

THE IMPACT OF CHINA ON THE LATIN AMERICAN SECURITY ENVIRONMENT

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During the last week of May 2018, I had the opportunity to travel to Barcelona, Spain to discuss the impact of Chinese engagement in Latin America and the Caribbean on the regional security environment, and on U.S.-Latin American security cooperation.

The topic is an important one for U.S. policymakers and the defense community, as well as a topic of interest for international relations scholars. The reality is that, while Chinese activities in Latin America and the Caribbean are principally economic (although also military, political and cultural), they impact the dynamics of the region and the relationships that the U.S. maintains with the countries the region in profound, albeit subtle and often indirect ways.

The Changing Global Security Environment. To frame the nature of China's impacts on the Latin America and Caribbean security environment, it is important to understand that the rise of the PRC is simultaneously affecting the region in multiple interdependent ways, often indirect and unintentional. These include altering its economic structure, changing the dynamics of the regional arms market, and contributing to transpacific organized crime, among other. Perhaps most importantly, however, it is also impacting the perceptions and calculations of political, military leaders and business elites in the region, non-state actors and others, and by affecting those perceptions, it is altering their actions and the dynamics of the countries in which they operate.

The changes wrought by China's engagement with the region are magnified by the region's increasing interconnectedness with other parts

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of the globe, including flows of information, goods, people, and money. In the same fashion, the “rise of China” is mediated by the activities of other extra-hemispheric actors in the region, their companies and agents. The activities of these other actors, which include the European Union, Japan, Korea, India, and Russia, in diverse fields from diplomatic initiatives to military engagement, to commercial projects, sometimes complement, and sometimes conflict with the objectives of the Chinese state and Chinese companies.

Finally, the erosion of U.S. influence as China expands its economic presence, military interactions and public diplomacy in the region, is magnified by “self-inflicted wounds,” from sustained strategic overreach by the U.S. government (principally expensive wars in Afghanistan and the Middle East, which have contributed to sustained fiscal deficits and limited options for future engagement), questionable executive-level strategic communications which have confused allies, eroded goodwill toward the U.S., and undermined trust in the nation’s commitments to and intentions toward the region), the absence of key US leaders from important events such as the Summit of the Americas and the G-20 ministerial summit in Buenos Aires. Such damage has been further reinforced by poor strategic decisions (such as the withdrawal from the Transpacific Partnership and the renegotiation of the North American Free Trade Accord) which has given U.S. competitors in the region rhetorical, if not substantial opportunities to strengthen their own relationships in the region at the expense of the U.S.

If China’s impact on the regional security environment is profound, it is also pernicious. The vast physical distance separating China from the region, in combination with the region’s geographic connectedness of the U.S., means that, in some ways, the U.S. is affected by the activities of the PRC in Latin America and the Caribbean, more than China itself. To the extent that Chinese engagement impacts income inequality and social discontent in the region through the concentration of its investments and purchases in primary product sectors, and to the extent its concentration on state-to-state deals contributes to corruption and governance challenges in the region, the sociopolitical and security consequence of those changes will affect Dallas, Chicago, Miami and Washington DC through immigration, evolving patterns of transnational crime, and difficulties for U.S. companies operating in the region, much more than those effects will be felt in Beijing and Shanghai.

The Nature of China's Engagement in the Americas. The goals that the PRC is pursuing in Latin America shape its impact on the regional security environment. These goals have been specified in a relatively consistent and open fashion through policy documents such as China's 2008 and 2016 policy white papers toward the region, the "1+3+6" engagement concept announced by President Xi in Fortaleza Brazil in July 2014, and the 2015-2019 and 2019-2021 China-CELAC Joint Action Plans.

China's goals are principally economic in nature, but nonetheless strategic, and nonetheless critical to the continued growth, health and diversification of the Chinese economy and the strength of the Chinese state. Moreover, as the presence of Chinese companies and personnel in the region expands, the Chinese government increasingly is challenged to use the influence that comes from its role as a market and source of credit and investment, to advance and protect the interests of Chinese companies and workers. In areas such as construction and mining, emphasized in the 1+3+6 engagement concept, as Chinese companies establish operations in parts of the region with weak state presence, and populated by criminal and terrorist groups, such as occurred with the kidnapping of Chinese oil sector workers in Caquetá Colombia in 2011, violence against Chinese oil fields in Tarapoa and Orellana Ecuador, and violent protests against the Chinese operated Marcona, Rio Blanco and Las Bambas mines in Peru, the PRC is obliged to work with local governments to ensure the security of Chinese operations and employees, and address crises as they emerge.

Even beyond Chinese citizens and commercial entities, as PRC power expands, the country is increasingly able to advocate for the interests and well-being of communities of overseas Chinese, even as Chinese commercial engagement both expands these communities, and sometimes puts them in the spotlight as targets of resentment by non-Chinese locals, as has occurred with anti-Chinese protests in Maripaston and Papitam Suriname, Argentina, Santo Domingo, and most recently, in the San Victorino neighborhood of Bogota Colombia.

Beyond, and as a compliment to activities growing out of PRC commercial activities in Latin America, Chinese engagement also explicitly includes a significant and expanding security component, including arms sales, military training and professional military engagement interactions, institutional visits and deployments to the region. Consistent with the 2019-2021 China-CELAC joint action plan, it is also seeking to expand law enforcement cooperation in areas such as transnational organized crime,

corruption, and cybersecurity.

China's expanded activities in the security sector in Latin America is arguably driven by an expanded confidence that has accompanied its growing economic and military power. This confidence, shaped by the personal character and consolidation of authority of its president Xi Jinping, reinforces the effects of the growing isolation of the U.S. due to the previously noted strategic communication and policy choices of the current administration, to make the PRC less concerned than in previous years regarding Washington's reaction to Chinese activities in the "U.S. backyard."

The Changing Latin American Security Environment. The impact of Chinese engagement on the Latin American security environment is also mediated through the evolution of that environment, due to causes that are only tangentially related to the PRC, but that shape the imperatives to which the Chinese government and its companies must react.

Due to the success of Latin American and Caribbean governments (with help from the U.S. and others) in going after the leadership, finances and structures of criminal groups in the region, the criminal landscape and associated illicit supply chains have become increasingly fragmented, with a growing number of interacting cartels, gangs, facilitators and other criminal entities. The result is that, through the competition and other interactions between these groups, and authorities, the criminal economy has generally become more violent and less predictable.

As the interactions between criminal entities operating in the region have expanded and evolved, the boundaries between traditional types of groups, such as drug cartels, guerillas, street gangs, and religious or ideologically-based terrorist organizations, has become increasingly blurred, with different types of groups interacting and providing "services" in that criminal economy. As reflected in U.S. policy documents regarding the region, such as the U.S. Southern Command Theater Strategy, it is now more appropriate to think in terms of illicit threat networks, rather than individual "drug cartels" or "human smugglers" making conscious choices regarding collaboration with terrorists.

Finally, since late 2015, elections and other political processes in the region have arguably been moving it toward the right, even while, ironically, the policies and the rhetoric of the Trump administration is pushing it into a more cautious posture in dealing with the U.S. In this new orientation, countries of the region are less disposed to "side" with either the US or the PRC on the basis of values or ideology, but rather, to

consider what each has to offer for the country's benefit.

While superficially Latin America's shift to the right suggest that the adverse impacts of China's engagement with the region and the rhetoric and policies of the Trump administration have been minimal, such an optimistic assessment is misleading. Just as during the Latin America's shift to the political right during the 1990s at the end of the Cold War, there is nothing to suggest that the current political configuration will prove more enduring in addressing the region's challenges than that of the earlier period. The current shift to the right reflects the reaction of the region to the currently unfolding consequences of the region's disastrous experiments with populist socialism, from Venezuela and Argentina. The economic collapse and hijacking of democracy in Venezuela has been a cautionary tale that has weakened the left in virtually every election in the region in the past two years, although the country's "Bolivarian" elite has used its institutional advantages to tenaciously hold onto power in Venezuela.

While it is fortuitous for the right that Venezuela's extended collapse occurred just in time to influence an important cluster of Latin American elections, the problems of poverty, inequality, and corruption which have historically driven left-of-center electoral solutions, and the increasing weight of China and other extra-hemispheric actors as alternatives to US leadership on issues such as free markets, human rights, and the rule of law, have not gone away. Future shifts back toward the left will likely occur as countries continue to explore different strategies to achieve development and address other challenges and react to perceived shortcomings of the approaches of previous governments, as well as to the demonstrated promises or dangers of other countries in the region.

China's Impact on the Latin American and Caribbean Security Environment. The expanding engagement by the PRC with Latin America and the Caribbean, has interacted with other dynamics in the region as detailed in the preceding sections of this work, to impact the regional security environment in five ways:

First, PRC commercial and other activities have bolstered the viability and extended the longevity of leftist statist regimes such as Venezuela, and to a lesser extent, Bolivia, indirectly contributing to criminality, illicit networks, and instability in the region. While the PRC naturally has not sought bad governance in Venezuela, its purchase of Venezuelan oil and supply of goods, technical expertise, investment, and more than \$60 billion in loans since 2005 has helped to sustain Venezuela's

populist socialist regime without obliging it to either follow prudent management practices, or to control crime and corruption, thus setting the stage for the economic and political collapse that is currently playing out. In the process, the country has become a conduit for criminal flows, such as cocaine, a haven for terrorist and criminal groups such as the remnants of the FARC, the ELN and other groups, particular those based in Colombia. In a similar fashion, the exodus of Venezuelan refugees, also tied to the deterioration of Venezuela as Chinese money propped up the regime, is now impacting the rest of the region, not only through the burden on neighboring countries to absorb them, but the extent to which desperate Venezuelans swell the informal sector of the countries in which they seek refuge, from Cúcuta to Santo Domingo to Panama City to Boa Vista to Lima, as well as being recruited by criminal groups such as the ELN and EPL in Catatumbo.

Beyond the destabilizing dynamics of propping up corrupt, badly managed populist governments such as the Maduro regime in Venezuela, the availability of the PRC as an alternative to the United States in purchasing the region's goods, making loans and investments, and providing security and other forms of assistance, arguably decreases US leverage to achieve cooperation for advancing its own policy objectives in the region. The impaired bargaining position of the US affects security-related objectives such as achieving consensus in multilateral institutions on issues such as imposing sanctions on Venezuela, as well as advancing broader goals such as promoting transparency public procurements open to all, free markets, and democratic practices.

At the micro level, the existence of the PRC as an alternative source of financing arguably diminishes the exclusivity with which the US manages its security relationships with countries in the region, and undercuts its ability to secure short term security objectives, such as securing extradition requests, selling weapon systems such as the Stryker vehicle in Peru, sharing intelligence, or securing cooperation with respect to the physical presence of agents of U.S. law enforcement organizations in the country, such as the DEA. While the reluctance of countries in Latin America and the Caribbean to resist cooperating with the U.S. on such matters is also driven by other concerns separate from, and that often predate extensive Chinese engagement in the region, the presence of China as an alternative source of resources and political backing arguably encourages a range of actors (and not just adversaries of the U.S.) to hold

their ground when their position conflicts with what the U.S. is asking.

Third, thanks in part to expanding PRC commerce with the region and the strengthening of supporting financial, legal, logistics, and people-to-people networks, transpacific organized crime ties are becoming an increasingly important phenomenon in the region. Such activities include the sourcing of precursor chemicals for cocaine and some synthetic drugs, and even some synthetic drugs themselves, from the PRC and other sources in Asia. It also includes a role of Chinese criminal organizations in smuggling people through the region and engaging in other illicit activities such as money laundering and selling contraband goods, frequently working through elements of small and difficult to penetrate Chinese communities in the region. It also includes Chinese purchases of illicitly obtained metals and other raw materials from the region. Latin American and Caribbean authorities are arguably ill prepared to confront these challenges as they expand, lacking technical contacts in the PRC to understand the groups they are facing, lacking people with the appropriate characteristics to penetrate Chinese communities, and lacking skills in the Chinese language, and particularly dialects spoken in some Latin American and Caribbean Chinese communities such as Cantonese or Hakka. In the face of the expanding threat, and the shortcomings of Latin American and Caribbean law enforcement, authorities will be tempted to expand cooperation with Chinese counterparts. The Argentine government has already done so in going after the Chinese criminal organization Pi Xiu. In the 2019-2021 China-CELAC Joint Action Plan, China and the governments of the region have agreed to expand cooperation in this area.

Fourth, China now has a role at the table in virtually all aspects of security interactions in the region. This includes the emergence of Chinese companies such as the Norinco group as important suppliers of a broad range of increasingly sophisticated weapons systems in the region, including democratic governments friendly to the U.S. such as Peru and Brazil, as well as to Venezuela, Ecuador, and Bolivia. It also means that Latin American and Caribbean militaries and police regularly send their officials to education and training courses in China, and China's People's Liberation Army regularly sends its personnel to select Latin American institutions for training, such as the Lancers course for special operation in Colombia, and Brazil's Jungle Warfare School in Manaus. By extent, it means that an increasing number of Latin American officers who receive

training on US tactics techniques and procedures, as well as on the characteristics and use of US weapon systems, will also be interacting with the Chinese.

Finally, Chinese military and commercial engagement with the region will give the PRC expanded strategic options in the region in a possible future conflict with the United States. Should overt hostilities break out, for example, over Taiwan, Japan, or the South or East China Seas, PRC commercial leverage in Latin America would make it difficult for the United States to mobilize a coalition in the region to support it in any war with the PRC. China's commercial presence also expands its government's options to collect information in the region regarding US intentions or execute covert operations in the region that could impact US deployment or sustainment flows to Asia, or create a diversionary crisis that would distract US attention and resources from such a war.

In the event of a sustained military conflict, it is not unthinkable that some countries in the region might offer the PRC the use of its ports, airfields, logistics facilities and other assets for planning and conducting operations against the United States from the hemisphere. In such circumstances, PRC knowledge of the region's transportation and logistics infrastructure through its commercial presence, and its working relationships with Latin American military institutions and individual leaders, would arguably allow it to transition from the absence of forces in the region to a militarily effective capability against the U.S. more quickly than many commonly assume.

Recommendations. In the context of Latin America's Political Independence and economic interdependence with the rest of the globe, the U.S. does not, and should not attempt to prevent the region from engaging with the PRC or other extra hemispheric actors. Attempting to do so would not only be futile, but counterproductive, nurturing resentment on the behalf of those U.S. partners. Nonetheless, the U.S. is bound to Latin America and the Caribbean through ties of geography, commerce and people, meaning that the it has a far more immediate stake in what transpires in the region than extra-hemispheric actors such as the P.R.C. Reciprocally, the U.S. also has the advantage of stronger natural bases for understanding and influencing outcomes in the region through its markets, investments, leaders who have spent time in the U.S., and shared ties of family.

The lynchpin for the U.S. strategic concept for addressing the challenges of the region's evolving security environment in the context of China must be to leverage those shared ties and the other advantages that come from both proximity, shared culture and history, while working to be an effective and respectful partner to the governments and people of the region. With respect to China, this means helping the nations of the region to strengthen mechanisms of democratic governance to better negotiate deals with the P.R.C. and other actors, and plan effectively on their own terms (and not those of the Chinese) how to leverage the benefits that accrue from that engagement to advance national development and other objectives.

As it pursues those governance-centric efforts, the U.S. will help itself by respecting historic treaties and commitments and refraining from belittling or disrespecting the region in its public discourse. While the U.S. must position itself as the region's partner, and not simply its benefactor, it is nonetheless important that it lives up to its commitments with respect to stable funding for whole-of-government efforts to advance security and other objectives in the region. Those programs should be conducted through the leadership of the Department of State, coordinated with and supported by the Defense Department where appropriate.

The U.S. should further work to strengthen the Organization of American States and the institutions of the Interamerican system as vehicles of both crisis management and coordination on security issues such as transnational organized crime.

As the U.S. works with the region to strengthen its institutions to best leverage the opportunities afforded by China and other extra-hemispheric actors, it should also coordinate with the PRC through mechanisms such as the Latin America subchapter of the U.S.-China Strategic and Economic Dialogue, not to "manage" Latin America as a "G-2", but rather, but to raise concerns and resolve sources of misunderstanding.

While such dialogue should be respectful and constructive, the U.S. should also not hesitate to push back against attempts by the PRC to secure commercial or strategic advantage through state-to-state deals which improperly expand Chinese leverage over Latin American leaders at the expense of the US, and potentially expand corruption. Moreover, as suggested by former U.S. secretary of state Rex Tillerson, there is more that the U.S. can and needs to do to sell to the region the benefits of working with the U.S. as a partner, in order to achieve meaningful and sustained

development, to include creating local value added, while avoiding the corrupting and anti-democratic influences of non-transparent negotiations between elites over state-centric development projects. In short, the U.S. needs to do better in both selling, and showing to Latin America through its actions that the sometimes difficult road of transparency, norms and strengthening democratic institutions is in the long-term interest of stable, prosperous, Latin American societies.