to gain support for “China Plan” and “China Wisdom” in global governance. Also, with China’s rise at the center of the world stage as a competitor and change maker, its commitment to promoting reform of the existing international systems will inevitably arouse accusations and obstruction from US, the leader of the existing international systems. The U.S. has sent out threats to China in trade, monetary and Taiwan Strait issues through its “Asia Pivot” strategy, and may potentially cause enormous strategic pressure and direct harm on China. In maintaining world peace, open trade and rules of international systems, China needs support from Latin America.

On July 17, 2014, at the meeting with leaders of Brazil and other Latin American countries, President Xi Jinping announced the plan to “build hand in hand a community of shared future” with Latin America, and promoting the development of “com-
prehensive strategic partnership” between China and Latin America. In January 2015, the first China-CELAC Ministerial Forum was held in Beijing, marking the start of a new era of bilateral relations driven by security and economic cooperation between China and Latin America. On November 24, 2016, China released the second policy document on Latin America, following the one in 2008. Through top-level design of policies towards Latin America, Chinese leaders proposed new goals for the development of China-Latin America relation to new energy and build new cooperation platforms. China-Latin America relation has since entered a new stage of comprehensive development, and China factors are incorporated in the regional development of Latin America.

China and Latin America do not have many obstacles in building a Community of Shared Future for joint development. However, due to ideological differences and the evolving sense of national identity of some Latin American countries, certain difficulties still present in accomplishing the goal of building comprehensive strategic partnerships between China and Latin American countries.

Through continuously deepening integration of interests, China and Latin America are promoting political mutual trust and new consensus through cooperation. China and Latin America actively construct the exchange mechanisms for macroscopic policy coordination among governments over economic development strategies and actions, jointly formulate plans and measures to promote regional cooperation, together provide policy support for practical cooperation and implementation of major projects, thereby formulating more aligned strategies, decisions, policies and rules and building a consolidated community of share future.

2. ALIGNMENT OF DEVELOPMENT PLANS

On the basis of consensus in development principles and strategies, the two sides are able to further clarify their priorities and cooperation sectors, further detail

Table 1. Comprehensive Strategic Partnerships between China and the Main Latin American Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Relationship positioning</th>
<th>Year acceded</th>
<th>Relationship positioning</th>
<th>Year acceded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>Strategic partnership</td>
<td>2004</td>
<td>Comprehensive strategic partnership</td>
<td>2014</td>
</tr>
<tr>
<td>Brazil</td>
<td>Strategic partnership</td>
<td>1993</td>
<td>Comprehensive strategic partnership</td>
<td>2012</td>
</tr>
<tr>
<td>Chile</td>
<td>Strategic partnership</td>
<td>2012</td>
<td>Comprehensive strategic partnership</td>
<td>2016</td>
</tr>
<tr>
<td>Ecuador</td>
<td>Strategic partnership</td>
<td>2015</td>
<td>Comprehensive strategic partnership</td>
<td>2016</td>
</tr>
<tr>
<td>Mexico</td>
<td>Strategic partnership</td>
<td>2003</td>
<td>Comprehensive strategic partnership</td>
<td>2013</td>
</tr>
<tr>
<td>Peru</td>
<td>Strategic partnership</td>
<td>2008</td>
<td>Comprehensive strategic partnership</td>
<td>2013</td>
</tr>
<tr>
<td>Venezuela</td>
<td>Strategic partner for joint development</td>
<td>2001</td>
<td>Comprehensive strategic partnership</td>
<td>2014</td>
</tr>
<tr>
<td>Uruguay</td>
<td>Strategic partnership</td>
<td>2016</td>
<td></td>
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</tr>
<tr>
<td>Costa Rica</td>
<td>Strategic partnership</td>
<td>2015</td>
<td></td>
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</tr>
</tbody>
</table>

As of May 2018
and quantify development ideas and strategies, and determine the timetable and route map for cooperation, i.e. aligning their development plans. These will serve as the blueprint and basic framework for cooperation of the two sides for a certain period into the future.

China and the Latin American and Caribbean countries have achieved abundant outcomes in the alignment of development planning. At the first ministerial meeting of the China-CELAC Forum held in 2015, the Cooperation Plan for China and Latin American and Caribbean Countries (2015 – 2019) and China-Latin America Forum Mechanisms and Operating Plan were adopted. These include detailed cooperation plans covering 13 sectors such as politics and security, international affairs, trade, investment, finance, infrastructure and transport, energy and resources, agriculture, industry, technology, astronautical and aerospace, education and human resource training, culture and sports, news, media, publication, tourism, environmental protection, disaster risk management and disaster relief, poverty alleviation, health, and people’s friendship in implementing the initiative [Avendano, Melguizo, Miner 2017].

On the basis of success of the Cooperation Plan for China and Latin American and Caribbean Countries (2015 – 2019) and China – Latin America Forum Mechanisms and Operating Plan, on January 22, 2018, the Joint Action Plan of China and Latin American and Caribbean Countries (Priority Sectors) (2019–2021) [Joint Action Plan of China and Latin American and Caribbean Countries] was adopted in Santiago of Chile. The plan identifies the eight priority sectors for cooperation in the coming three years, including politics and security, infrastructure and transport, trade investment and finance, agriculture, industry and technology, environmental protection cooperation, cultural exchange and cooperation in other sectors etc., and makes detailed plans for the joint actions in the coming three years.

Notably, Latin America’s infrastructures are poorly connected, resulting in excessively high transportation costs and difficulty for the flow of productive elements in a larger scope, greatly restraining the export competitiveness and economic development potentials of the Latin American countries. In January 2018, at the 2nd ministerial meeting of the China-CELAC Forum, China proposed to place the “construction of greater connectivity integrating land and sea” as the priority area for the next stage of deepened China-Latin America cooperation. With support and cooperation of the Latin American countries, China will actively engage in the interconnectivity-oriented construction of transport, infrastructure, energy and other hardware in Latin America, and open more maritime channels and direct navigation routes.

The adoption of the Joint Action Plan (2019–2021) indicates the high level of consensus and alignment between China and Latin America in development planning.

3. CONNECTION OF MECHANISMS, FACILITIES AND PLATFORMS

Mechanisms and platforms are the key aspects that determine the success of bilateral and multilateral cooperation plans. The connection facilitated by mechanisms and platforms will effectively connect the executing agencies in all countries, build unimpeded communication, exchange and consultation channels, and more effectively connect relevant resources that will help promptly resolve the problems and difficulties in implementation of the plans.

Currently China and Latin American countries have made considerable progress in terms of the success of the China-CELAC Forum attended by 33 countries and hosting eight sub-forums, the China-Latin America inter-governmental di-
alogue and consultation mechanisms encompass the bilateral high-level coordination and cooperation committee, high-level cooperation committee, standing inter-government committees, strategic dialogues, economic and trade committee and political consultation mechanisms will further perfect the dialogue and consultation mechanisms between Chinese and Latin American governments. The free trade agreements entered between China and Chile, Peru and Costa Rica are being successfully implemented, and feasibility studies on free trade zone are being actively carried out jointly with Panama and Columbia [Second Ministerial Meeting of China-CELAC Forum 2018]. Besides, investment law, investment and trade treaty, agreement on facilities, taxation, transport, logistics, technical standards and communication language etc. will also be the important contents of policy coordination under the BRI framework. These pose higher demands for the mechanisms, platforms and facilities that work to connect for cooperation and will require consultation and resolution through cooperation.

The China-Latin America Entrepreneurs Summit is held annually and hosted by China and Latin American countries in turn. During the summit, the Organization for Promoting China-Latin America Trade and chambers of commerce roundtable meetings, project negotiation meetings, topical seminars, China-Latin America Trade Expo, training for Latin American and Caribbean industry and commerce professionals and a series of other events are also held.

In addition, many platforms and cooperation mechanisms have been developed in the financial sector to facilitate practical cooperation between China and Latin America.

1. CHINA -LATIN AMERICA COOPERATION FUND

In July 2014, when attending the China-Latin American and Caribbean State Leaders’ Summit, Xi Jinping announced the launch of the China-Latin American Cooperation Fund, jointly initiated and established by China’s Export-Import Bank and the State Administration of Foreign Exchange, with a total scale of US$10 billion. The China-Latin America Cooperation Fund invests in Latin American energy resources, infrastructure construction, financial cooperation, and social development projects.
tion, agriculture, manufacturing, scientific and technological innovation, information technology, and production capacity cooperation through equity and debt investments, and supports cooperation projects between China and Latin American countries. Its missions are aligned with the vision of Latin America for social, economic and environmental development as well as sustainable development, and serve to build a comprehensive partnership between China and Latin America. On May 11, 2016, the first project of the China-Latin America Cooperation Fund was implemented by an enterprise from Hunan province---Broad Homes Industrial International Co., Ltd., which signed a strategic cooperation and investment agreement with the China-Latin America Cooperation Fund officially. On February 21, 2017, Jamaica used financing provided by the China-Latin America Cooperation Fund to build a government bidding and procurement system. These progresses show that the cooperation between China and Latin America has developed rapidly, and China-Latin America Cooperation Fund has made considerable breakthroughs in its business.

2. CHINA-LATIN AMERICA PRODUCTION CAPACITY COOPERATION FUND

The China-Latin America Production Capacity Cooperation Fund was established in May 2015 during Premier Li Keqiang’s visit to Brazil and was announced at the China-Brazil Business Summit as part of the exploration in establishing a new “3x3” production capacity cooperation model. In September 2015, the China People’s Bank of China, State Administration of Foreign Exchange, and China Development Bank jointly initiated the establishment of a China-Latin America Production Capacity Cooperation Fund with a first-phase scale of USD10 billion. China-Latin America Production Capacity Cooperation Fund upholds the concept of commercial operation, mutual benefit and win-win cooperation, openness and inclusiveness. It aims to serve China and Latin America’s comprehensive cooperative partnership, and helps promote capacity cooperation between China and Latin America, focusing on investments in manufacturing, high-tech, agriculture, and energy resources in Latin America and other important infrastructure projects for long-term production cooperation between China and Latin America.

3. CHINA-BRAZIL PRODUCTION CAPACITY COOPERATION FUND: USD 20 BILLION

In June 2015, Vice Premier of the State Council Wang Yang announced the decision to establish the China-Brazil Production Capacity Cooperation Fund at the 4th Meeting of the China-Brazil High-level Coordination and Cooperation Committee. The fund has a scale of USD 20 billion, of which USD 15 billion will be contributed by China. The priorities will be on supporting bilateral production capacity cooperation projects.

4. CHINA-LATIN AMERICA SPECIAL LOAN FOR INFRASTRUCTURE DEVELOPMENTS

In July 2014, at the state leaders’ meeting of China and Latin American and Caribbean countries, President Xi Jinping announced that China will officially implement the China-Latin America special loan for infrastructure development undertaken by the China Development Bank, and will on that basis increase the special loan facility to USD 20 billion. The loan will be used to support Chinese enterprises in their engagement in highway, communications, port, power, mining, agricultural and other infrastructure projects in the CELAC counties.

The world economy is recovering at a slow rate. Impacted by drastic decrease of bulk commodity prices and reduction of external financing, Latin American coun-
tries are suffering from slow and impeded economic recovery. In this context, the complete and sound cooperation mechanisms developed between China and Latin America as well as the financial cooperation mechanisms will no doubt deepen and strengthen China-Latin America cooperation in various sectors, and make positive contributions to increasing employment in Latin American countries, enhancing export competitiveness of Latin America and new growth of the world economy.

Cooperation in Specific Projects

Specific projects are the underlying units and carriers for implementing strategies and plans. Project cooperation is the result of policy coordination on the most microscopic level. Ultimately, the Belt and Road initiative will require implementation through specific projects in infrastructure, economic and trade, investment, finance and culture sectors. Currently, remarkable achievements have been witnessed in many project cooperation between China and Latin America. These include the Coca Codo Sinclair hydroelectric project in Ecuador, the Atlantic and Pacific railway project prepared by China, Brazil and Peru, and the “Digital Silk Road” by China and Chile.

1. COCA CODO SINCLAIR HYDROELECTRIC PROJECT

The Coca Codo Sinclair hydroelectric project is located between the provinces of Napo and Sucumbios, with a total installed capacity of 1,500MW [Coca Codo Sinclair Hydroelectric Project]. It is the largest hydroelectric station in the history of Ecuador, known as the “Three Gauges” of the country. Through tender and negotiation procedures, China’s Synohydro Corporation officially entered the Memorandum of Understanding on Contract Award and the EPC Total Price Contract with the project owner in 2009. Engineering construction officially commenced in July 2010. In November 18, 2016, President Xi Jinping and Ecuador President Correa together witnessed the commissioning ceremony of the hydropower station. The completion of the project drastically changed Ecuador’s history of power shortage, greatly improved the people’s lives, and brought revolutionary changes to Ecuador, transforming the country from a power importer to a power exporter. From April 2016, Ecuador started exporting electricity power to Columbia, and in the same year made revenue of nearly USD 40 million from power export. The figure is expected to reach USD 200 million in the future. The mission for the power transmission lines connecting Ecuador and Columbia has changed from importing electricity power to exporting electricity power. Running at full capacity, the Sinclair hydroelectric project will be able to save energy expenditures of around USD 600 million for Ecuador each year. The completion and commissioning of the Sinclair hydroelectric project raised the percentage of clean energy power to 85% of total national demand of Ecuador, making the country one of those of the highest percentage of clean energy usage in the world. Additionally, the power station has cumulatively created nearly 8,000 jobs for the local areas.

2. THE “BI-OCEANIC RAILWAY” PROJECT

The railway refers to the one through Brazil and Peru connecting the Atlantic and Pacific oceans, proposed for the first time by President Xi Jinping during his visit to Brazil in July 2014. The proposal received active response from Brazil and Peru. In turn, China entered the memorandum of understanding on feasibility studies of the railway project with Brazil and Peru in July and November of 2014 respectively. In May, 2015, during Premier Li Keqiang’s visits to the two countries, the
three parties signed the cooperation document on feasibility studies for the railway project, upon which the feasibility study work commenced officially. The construction of the railway project will lead to a super-long rail line of 5,000 kilometers connecting Brazil and Peru across the Atlantic and Pacific oceans, which will break down the monopoly of Panama Canal on international logistics which is now under the U.S. control. Additionally, the railway infrastructure development will bring about significant contributions to the economic development of Latin America.

3. JOINT DEVELOPMENT OF THE “DIGITAL SILK ROAD” OR “AIR SILK ROAD”

On top of the interconnectivity and communication in land, sea and air transport infrastructures, China and Latin America have also started cooperation in digital connectivity, keeping up with the time. Chile proposed for the joint development of a “Digital Silk Road” and “Air Silk Road” between China and Latin America, to facilitate interconnectivity in digital areas with support of modern technologies. Chile and China are planning to build a submarine optical cable across the Pacific Ocean, for which the preliminary feasibility study has been completed to date. If the plan is successful, Chile will become a bridge and hub for connecting South America and China through the Internet.

Additionally, in 2015, China and Brazil entered 35 detailed cooperation agreements, covering bilateral production capacity, infrastructure, finance, aviation and agricultural sectors, with a total amount in excess of USD 27 billion. China and Colombia entered 12 bilateral cooperation agreements covering infrastructure development, production capacity, aids, cultural and education sectors. China and Chile also entered cooperation documents in finance, production capacity, equipment manufacturing and other sectors, providing sound system and environment guarantees for China-Latin America cooperation in production capacity. China is willing to actively participate in the construction of rail transport projects in relevant Latin American countries, increase technology transfers in equipment cooperation and aid the interconnectivity of the South American continent.

In project cooperation under the Belt and Road initiative, businesses are the key players and market operation mechanisms are the rules. Project processes need to follow the market patterns. Meanwhile, the government also needs to play its guiding role to foster a sound environment and offer the necessary help businesses to have project cooperation.

Strategic communication, planning alignment, platform connection and project cooperation are the four levels for policy coordination under the framework of Belt and Road initiative. The Chinese way is to start with the macroscopic to the microscopic, namely to start with strategic communication and gradually move to specific project implementation. However, in reality, due to the difference in the thinking models of parties involved, certain countries prefer to start with specific projects and gradually reach to the macroscopic strategies. In practical operations, both sides need to apply flexibility and engage in a large amount of communication and exchanges based on reality.

In sum, China will adhere to the fundamental principles of achieving shared growth with discussion and coordination and further promote the infrastructure connectivity, unimpeded trade, financial integration and people-to-people bonds with Latin American countries with policy coordination as the basis and guarantee for China-Latin America cooperation, and work alongside relevant Latin American countries to jointly promote practical cooperation and development under the Belt and Road initiative.
Goals of China-Latin America Policy coordination under the BRI Framework

The goals of policy coordination under the BRI framework are to elaborate and interpret the principles of economic cooperation and development advocated in the Belt and Road initiative, actively promote practical cooperation in infrastructure, trade, finance and people’s communication between China and Latin American countries, and drive common efforts of Latin American countries and China towards building a Community of Shared Interests, a Community of Shared Responsibilities and a Community of shared future.

Each of the three “communities” embodies different meanings and missions. The Community of Shared Interests and Community of Shared Responsibilities emphasize on “sharing of interests and shouldering responsibilities” in developing the win-win principle of “mutual collaboration and win-win cooperation” among the member states. The failure to cooperate or to collaborate with any one member will have impact on the shared interests of all other member states in the bloc. On the other hand, Community of Shared Future emphasizes on “shared prosperity and stability, and mutual help in face of crises and disasters”; the joint efforts in pursuing regional prosperity and stability and facing potential crises and disasters. The Community of Shared Future exemplifies closer interconnection on a higher level than Community of Shared Interests and Community of Shared Responsibilities. The Community of Shared Interests has “interests” at its core and represents a connection that “exists only when there is interest” and “dissolves when there is not”, while the Community of Shared Future highlights the close connection of members in “both good and bad times”. Community of Shared Interests, Community of Shared Responsibilities or Community of Shared Future has a common ground in terms of significance in that members need to seek “mutual benefit and win-win cooperation”, i.e. taking into account the reasonable concerns of other countries while pursuing the maximization of their own interests, and advocating the joint development of relevant countries and the whole region in the course of the country’s own development. This is indeed the core implication and essence shared among the Community of Shared Interests, Community of Shared Responsibilities and Community of Shared Future.

The new foreign relations principles of Community of Shared Interests, Community of Shared Responsibilities and Community of Shared Future proposed by China are significant as new breakthrough and development of the conventional principles of international relations, which hold that the “world is itself anarchic, and state interest is supreme, as states are the individual actors in international politics and are themselves tools for competing resources and safeguarding sovereignty using all means (including the use of force), to ensure mutual security by power balance and power dominance”. The Community of Shared Interests, Community of Shared Responsibilities and Community of Shared Future are brand-new foreign relation principles proposed by China in the new historical context and are featured in the following aspects:

First, the aim is to build a community rather than military alliance. A community is a mechanism for close economic cooperation covering infrastructure development, trade, finance, economic, political and cultural sectors, but not a supra-state organization that demands participants to give in on state sovereignty or an inter-state alliance. Member countries in the community build the community only in economic and social development relations, but not as military allies. In the context of increasing globalization, in the
time of globalization and faced with global issues such as environment problem, resource problem, Internet security, hegemony, terrorism and localized instability, as well as cross-border crimes and drug trafficking etc., there is not a single country that's able to survive in isolation. China proposes for the Community of Shared Interests, Community of Shared Responsibilities and Community of Shared Future that are based on common interests and co-survival and advocates for joined efforts in responding to these problems. This is aligned with the trend of development in history and supported extensively by relevant countries. China's proposition is that “the humankind has only one planet and all countries co-exist in one world. The ‘law of the jungle’ does not encourage co-existence of the human kind, and military power will not bring about a wonderful world”. China calls for all relevant countries to establish the view of Community of Shared Interests and Future, to join hands and work together to build a wonderful home for all humankind.

Second, these principles serve as extension and improvement from the “diplomatic principle of non-alliance. Non-alliance doesn't mean non-cooperation; non-confrontation doesn't rule out fights for just cause, and non-conflict doesn't equal to non-competition. Today's world is not a peaceful one as conflicts and fights among states are ubiquitous. As the international political and economic paradigms are still changing, certain countries persist on the “Cold War thinking” and “zero-sum thinking”, trying to bully the weak and suppress the small, not allowing any different opinions. The harsh reality has forced many non-ally countries to seek joint development, strength and competition. The principles of Community of Shared Interests and Community of Shared Responsibilities call for those countries that refuse to join the major power allies or military allies to join efforts to “share prosperity and stability and help each other through crises and disasters”. In the principles of non-alliance and non-exclusivity, these countries are able to pursue together regional prosperity and stability while facing potential crises and disasters shoulder by shoulder.

Third, the idea of Community of Shared Interests, Community of Shared Responsibilities and Community of Shared Future is closely aligned with the theme of our time, i.e. “peace and development”. The mission is to focus on economic development without involving military confrontations. Collective military confrontation or hegemony do not have a place herein. This is China's fundamental principle in foreign relations, and also the core vitality of the foreign relations principle.

Fourth, equality, openness, transparency and inclusiveness. The cohesion of Community of Shared Interests, Community of Shared Responsibilities and Community of Shared Future stems from the potential of the organization’s own development, under which lies the fundamental principles of openness, transparency, equality and mutual benefits. Meanwhile, the principle is also highly inclusive, as it does not exclude other regions and countries from playing a constructive role for the prosperity and stability of the region.

Conclusions

The Belt and Road initiative put forward by China takes policy coordination as its prerequisite and guarantee. It takes infrastructure improvement as a starting point, and promotes capacity cooperation, unimpeded trade and financial integration among countries, and aims to ultimately foster friendship and connectivity of people's hearts and minds in all countries. The new thinking for the global economy to emerge from low growth is the development of new ideas and new coop-
eration models. It has now been endorsed and supported by more than 100 countries around the world and has been included in the documents of relevant UN organizations on many occasions. The Belt and Road initiative originates from China but will benefit the whole world.

Although China and Latin American countries are separated by the world’s vastest seas of the Pacific Ocean, as a natural extension of the “21st Century Maritime Silk Road”, Latin America and China have in history and reality close relationship as described in the prose “the world is closer” and in the conceptual measures in the first China-Latin America Cooperation Forum which are fully in line with the spirit of the Belt and Road initiative and “five connectivities” advocated by China. The cooperation between China and Latin America and the Belt and Road initiative share the same heritage and connotation. To date, China has established strategic partnerships with nine countries in the Latin American region. The China-Latin America Forum also marks the beginning of a new phase of parallel development and mutual promotion of bilateral relations and overall cooperation. At the International Cooperation Summit in May 2017, the presidents of Argentina and Chile and ministerial officials from nearly 20 Latin American and Caribbean countries commented that China and Latin America can use the Belt and Road initiative as their starting point and give full play to the China-Latin America Cooperation Forum, and that they’d engage in active and equal dialogues with China and strengthen the cooperation in economy, trade, science and technology, finance, culture and humanities and other sectors. This will also drive economic ties between the Asian region and the Latin American region, bringing the peoples closer together, promoting mutual exchanges and injecting new vitality into globalization development. At the same time, it also contributes to the peace and development of the world. Mexico, Brazil, Argentina, and other emerging economies in Latin America can seek cooperation and mutual support with China in the establishment of a new international political and economic order in multilateral organizations such as the BRIC and the G20 so as to promote a more rational and fair international order.

In the lasting cooperation between China and Latin America, policy coordination will play an important role as cornerstone for future development. China and Latin America will set their goal to build the “China-Latin America Community of Common Destiny”, seek high degree of consensus on the strategic level on the premise and support of policy coordination, interact with each other in development planning, connect on mechanisms and platforms, and engage in practical cooperation in specific projects. The “five connectivities” will become the lever that greatly drives practical cooperation between China and Latin America based on the fundamental principles of “achieving shared growth with discussion and coordination” for win-win cooperation [Ferchen 2018].

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DOI: 10.23932/2542-0240-2019-12-3-129-150

Координация политики между Китаем и странами Латинской Америки в рамках инициативы «Пояс и путь»

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Статья поступила в редакцию 26.06.2019.

АННОТАЦИЯ. Латиноамериканские страны не участвовали в более раннем проекте маршрутной карты китайской инициативы «Пояс и путь». Благодаря усилиям обеих сторон, начиная с форума международного сотрудничества «Пояс и путь» в мае 2017 года, Латинская Америка стала незаменимым и важным участником данной инициативы. Учитывая историко-культурные различия между Китаем и Латинской Америкой и ряд иных объективных обстоятельств, координация политики играет основополагающую роль в китайско-латиноамериканском сотрудничестве. В данной статье рассматриваются четыре аспекта координации политики в контексте провозглашенной инициативы, а именно исторический фон, философия, принципы и цели. В статье отмечается, что удельный вес США, ЕС и Японии в мировой экономике снижается, а количество противоречий в национальных экономиках этих стран, напротив, растет. В то же время растет совокупный эко-
номический вес развивающихся стран. Эта новая парадигма развития мировой экономики дает шанс развивающимся странам, а именно Китаю и Латинской Америке, углубить экономическое сотрудничество. Китай уже стал вторым по величине торговым партнером и третьим по величине источником инвестиций для стран Латинской Америки. Китай также предлагает решение, основанное на собственном китайском опыте, которое позволит странам Латинской Америки еще больше ускорить свой экономический рост за счет инфраструктурного сотрудничества. Автор полагает, что на основе прочного консенсуза, достигнутого в результате координации политики, Китай и Латинская Америка добьются устойчивого и эффективного сотрудничества и развития в рамках инициативы «Пояс и путь».

КЛЮЧЕВЫЕ СЛОВА: международные отношения, мировая экономика, координация политики, Китай, Латинская Америка, инициатива «Пояс и путь», инфраструктура, инвестиции

Список литературы


