

BRI and Latin America: Analysis of Political, Economic, and Cultural Development in the period 2013–2022

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Abstract: In 2018, Latin America and the Caribbean (LAC) officially started to be part of the Belt and Road Initiative (BRI). This may not only influence the countries that are economically part of the project but also the political and cultural areas, due to the exchanges that are meant to achieve the initiative's goals. BRI also connects to current and potential trade and the way such relations could contribute to the incorporation of LAC into the initiative. This paper aims to analyze the influence that the Belt and Road Initiative has had on the political, economic, and cultural development of Latin America from 2013 to 2022. To do so, this paper will first identify the diplomatic relations between Latin America and China and their contribution to the evolution of BRI in the region. Subsequently, it will characterize the development of the Sino-Latin American trade relations and how they have been influenced by the region's incorporation into the project. Finally, it will describe the cultural interactions between China and Latin America and the way that they represent a benefit or challenge for the optimal performance of BRI in the region. The research used a qualitative method, with a descriptive scope and inductive logic. Moreover, the instrument of the collection is the reading card, and the instrument of analysis is the documentary analysis. Results show that BRI has brought China and Latin America closer, encouraging the participation of the Asian country in more and more projects that have been developed in the country, nonetheless, it has contributed to the widening of the economic gap in Latin America due to the asymmetric relation. Undoubtedly, the Sino-LAC relation continues to strengthen the political and cultural scenarios, bringing the two distant geographic spaces closer.

Keywords: China, Economic and Social Development, Latin America, Politics, Regional Cooperation.

JEL: F50, F69, O53, O54, O57

1. Introduction

The Belt and Road Initiative (BRI) is a global infrastructure project announced by Chinese President Xi Jinping in 2013. This seeks to revive the historic Silk Road and adapt it to the present day, through trade routes throughout Asia, Europe, and Africa as well as new maritime routes (Kuo and Kommenda, 2018). The ancient Silk Road was a network of routes used for commerce that linked South and Central Asia with Europe and the Middle East. It came during the westward expansion of China's Han Dynasty (206 BCE–220 CE) when the nation opened to trade (McBride, 2015). The Silk Road forged trade networks throughout Central Asia and eventually with Europe, extending the routes to over four thousand miles (McBride, 2015).

The establishment of these trade routes allowed Central Asia to become one of the first regions in which a kind of globalization was manifested as it was able to connect the Eastern markets with the Western markets at the time (McBride, 2015). This allowed the economic strengthening of these regions, cultural and religious interactions, as well as the exchanges of goods of high importance in, such as Chinese silk, spices, and jade (McBride, 2015). This ancient concept of the Silk Road was pursued once again by the Chinese Government, with the announcement of the modern initiative BRI, which was intended to begin on two occasions by the president. The first of these attempts was in Kazakhstan on September 7, 2013, when President Xi Jinping proposed the development of the New Silk Road Economic Belt which would connect China to Europe through land routes (Jenkins, 2021). Subsequently in Indonesia, where he announced the 21st century Maritime Silk Road Plan, which would connect China with all of Southeast Asia, the Middle East, and part of Africa. (Jenkins, 2021). This initiative enables development for the countries involved in the project and seeks to expand and fortify the superpower's global influence. From a political point of view, the implementation of international projects such as BRI allows cooperation between countries. This improves diplomatic relations, favoring populations in a multilateral way, and seeks a common good between states to improve the quality of life of their inhabitants and the progress of nations. As soon as the BRI project was launched, Western analysts made comparisons with the Marshall Plan explaining through the example of how China eventually gained the power of Sri Lanka's port after their insertion in this pact (Lim and Mukherjee, 2018).

However, Sino-Latin American relations existed beforehand. It was only until January 2018 that China invited Latin American countries to join the BRI

at the Economic Commission for Latin America and the Caribbean (ECLAC) Ministerial Forum in Santiago, Chile (Jenkins, 2021). The existent asymmetry of economic growth is evident in this relationship, China and Latin America and the Caribbean differ in their productivity and distribution of wealth. Therefore, being an economic partner entails a risk for both parties since LAC's economic development and relations rely on their natural resources. This represents a risk since LAC depends to a great extent on prices and resources availability, which does not guarantee future regional wealth (Armony, 2012). Undeniably, China needs LAC, since this territory produces natural resources, such as oil, copper, iron, and soybeans (da Rocha and Bielschowsky, 2018). According to ECLAC, these are the products that China imports most from LAC, representing more than 70 percent of the country's imports from this region (da Rocha and Bielschowsky, 2018). Benefits for LAC are of asymmetrical nature as well. This is materialized in the difference between countries, such as Brazil, Chile, Argentina, and Peru, whose economies are also commodity-producing, interacts in a deeper way with China while not all countries enjoy this status. For instance, the case of Central American and Caribbean countries cannot be favored by trade with China unless they can find a niche market, as is the case of Costa Rica with coffee (Armony, 2012).

While this association creates closer Sino-LAC economic and political relationships, it also enables cultural development. China has willingly developed educational programs such as Confucius Institutes in the continent. LAC, meanwhile, has an increasing amount of student exchanges offered by their universities and associations. In addition, both parties have faced involuntary mechanisms where they must interchange, such as the cultural differences present at the business level, an aspect that China needs to understand to have success in foreign business. On the counterpart, Latin America must understand China's political, financial, and educational initiatives, in the function of creating its own mindset, a plan for the future, and complementary, better understanding and symmetrical relationships (Peters, 2015).

Thus, the main hypothesis of this research explores the Sino-LAC asymmetrical relation, in which China ends up obtaining the most benefits which is shaped by the Chinese global strategy of governance and connectivity, especially with the most distant territory. Reaching agreements and partnerships with individual Latin American countries is the most feasible option, especially creating a belt that connects through the Panamericana Road along the Pacific coast.

Due to the previously named challenges, opportunities, and difficulties, this paper aims to explore the implications that BRI has had on the political, economic, and cultural development of Latin America in the period 2013–2022. This will enable the identification of Sino-Latin American diplomatic relations and how they contributed to the evolution of the BRI in the region, characterize the development of trade relations, and describe the cultural interactions between China and Latin America, having in mind the possible benefits or challenges for the optimal performance of the BRI in the region.

This paper has seven sections. After this introduction, the first two present the literature review and methodology. The fourth section explains the political relations since BRI. The fifth describes the economic relations, followed by the cultural interactions. The last section presents the concluding remarks that gather the complexity of the asymmetrical relation between China and LAC. This is followed by the references.

2. Literature Review

Since 2018, the number of articles published about the BRI in English has increased. This has created a gap between the topics covered by the papers written in Chinese and those in English, the texts written in English are focusing on critically examining the BRI and its geopolitical significance, while in the other language, the texts that can be found are mostly trying to interpret the best way to implement this initiative in practice (Liu and Yao, 2021). In addition, it is confusing to understand the BRI classification of Chinese projects because both official documents and the Chinese media have listed various projects with the BRI prefix; however, the government itself has not provided an answer as to the definitions or criteria used for such a classification (Liu and Yao, 2021). Undoubtedly, BRI is a topic of interest all around the world, and its interpretation implies taking positions in favor or against it.

Within the context of the BRI, developing countries play a fundamental role in the performance of this initiative. As stated by Nguyen Thi Thuy Trang (2020), most of the countries involved in the initiative are developing ones. Although their incorporation could bring benefits for their territories and economies, such as free trade and infrastructure development, their participation could lead to economic, political, and security risks since BRI can also be seen as a Chinese strategy to extend its influence around the globe (Trang, 2020).

In diplomatic terms, the incorporation of LAC into BRI can also endanger LAC's ties to the United States due to the existing rivalry between the superpowers. Some Central American and Caribbean countries that still have diplomatic ties with Taiwan have also studied the possibility of changing this situation to establish diplomatic relations with the People's Republic of China in order to participate in the BRI (Small, 2020). BRI is appealing due to its win-win principle which has led Beijing to devote a significant number of resources to its development and expansion (González-Sáez, 2019).

On a different note, BRI has been compared to the Marshall Plan. Both projects are unrelated, and their onset differs. The Marshall Plan proposed the possibility to terminate the program in the event that a participating country changed the alignment of its interests, whereas any participating country of BRI is respected in their positions and autonomy (González-Sáez, 2019). In addition, while the US plan sought to rebuild after a great war, the Chinese initiative aims to prevent a war through the inclusion in a development project (González-Sáez, 2019). From a more general perspective, Liu and Yao state that projects connected to China and within the BRI member countries can be categorized as BRI projects, whether they are Chinese-funded projects or Chinese foreign direct investments (Liu and Yao, 2021). However, only projects derived from, or included in the dialogues and cooperation between China and BRI countries should be named BRI projects, since they have a key feature of the BRI which is international cooperation (Liu et al., 2020).

Finally, Ferchen (2021) emphasizes the dynamics and nature of Sino-Latin American relations prior to the incorporation of Latin America into the project, emphasizing the region's dependence on commodities and its exports to China. It also questions the sustainability of this project in the region due to the tradition it has carried over the last few years in its exports as well as the environmental problems and impacts on local communities that the BRI could bring during the development of its works (Ferchen, 2021). This casts doubt on the long-term feasibility and benefits of this project in the western part of the world.

3. Methodology

This research is qualitative since it uses data collection, which is directly connected to documentary analysis, and analysis to clarify the research question or

to reveal new inquiries during the interpretation process, based on the previously stated theories (Hernández Sampieri, Fernández Collado and Baptista Lucio, 2014). The scope is descriptive and logic inductive because it seeks to specify properties and characteristics of any phenomenon to be analyzed, recollecting information from different sources and authors which allows the description of tendencies of a group or population to answer the research question.

The documentary analysis allows the efficient use of different sources of information. According to Bowen (2009), this consists of a systematic method of document review or evaluation that uses a wide variety of primary and secondary sources, allowing different perspectives to be obtained and validating a point of view without possible biases. For this research a collection of different resources, such as videos, documents, web pages, articles, and others were used to respond to the objectives of the thesis, then the collection and analysis of the information found were divided into the three main themes of the thesis: diplomatic relations, trade relations and cultural interaction between Latin America and China.

4. Sino-LAC Diplomatic Relations, a Question about BRI's Effective Contribution

The development of diplomatic relations between China and LAC countries has led to a greater participation of the Asian giant in multiple projects in the region. This evolution has facilitated China to join different international organizations, such as the admission to the Organization of American States (OAS) as a permanent observer in 2004, the annex to the Inter-American Development Bank (IDB), and the creation of the China-ECLAC Cooperation Forum. The Forum was first held in January 2015. This worked as a mechanism of communication and agreements for high-level mandarines of China and ECLAC country members. This event is a milestone for the materialization of cooperation as it was the first formal meeting about BRI with LAC. This facilitated the creation of a mid-term plan of collaboration, which was divided into two stages: the first in the period 2015–2019 and the second in 2022–2024 (China-CELAC Forum, 2016). The main topics covered by the first cooperation plan are divided into thirteen areas which can be cataloged into three main aspects: international relationships, industry, and the human aspect. International relationships gather three aspects: 1) politics and security which implies improving teamwork and dialogue between both parties in terms of solving judicial, consular, migration, and cyber security issues through the incentive of dialogue and meetings; 2) international affairs that aim

to strengthen institutions and collaboration in the global economy, sustainability, and negotiations on climate change; and 3) trade, investment, and finance, to promote business between the two parties in fields such as high technology and value-added goods production through the enhancement of partnerships, ventures, and collaboration between financial institutions (China-CELAC Forum, 2016).

Moving on to the second area (II), the cooperation plan is related to the management and planning of how to improve the production of and develop the industry, promoting the subjects of infrastructure and transportation by 4) incentive infrastructure projects in terms of maritime and land routes to facilitate logistics and urban development. In terms of 5) energy and resources, the cooperation plan seeks to enhance collaboration with the possibility of new forums and agreements in terms of energy, mining, electricity, and sustainable use of resources. In 6) agriculture, the plan promotes a new technology that benefits the management of livestock and terrain, while keeping and strengthening actual and new partnerships and forums related to this topic. Finally, the plan aims to expand the know-how in 7) high technology areas, the information industry, and scientific and technological research to guarantee sustainable production, better risk management, prevention of climate change, and improvement of the way production is held (China-CELAC Forum, 2016).

Lastly, the third area (III) of the cooperation plan handles topics of human concern. This includes 8) education and training of human resources by the promotion of exchanges and cooperation between education departments and institutions to have a better knowledge transfer. In terms of 9) culture and sports, the plan aims to encourage events that facilitate interaction between China and Latin America in order to preserve and promote art, sport, and cultural heritage. Under the topic 10) press, media, and publication the plan also seeks to facilitate information trade, build better networks, and dismantle the language barrier. In 11) tourism, the cooperation plan encourages collaboration between governmental tourist departments in order to promote a two-way investment in tourism. Regarding 12) environmental protection, disaster risk and management and reduction, poverty eradication, and health, the plan aims to enhance cooperation in order to guarantee a sustainable use of resources, biodiversity protection, natural disaster management, and food distribution. Finally, the plan seeks to increase interaction between several civil groups, such as academic institutions, forums, women organizations, and others, in order to promote 13) people-to-people friendship (China-CELAC Forum, 2016).

Both sides created sub-divisions according to specific fields to create platforms and strengthen cooperation and exchange through these sub-forums. By March 2016, these sub-forums were established, such as the China-Latin American and Caribbean Regional Agricultural Ministers' Forum, Scientific and Technological Innovation Forum, Political Parties Forum, Infrastructure Cooperation Forum, Region Young Political Leaders' Forum, The Forum of Interchange between China-Latin American and Caribbean Regional Think Tanks, Business Summit, People and Friendship Forum and the Legal Forum (China-CELAC Forum, 2016).

Based on the aforementioned, the Sino-LAC relationship has reached treaties and agreements that comply with principles of flexibility and voluntary participation. Thus, every state has the right to enter or refuse their inclusion in an initiative. In addition, new agreements do not replace previous commitments, they must be decided by mutual will, and respect each party's own policies and national legal system, thus respecting the sovereignty of each member country of the forum. Moreover, the plan states that it should also include special consideration for the least developed countries, but there are no concrete measures that would guarantee this (China-CELAC Forum, 2016).

On the one hand, as the 18th National Congress was held, the strengthening between both parties is aimed to grow through established visits with several states from Latin America, and new meetings with officials from new partners. This was materialized by three trips to Latin America by the Chinese president, Xi Jinping including the first official visit to 11 heads of state of Latin American and Caribbean countries in the period from 2014 to 2016. In addition, at the meeting with Latin American and Caribbean leaders, the Chinese president announced to the countries present an invitation of 1,000 heads of different political groups from the western continent to visit China during the period of 2015–2019. This initiative, included in the Cooperation plan between China and ECLAC, was carried out by the Central Committee of the Chinese Communist Party, resulting in a total of 250 members in 16 groups that visited China during 2015 in order to assist with the first edition of the China-Latin America and the Caribbean Political Parties Forum, which took place in Beijing from December 7th to the 9th of the same year, where the topic discussed was of strengthening the trade of experience of management in governmental and administrative issues, concluding in a new invitation for 2016–2020 (China-CELAC Forum, 2016).

On the other hand, new integral bilateral relationships with China emerged, such as the ones with Peru, Mexico, Argentina, Venezuela, Ecuador, and Chile which

followed a previous relationship founded between China and Brazil. Additionally, in terms of partnership and cooperation, it is also worth mentioning the incorporation of seven Latin American countries with the Asian Infrastructure Investment Bank (AIIB) which seeks to improve cooperation through sustainable development by investing in infrastructure (China-CELAC Forum, 2018). Another tool that seeks deeper interaction between Latin America and China is the Food and Agriculture Organization (FAO) regional plan which, if implemented, will promote the insertion of China in Latin American agriculture plan, where the Asian country will be present in terms of giving knowledge and technology in the agricultural process, but at the same time, presence in digitalization and an e-commerce platform that may allow China to collect information about Latin Americas management, production and use of their resources (FAO, 2022).

Furthermore, with the third ministerial meeting of the China-ECLAC held in December 2021, the attending countries agreed to adopt the cooperation plan for the period 2022–2024 which sought to promote cooperation in the previous key areas. For the implementation of this plan, it is intended to be developed in a flexible and voluntary manner and not to affect any previously agreed cooperation project, nor would it replace the decisions and actions taken with the multilateral agreements. In the same way, the decisions and activities should be carried out by common agreement and according to the availability of financial factors and human talent (Ministry of Foreign Affairs, 2021). As the second plan goes, this will be focused on six similar topics that engage in the previous aspects of the first plan. The topics are: 1) Political and Security Cooperation, 2) Economic and Pragmatic Cooperation, 3) Cooperation on High-Quality Infrastructure, 4) Social, Cultural, and People to People Cooperation, 5) Sustainable Development, 6) International Affairs and Sub-regional and Inter-regional Cooperation (China-CELAC Forum, 2021). Although both plans seek to foster economic, trade, and political cooperation, there are some key differences between them in their areas of focus, investment amount, and time frame. In terms of the areas, the first plan was highly focused on areas such as trade, investment, and agriculture. While the second plan moved deeper into digitalization, science, technology, and environmental protection, as it upgraded promoting dialogue to construction, investment, and concrete projects implementation in this field. In addition, time frames and investment differ, being 5 years and an amount of US\$35 billion for the first one, and 3 years without a specific investment amount for the second (China-CELAC Forum, 2021).

As these plans were held in the time frame from 2015 to 2024, looking to the past from the actual year 2023, shows that there are no concrete realizations of these. Particularly, being the tenth anniversary of the China-proposed Belt and Road Initiative enables the world to question the efficiency of the initiative after this period, as it currently has a closer look at its development, the country of China and its strategy (Wenxing and Jun, 2023).

The progress in diplomatic relations between China and Latin America has allowed the establishment of this platform for both parties in which they can continue to promote their cooperation and the creation of new projects and agreements in order to obtain a mutual benefit, as has been the plan established since the China-CELAC forum, in which different plans have been promoted in critical areas for the development of both regions; however, little has really been found about the actions that have already materialized, apart from the documents and visits made. The documentary analysis does not seem to yield enough information to state with certainty that there has been significant progress and implementation in the plans mentioned above, which leaves real economic development on hold through cooperation that has been promised since the forum. Therefore, it is necessary to approach the subject from another perspective, covering China's intentions and its strategy with the development of these plans, to obtain more precise information about the materialization of these agreements.

5. Sino-LAC Trade amidst BRI

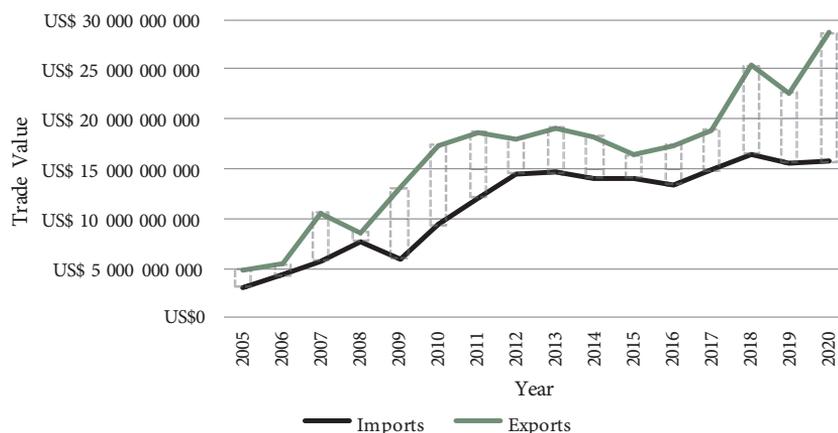
Since the incorporation of Latin America into the Belt and Road Initiative, there has been an evolution in terms of trade aimed at greater interaction and integration. Currently, there are free trade agreements established between the Asian giant and three Latin American countries, namely Chile, Peru, and Costa Rica; these agreements were signed in 2005, 2009, and 2011 respectively, and the evolution of these treaties is evident due to the increased presence of China as a trading partner both in terms of imports and exports (MOFCOM, 2011; MOFCOM, 2019; MOFCOM, 2020).

Additionally, on February 16, 2023, negotiations for a potential free trade agreement (FTA) between the Republic of Ecuador and China were concluded after a year of being launched; a new free trade agreement between Panama and China is also being negotiated, as of January 2018 to date, five rounds of negotiations have been held in the cities of Beijing and Panama City (MOFCOM, 2019; MOFCOM,

2023). Finally, the possibility of establishing a trade agreement between China and Colombia, one of the superpower's main partners in the region, has also been studied.

Contrastingly, the Sino-Chilean FTA has had a positive and constant evolution (see Figure 1). This has allowed the relationship to maintain a positive balance of payments since the agreement came into force; exports from Chile to China have had a constant upward trend, reaching a maximum of exports in 2020 for a value of US\$28.6 billion (OEC, 2023). Similarly, imports from the Asian country have slowly reached a positive result since the agreement came into place. These reached a maximum of US\$16.5 billion in 2018, and by 2020 the value of imports was 15.7 billion, thus concluding with a positive difference of US\$12.9 billion for Chile (OEC, 2023).

Figure 1. Trade Balance for Chile to China

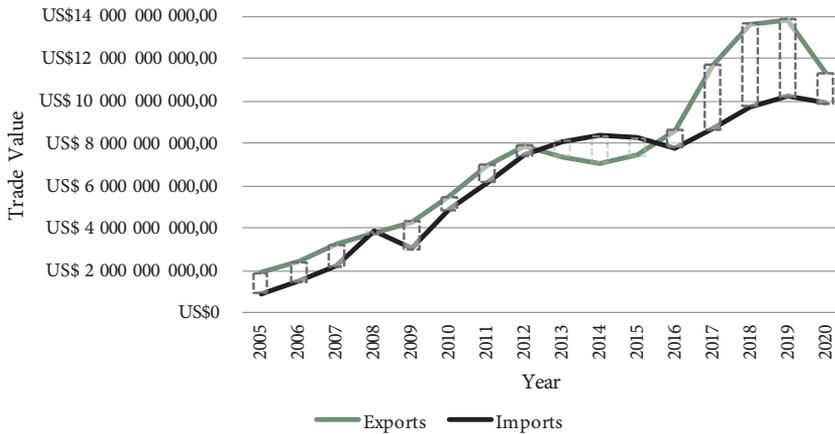


Source: Data Adapted from the Observatory of Economic Complexity (OEC).

This agreement between the two countries began negotiations in June 2002, thanks to China's proposals made to the Chilean government. The FTA has consisted of a progressive negotiation which has been divided into four main stages which are: an FTA based on goods which was signed in November 2005 and subsequently entered into force in October of the following year; a supplementary agreement on trade in services which entered into force in August 2010; a supplementary agreement on investment which entered into force in 2014; and finally, a deepening of the FTA in 2017 which entered into force in 2019 (MOFCOM, 2020).

Furthermore, the trade agreement between Peru and China, which was signed in April 2009 and entered into force on March 1, 2010, has allowed for closer relations between the Latin American country and the Asian superpower, leading to greater access to the Chinese market in recent years through increased demand for consumer goods, raw materials, intermediate goods, and capital goods.

Figure 2. Trade Balance for Peru to China

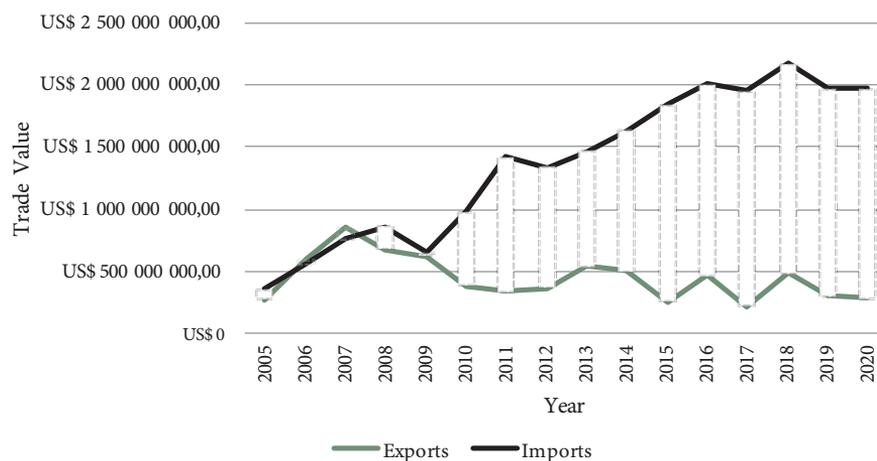


Source: Data Adapted from the Observatory of Economic Complexity (OEC).

Since the FTA between China and Peru came into force, there has been a notable expansion in trade between the two countries (see Figure 2), with an increase in both imports and exports. This has allowed China to position itself as the main trading partner of the South American country, being the largest destination for Peruvian exports in terms of mining and fishing (Ministerio de Comercio Exterior y Turismo, 2022). For Peru, both imports and exports with China have had positive behaviors since the FTA came into effect; with a higher export volume of exports over imports, only surpassed by the period between 2012 and 2016, shipments from Peru to China have reached a maximum value of US\$13.8 billion by 2019; However, by 2020, these had a drop of more than US\$2 billion compared to the previous year (OEC 2023). Now, Peru's imports from China have had a similar behavior to exports although not at the same rate since 2016, in which imports had less fluctuation, these reached a maximum of US\$10.2 billion, and despite not being as abrupt as in the case of exports, these also had a decrease by 2020 to a total value of US\$9.91 billion (OEC 2023).

Unlike the two previously mentioned countries, the behavior of the trade balance between China and Costa Rica has had completely the opposite behavior (see Figure 3). Imports from Costa Rica exceed the Chinese by 687 percent, Costa Rica has a deficit balance with respect to China.

Figure 3. Trade Balance for Costa Rica to China



Source: Data Adapted from the Observatory of Economic Complexity (OEC).

Contrary to the two previously mentioned FTAs, the trade relationship between Costa Rica and China is clearly disproportionate in terms of the trade balance of both countries. The gap for Costa Rica has widened on an ever-increasing scale since the treaty came into force in 2011, the deficit between imports and exports has left the Central American country at a clear disadvantage versus China.

Additionally, to date, the Chinese government is in the process of negotiating the establishment of FTAs with two Latin American countries. On the one hand, in the case of Panama, the establishment of such an agreement would be highly beneficial for the Eastern part, since China is positioned in second place as one of the main trading partners of the Central American nation as well as the second largest user of the Panama Canal (MOFCOM, 2018). With a trade balance of 100 percent deficit for Panama in terms of trade with China in which imports presented a value of US\$8.8 billion by 2020, compared to total exports worth of only US\$450 million, the establishment of a free trade agreement between the two countries would end up being completely disadvantageous for Panama as

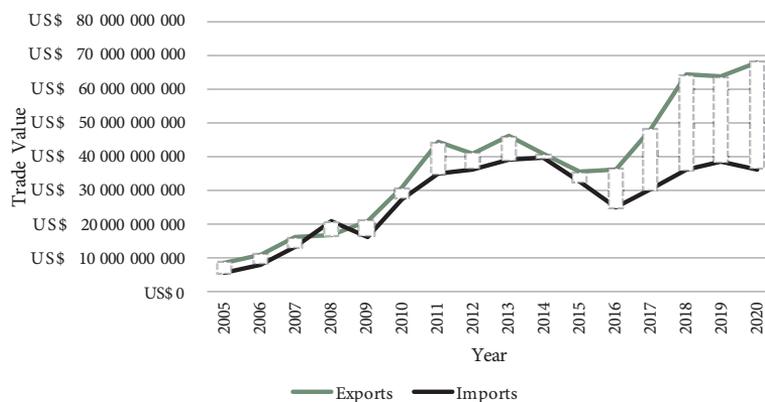
it would continue to aggravate the already existing gap in the trade balance of both countries, worsening the unequal situation that these countries present in favor of China (OEC, 2023). On the other hand, the negotiations between China and Ecuador for the establishment of the FTA between the two nations were concluded after a year, seeking to carry out all the follow-up work, translation, and other processes to start the treaty as soon as possible. According to the Ministry of Commerce of China (2023), bilateral trade with Ecuador by 2022 reached US\$13 trillion, including a year-on-year growth of 20 percent; this FTA would have the potential to strengthen not only trade relations between the two countries but also to increase cooperation between them. In addition, according to data obtained from the OEC, although the trade balance between the two countries had the same tendency as countries such as Panama or Costa Rica, in recent years the gap has closed more and more, going from a gap between imports and exports of US\$3.72 billion for 2013 to about US\$860 million (OEC, 2023).

In the case of Colombia, a joint feasibility study for a future FTA with China is being carried out, however, no further information was found on the government pages of the Ministries of Commerce of both China and Colombia. At the same time, the trade balance for Colombia vis-à-vis China, as well as countries such as Costa Rica and Ecuador also have a deficit behavior with imports from China being noticeably higher compared to Colombian exports to China, which double their value, putting Colombia at a disadvantage due to the asymmetric trade relationship (OEC, 2023).

Lastly, according to the World Integrated Trade Solution (WITS) (2023), by 2022, Brazil was positioned as China's main trading partner throughout Latin America and ranked sixth globally. Since 2009, the Latin American giant has destined most of its exports to the Eastern superpower (see Figure 4) due to China's high demand for commodities and energy resources as well as China's imports of manufactured goods and technology to Brazil (Valls, 2017).

In short, it is evident that an asymmetric trade relationship exists between China and some Latin American countries in which the Asian country has the dominant position. This is mainly due to the types of products that China imports from the New World region since they are goods with little or no added value, while on the part of Latin America the most imported products from China are machinery and electronic equipment (Perrotti, 2015, p. 4).

Figure 4: Trade Balance for Brazil to China



Source: Data Adapted from the Observatory of Economic Complexity (OEC).

Additionally, the creation of these FTAs with some countries, such as Costa Rica and the potential treaties with Panama and Ecuador, would be counterproductive for Latin American countries due to the position they currently assume since they would allow the import of Chinese products at even lower prices due to the reduction or elimination of tariffs, resulting in an increasingly difficult competition for local production in the region. It is necessary that Latin American countries seek to diversify their exports and establish more balanced trade agreements to reduce the negative impacts of this unbalanced trade relationship.

6. Cultural Interactions, a Challenge for BRI's Performance

BRI involves the interaction of two groups with strong cultural differences which can make it difficult to interact, cooperate and even, in greater depth, create a serious challenge for the optimal development of the project. The strong geographical and cultural distance that both parties have historically presented has been a brake on interaction and communication between the Asian country and the region belonging to the new world.

While Chinese culture is strongly influenced by the roots of Confucianism, it also has its own traditions, institutions, and history which is strongly rooted in the country, while the culture in Latin American countries is mostly based on

Spanish colonialism and its adaptation to the western world. This has caused the way of acting, thinking, and seeing the world to differ greatly. For the Chinese culture, tradition and modernization are important. As for the first one, they follow the Confucianism principles of timelessness, hierarchical structure, collective trust, and reciprocity, while the second one is influenced by western ideas plus the internal ideology of perfection, pushing them to pursue continual improvement in order to be the best competitor worldwide. Additionally, they value learning and self-ethical improvement as those concepts reign their own path, having responsibility for their acts and their own search for perfection. Furthermore, their society is based on preserving filiality as it provides family unity, which is connected to governmental or state-related institutions and endeavors, thus, creating a trust chain that works on a national collectiveness (Tanco Armero, 1861/2013).

Latin American countries are the product of diverse historical influences and collective decisions, such as Spanish colonialism and the global powers, shaping this cultural hybrid in economic, political, social, and cultural aspects. Due to the Spanish influence, society was based on a historical division of heritage and lineage, provided by Spain's original form of categorizing their citizens, which works contrary to the indigenous culture. This influence also caused a historical, economic, and political dependence on others in decision-making, plus being the provider of natural resources to the world, stronger countries take advantage of Latin America's lack of identity and long-term strategy in the global scheme which, nowadays, is still an issue that the continent tries to define and solve.

The previous description of China's culture implies that the Asian country is currently a more united nation in comparison to the Latin American scenario that still struggles to define its identity. Furthermore, China has a clear and common long-term objective involving political, economic, and cultural expansion, while its counterpart lacks a clear course of development. Also, in the aspect of collectivism both cultures differ, as the first one is centered on nationwide collectivism and union, while Latin American countries do not have this concept, as when there is a sense of union, it is more related to the family spectrum, creating an individualism of multiple familiar cores.

The findings above show the need for the Sino-Latin American relationship to better understand historical problems in order to interact and cooperate, therefore, implementing proper strategies in fields of education, institutions, connectivity, and others. It is for this reason that China has sought strategies for Latin America to have, in a certain way, an approach to this oriental culture through the

learning of the Mandarin language by means of the implementation of Confucius Institutes in various cities of the continent.

For the year of 2016, the Confucius Institute reached a number of 500 centers worldwide (Confucius Institute Headquarters, 2016). The function of these institutes is to expand the knowledge of the Chinese Language and culture in other countries, while trying to use flexible teaching patterns and adapt to local conditions in foreign primary schools, secondary schools, communities, and enterprises (Confucius Institute Headquarters, 2016). Furthermore, the Confucius Institute Headquarters (Hanban) is responsible for the evaluation, approval, and foundation of new institutes, managing the budget for new projects, conferences, and support for other establishments, alliances with other entities and finally, defining the teaching content, its evaluation, activities, and staff to accomplish the educational objectives (Confucius Institute Headquarters, 2016).

The development of this initiative was materialized in 2004 with the first founded C.I. headquarter in a foreign land, particularly in the USA which was followed by the first institute established in Latin America in 2006 in Mexico (Confucius Institute Headquarters, 2016). In 2014, representing a deeper insertion in the LAC sector, comes the second headquarters, which was established in Santiago de Chile. Thus, through diverse projects on the continent, at the end of 2015, there were already 39 Confucius Institutes and 14 Confucius Classrooms in Latin America (China-CELAC, 2016).

In terms of how these initiatives have affected the performance of the BRI in the region, it can be said that this works as a tool that aims to solve the topic from the first plan, related to education and human resources training, keeping in mind the knowledge transference while also serving purposes from technical, relational, and strategical aspects (China-CELAC, 2016). Firstly, for the technical purpose, the growing amount of people learning Chinese language and culture has increased due to the establishment of these institutes, serving as a base to improve the understanding of Latin Americans of China, and the capability of improving its communicational knowledge with it (Dussel Peters, 2015).

As the previous works as a benefit for mutual understanding, the relational purpose tends to benefit the Asian country in a deeper way, as these institutions have the potential to show an impartial image of China in Latin America by avoiding certain delicate global issues or explaining them through a prism that lessens any possibility of forming a negative perspective on China (Rubiano, 2019). Finally,

the main purpose of these foundations through CELAC countries, appear as a strategic benefit for China, acting as part of an aggressive global strategy to assert China's presence in countries critical to China's long-term interests (Dussel Peters, 2015). Thus, the call is to be cautious since China's presence, influence, and footprint marks the perception of future generations and gives territorial power to China in Latin America (Dussel Peters, 2015).

7. Concluding Remarks

The slow-pacing Sino-LAC relation has revolved around the political and economic spheres, favoring the asymmetry that leans toward China. Clearly, LAC is willing to consider the future advantages of such a relationship, especially given the autonomy in decision-making processes that otherwise have been denied by the western development speech. Thus, LAC is measuring up how to make the most out of the Chinese relations without giving up western privileges.

Undeniably, LAC is aware of the drawbacks of the negative trade balance with China, but also of the future benefits considering FTAs. Chile and Peru have been considered winners of such a formula whereas Costa Rica is challenged by the exchange. However, countries, such as Ecuador and Colombia want to join the possibility to explore the Chinese market, and its endless possibilities. Perhaps LAC is switching from the American to the Chinese dream.

To do this, culture is a must, not as an intervention but as an understanding. The Chinese culture has been presented as the possibility to learn how to interact with China, with no need to change ways of life, thinking, or behaving. Thus, the gap or cultural distance of the Sino-LAC relation is being closed by the education of language and tradition through the Confucius Institutes.

One of the questioning issues is how China is approaching LAC geographically or geopolitically. Considering the evidence of FTAs solely, the study and approval of these agreements have been concentrated on countries located along the Pacific coast, that is, Costa Rica, Panama, Colombia, Ecuador, Peru, and Chile. These countries form part of the Pan-American Highway, which links almost the entire continent from north to south, except for a stretch in the Darien region, which is shared between the territories of Colombia and Panama. Therefore, BRI connectivity can be guaranteed in the future, especially because of port facilities in the countries.

China is shaping up the path of how BRI can connect LAC using political, economic, and cultural mechanisms. The existing gap is meant to be closed within time as connectivity becomes a reality in the Pacific area. Once again, LAC is moving willingly in a pendulum of power, betting on a future that should have positive rewards on the eastern side and receiving western critiques on the other. In the end, only results in the long-term and the game of global power would tell if the Chinese strategies and mechanisms for expanding BRI were truly effective.

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