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China and Latin America: Complementarity, Competition, and Globalisation

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Introduction

The rise of China is not a new phenomenon. The PRC's growing economic (and in a number of cases also political) involvement in Southeast Asia and particularly in sub-Saharan Africa has caught the attention of academics and policymakers alike. However, China's emergence as an important actor in Latin America has only recently appeared on the radar screen of the scholarly community and is still an under-researched area. Eight years have passed since Chinese President Hu Jintao's first tour of Latin America in November 2004, marking the beginning of a new phase in Beijing's trans-Pacific relations. The significant boost in Chinese–Latin American trade provides strong evidence for the importance of this emerging pattern of interaction. China's trade with the region reached 180 billion USD in 2010, evincing not only an increase of 50 per cent from 2009 but also a pattern of sharp growth since 2000, when the China–Latin America trade volume stood at just 13 billion USD. By 2007 bilateral trade had already exceeded Hu's original target of 100 billion USD, set for 2010 (*China Daily* 2011; *Xinhua* 2008). The articles in this issue of the *Journal of Current Chinese Affairs* bear strong witness to the fact that this budding relationship has been driven mainly by a mutual desire to accelerate economic exchange.

At the same time, economic relations go substantially beyond trade, and are also perhaps more visibly characterised by the often successful attempts of Chinese state-owned corporations (such as PetroChina and Sinopec) to acquire shares in Latin American oil and mineral commodities exploration companies. On the political side, Beijing's involvement in the Western hemisphere has materialised in the establishment of so-called "strategic partnerships" with several states in the region; China's training of increasing numbers of Latin American military personnel; and attempts to expand the ties of the Chinese Communist Party (CCP) with political parties across the continent. These examples of the intensifying Sino-Latin American links seemingly support a neorealist perspective according to which Beijing uses trade, investment, development aid and diplomacy in an attempt to balance the regional and global dominance of the United States and other OECD nations. Li (2008: 195) argues that China is taking advantage of a power vacuum in the region that was created by the United States' and Russia's declining interest in Latin America.

Chinese foreign direct investment (FDI) reached approximately 15 billion USD in Latin America and the Caribbean in 2010, representing 9 per cent of the region's total FDI.[1] More than 90 per cent has been invested in natural resource extraction. The main recipient countries were Brazil, Argentina and Peru. China has established itself as the third-largest investor in the region, behind the United States and the Netherlands. Royal Dutch Shell has traditionally been one of the largest investors in Latin America, and in 2010 the relative position of the Netherlands was further strengthened by Heineken's acquisition of Mexico's FEMSA brewery. Until 2009, Chinese FDI had barely registered. While the US still provides the biggest percentage of FDI in the region, accounting for 17 per cent of the 113 billion USD in 2010, the gap is gradually narrowing (ECLAC 2011). During Chinese Vice-President Xi Jinping's "low-key Latin American tour" of Chile, Uruguay and Cuba in June 2011, several agreements were signed that not only strengthen China's access to Chilean copper and Uruguayan soy but also cemented Beijing's role in the development of Cuban oil, including Cuba's soon-to-be-explored fields in the Gulf of Mexico (Iturrieta 2011). This is only the latest in a series of events that have not gone unnoticed by Washington. President Barack Obama's visit to Latin America in March 2011, his first trip to the region in almost two years, has widely been interpreted as an attempt to reassert US economic leadership in the region that Washington has traditionally dominated. It was no coincidence that Obama used the occasion to showcase Chile, which has thrived on the "Washington Consensus". Yet, the success story and any superiority of the US-backed model of market reform can no longer be taken for granted.

Fernández Jilberto and Hogenboom see clear parallels in the Chinese and Latin American approaches to economic development:

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1 The FDI figures provided by ECLAC are much lower than in other reports because they exclude large sums of FDI in the region which reportedly are destined for off-shore financial havens (such as the Cayman Islands and the Virgin Islands), which are then to be reinvested in China (thereby taking advantage of tax breaks for "foreign companies"). For example, according to PRC official data, Latin America had received 22 billion USD in cumulative PRC investment by the end of 2006. When the tax havens were excluded, only approximately 1.9 billion USD remained (Lum et al. 2009: 12-13).

> As a result of many leftist governments in Latin America, an interesting pragmatic convergence with China has come about: The state is granted an important role in the economy (again) […]. China and Latin America have both been moving in the direction of a development model in which there is reconciliation of state and market (Fernández Jilberto and Hogenboom 2010: 191).

Have China and Latin America become natural bedfellows? Is the so-called Beijing Consensus replacing the Washington Consensus? Do Latin American governments play the China card to hedge against Washington? How does involvement with the PRC impact the domestic conditions in individual Latin American countries? These are some of the questions that this article and the subsequent contributions to this edition of the *Journal of Current Chinese Affairs* address. This essay begins with a brief overview of the history of China–Latin America relations before delving into China's rise as an economic power in the region and the potential implications of this for the role of the US. Then follow some brief comments on the idea of a "China model" and an overview of the main arguments made by the authors in this thematic issue.

A Word on History

The earliest contact between Latin America and Asia was the Spanish colonisation of the Philippines in the second half of the sixteenth century. The enormous increase in output of the silver mines in Spanish America in the 1570s began to have an effect on Asia. Some of the silver was carried directly to Manila from Acapulco and New Spain's western ports to buy Southeast Asian spices and Chinese goods that had travelled south. This sea trading route existed for more than two centuries before the Spanish Pacific fleet ceased its service in 1815. According to Chinese accounts, contacts between the two continents pre-date even the Spanish empire and go back to Chinese expeditions reaching the American continent as early as the fifth century.

In his bestselling book *1421: The Year China Discovered America*, former British naval officer Gavin Menzies claimed the expeditions of Chinese seafarer Zheng He (1371–1433) in the first half of the fifteenth century reached as far as America and circumvented the globe. While the admiral's fleet undoubtedly visited the east coast of Africa as part of a series of seven naval expeditions sponsored by the Ming rulers, no hard evidence has ever emerged for Zheng's travels to the Western hemisphere. The story is nevertheless a powerful element of Chinese folklore and appears to have become part of the state discourse of the PRC, especially in its dealings with Southeast Asia, and more recently with Africa and Latin America on the back of Menzies's work (Goodman 2006) – a strange sleight of hand when there is actually a recorded history of trade between China and the New World, and of Spanish explorers from New Spain exploring the Chinese coast.

Fast forward to the Cold War era and the ideologically motivated and balance of power-driven encounter between East Asia and Latin America prominently associated with, first, the Non-Aligned Movement (NAM) and, second, the dynamics of Sino-American and Sino-Soviet relations. While it was Argentine President Juan Domingo Perón who pioneered the principles of non-alignment and peaceful coexistence within the context of the "Third Position" ideology, Latin America never quite managed to match the influence of Asia in the NAM. Only in Fidel Castro did the continent have a protagonist rivalling the status of Nehru in India or Sukarno in Indonesia within the movement that was de facto inaugurated by the Bandung Conference in 1955 and institutionalised at the Belgrade summit meeting in 1961. But Castro was also Latin America's dilemma: The position of members from the Western hemisphere – with Bolivia, Brazil and Mexico being the most active in the early 1960s – had been made more difficult to pin down due to Cuban ambiguity about what non-alignment meant and because of Castro's refusal to renounce the advocacy of revolution (Calvert 1994: 212–213). This position, in turn, and the Cuban revolution in general, opened up a window of opportunity for Mao's China. In the early 1960s, the motivation of the Chinese leadership to include Latin America in its foreign policy, albeit in a distant third position behind Asia and Africa, was mainly linked to Beijing's anti-US stance and the quest to counter Washington's economic blockade and political hostility (Xu 1994: 151).

China showed great interest in Castro's rise and hoped to see the emergence of the Cuban Revolution as a model for other parts of the region. However, China's flirtation with communist parties and movements made an only very limited impression in Central and South America (Lawrance 1975: 152). Once the Sino-Soviet split had escalated into full-scale political and military antagonism towards the end of the 1950s, "China began to discard political biases, distance itself from radical movements and guerrilla bands, and develop relations with established national governments in Latin America" in an attempt to secure more support for its international position (Xu 1994: 152). There was little choice: Anti-communism prevailed for the better part of the Cold War in most Latin American states, particularly those ruled by right-wing military dictatorships, leaving Beijing little room to make diplomatic advances (Phillips 2010: 178-179).

The Kissinger and Nixon visits to China in 1971–72 eventually paved the way for pragmatic and issues-oriented relations between Beijing and Latin American capitals, free of any ideological ballast. By the end of the decade, China had established diplomatic relations with most major Latin American states, including Argentina, Brazil, Chile, Mexico and Peru. Chinese–Latin American relations in the 1970s and 1980s were predominantly politically motivated and were driven by quid pro quo strategies. For example, most Latin American governments voted in favour of granting China entry into the United Nations, while Beijing supported Latin American claims for 200-mile territorial sea limits in the Law of the Sea negotiations.

A core strategic issue in this context is the Taiwan factor. The diplomatic isolation of Taiwan has been perhaps the highest-ranking key political objective for the PRC in Latin America, where Beijing and Taibei have competed fiercely with each other, mobilising extensive diplomatic and economic resources to hold their camps together (Teng 2007: 102). Currently, only 23 national governments maintain diplomatic relations with Taiwan; 11 of them are in Latin America, including some small Caribbean nations. The most recent state (2007) to switch diplomatic relations from Taiwan to the PRC was Costa Rica, marking a particularly serious setback for Taibei. Central America plays a key role in Taiwan's quest for international recognition because it is one of the few regions where the country is welcome as an official member of international organisations. Taiwan is a non-regional member of the System of Central American Integration (SICA) and the Central American Bank of Economic Integration (BCIE) and was granted observer status at the Central American Parliament (Aguilera Peralta 2010: 171).

In a similar vein, the PRC's strategic objectives in Latin America are directed toward fostering cooperation in the political-strategic field in order to develop joint strategies in international forums. In UN organisations, Argentina and China often share positions regarding key matters on both countries' foreign agendas. Following a quid pro quo approach, Argentina has abstained from voting on the US-sponsored resolutions to investigate China's human rights situation, while the PRC has continuously supported Argentina's position on the Islas Malvinas (Falkland Islands) in the UN Committee on Decolonalisation. Furthermore, in 2005 the two governments agreed to take a common stance against the US and EU agriculture subsidies at the WTO summit in Hong Kong (Olivia 2010: 105, 112). According to Henrique Altemani de Oliveira (2010: 42), a strategic partnership between Brazil and China has emerged in the field of scientific and technological cooperation with the objective of breaking "the monopoly held by developed nations". In 2010, China overtook the US as Brazil's biggest trade partner with a volume of more than 56 billion USD.

China's Emergence as an Economic Actor in Latin America

Looking back at past decades of Chinese–Latin American encounters, there can be little doubt that general foreign policy and geostrategic concerns, along with ideological considerations, preceded economic interests. Bilateral trade and investment in China's relations with most Latin American countries was insignificant until well into the 1990s. It was Japan, not China, that spearheaded the development of substantial economic links between East Asia and Latin America. The eventual failure of import substitution in Latin America and the concurrent success of East Asian economies with outward and more market-oriented policies in the 1980s and 1990s led Latin America to look to East Asia as a source of stimulation if not a model. The so-called "Asian Miracle" is even said to have contributed to Latin America's shift toward more openness in the late 1980s and throughout the 1990s (Edwards 1995; Tussie 2004; Kay 2002). By the early 1990s Japan had established itself as the second-largest trade partner of most Latin American economies and Tokyo had become the largest lender to Latin America, both bilaterally and through its contributions to international financial institutions (Stallings and Horisaka 1994: 126).

However, the more that other Asian states took an interest in Latin America, the weaker Japan's economic and political status became, and the country's relations with the region declined starting in the late 1990s. Japan accounted for 11.4 per cent of Latin America's total trade in 1990. By 2005 this statistic had reduced to 6.5 per cent, whereas other Asian countries showed a rapid increase from 7.6 per cent to 22.5 per cent (Rose 2010). South Korea benefitted in particular, as Asian firms were looking "for new frontiers beyond the increasingly conflictive industrial markets of the US and Europe" (Kim 2004: 5).

Free trade agreements (FTAs) have been signed between Japan and Mexico; Japan and Peru; Chile and Korea; and Peru and Thailand, respectively. A preferential trade agreement (PTA) has come into effect between India and MERCOSUR (Common Market of the Cono Sur, grouping Argentina, Brazil, Paraguay and Uruguay). A number of bilateral arrangements are also being explored between various Asian countries (Japan, Korea and Singapore) and Latin American countries (Brazil, Chile and Mexico). However, it was China's charm offensive of the early twenty-first century – which saw an initial peak with President Hu Jintao's first tour of Latin America in 2004 (his visit made a much stronger impact than that of his predecessor Jiang Zemin in 2001) along with increasing levels of diplomatic and economic activity – that has captured everyone's imagination. Gonzalo S. Paz noted that

> Hu Jintao has spent more time travelling in Latin America than President Bush, and many Latin American presidents – among them, Brazil's Lula da Silva, Argentina's Nestor Kirchner, and Venezuela's Hugo Chávez – have spent more time in Beijing than in Washington (Paz 2006: 96).

So far, China has signed three FTAs in Latin America: with Chile (in force since 2006), Peru (in force since 2010) and Costa Rica (signed in 2011).

The impact on the Latin American economies is contested. The mainstream view as presented by the OECD and other international organisations is that, with the exception of Mexico, Latin American exports are not significantly affected by Chinese competition due to the dissimilarity of the traded goods. At the same time, business organisations across the region maintain that China's emergence as an economic powerhouse in Latin America poses a serious threat to their exports (Jenkins and Dussel Peters 2009: 9). A second concern is related to the region's potential long-term dependence on a small number of commodity exports. Chinese companies have secured a decade's worth of oil from Venezuela and Brazil, and significant supplies of wheat, soybeans, natural gas and iron ore from Argentina. Under the terms of a 2 billion USD joint venture, agreed upon in 2005, China is guaranteed 836,250 metric tonnes of Chilean copper over 15 years, at rates fixed to the (then) market price of 2.07 USD per pound. Considering that copper was trading above 4 USD per pound in 2011, China is getting copper at far below market prices (James 2011). This trend toward a "primatisation" of Latin America's exports to China spells the danger of a possible return of the centre–periphery trade pattern that has been at the core of scholarly and political discourses on the region since the 1940s (Jenkins and Dussel Peters 2009: 9-10).

The China–Latin America–US Triangle

While the reasons behind China's economic interests toward Latin America are no mystery, (the interests are mainly driven by the need for a steady, and increasing, flow of commodities and raw materials to keep China's economy growing), related political and geostrategic motives are harder to assess. June Teufel Dreyer (2006: 2) suggests that "Latin America and the Caribbean are crucial to the evolution of the world order that the Chinese leadership would like to see." Do Latin American governments concur? According to some analysts, China is already being seriously looked at as an "*alternative* diplomatic and economic partner to Washington" (Lanteigne 2009: 139, emphasis added). In this context, Manfred Mols (2010) differentiates three clusters in China's bilateral relations with Latin America: strategic partners (Brazil, Mexico, Argentina and Venezuela), cooperative partners (Chile, Peru and Cuba) and friendly-cooperative partners (Central America and the Caribbean).

China's open flirtation with its strategic partners, in terms of both political and economic relations, has the potential to challenge the United States. But so far China has not been interested in fully exploiting the potential that having closer relations with socialist, left-wing regimes – particularly in Venezuela but also in Bolivia and Ecuador – might have in terms of diminishing US power in the region. "China tacitly acquiesces to the Monroe Doctrine" (Camarena 2010: 47). Beijing's rejection of Hugo Chávez's advances is a case in point: Despite Chávez's high-profile visit to China in 2006, the fact that approximately 20 per cent of Venezuela's oil exports are destined for China, and since Beijing announced that it would provide more than 32 billion USD in loans to the government in Caracas, the PRC has been reluctant to hop onto the Venezuelan bandwagon of anti-American rhetoric.

Obama's Latin America tour of 2011 cannot cover for the fact that the Chinese presence in Latin America is not a high priority for Washington; China's relations with the region have remained a minor issue because they lack sufficient strategic and political importance for the

United States. Washington's perception might change soon, though, as there are already a number of factors that it is starting to become concerned about. The US is mostly interested in supporting liberal and economic orders and deepening economic integration between itself and Latin American countries. With regard to these core interests, the US is closely observing Sino-Latin American relations to understand whether China is disrupting the existing patterns of bi- and multilateralism. For the time being, however, China is not a firmly established power in Latin America, and Beijing's rise on the continent is a relatively recent phenomenon.

Overall, there can be little doubt that particularly some of the left-wing – and as it seems, by default, more Washington-critical – Latin American governments perceive a partnership with Beijing as a welcome means of soft-balancing or hedging against traditional US hegemony in the region. While Latin American governments may rightly complain about both a frequent lack of serious attention on the part of the United States and the latter's rather narrowly defined national security interests in its relations with its hemispheric neighbours, why should they be interested in replacing a decades-long dependency on the United States by a new dependency on China? Is there any convincing economic reason for Latin American countries to play the China card in an attempt to balance against the United States? China is an increasingly important factor in Latin America, but it is one among many. David Shambaugh (2008) accurately stresses that Latin American countries "embrace China as part of their new multidirectional diplomacy". Multidirectional is the key word here. All Latin American governments have diversified their foreign relations. Their main interest is moderating US hegemony, not substituting it. As part of this strategy and particularly in times of economic hardship such as in the wake of the global economic crisis of 2008–09, every trade and investment opportunity is welcome. States in the era of globalisation are best described as rational opportunity maximisers. This applies to Latin America as much as to East Asia; it is true for Vietnam or South Korea in the same way as for Peru or Mexico. The result of opportunity-maximising in Asia–Latin America relations is a growing and fast-tightening (but not yet deeply institutionalised) trans-Pacific network comprising trade, investment, political and even security links in both bilateral and (increasingly) multilateral contexts. China is a founding member of the Forum for East Asia–Latin America Cooperation (FEALAC), a permanent observer at the Organization of American

States (OAS) and has expanded its diplomatic ties to the Group of Rio, the Andean Community, and the Caribbean Community (CARICOM).

A China Model?

A further indication of China's increasing involvement in the multilateralisation and diversification of trans-Pacific international relations is its emergence as a donor country. In 2008, China joined the Inter-American Development Bank and committed 350 million USD to public and private sector projects. Between 2002 and 2007, the combined values of "PRC aid and related investment projects" in the Western hemisphere amounted to 26.7 billion USD. Over two-thirds of these projects were in natural resource sectors, while 28 per cent were related to infrastructure and public works; only 1 per cent involved humanitarian activities and technical assistance, and 2 per cent of aid was unspecified.

> The emphasis on natural resources implies a strongly commercial nature to China's aid in Latin America, less oriented toward infrastructure development than China's foreign assistance to Africa and Southeast Asia (Lum et al. 2009: 14).

However, does the PRC's growing role as a provider of Official Development Assistance increase its attractiveness as a development model for Latin America?

Much has been made recently of the emergence of a new Beijing Consensus and China model of development. Joseph Cooper Ramo has been a major proponent of the alternative road to development:

> The Beijing Consensus offers hope for the world. After the collapse of the Washington Consensus, the breakdown of WTO talks [and] the implosion of Argentina's economy, much of the world was uncertain what a new paradigm for development ought to look like (Cooper Ramo 2004: 60).

Generally speaking, the idea of the China model is very seductive and many authors – within the PRC as well as outside – have devoted considerable efforts to trying to describe its contours (Zhang 2011). Authoritarianism and economic growth together are seen by some as somewhat unusual. Furthermore, social benefit that can be widespread without requiring a change in the social elite might be very attractive to all kinds of Latin American ruling classes (Chen and Goodman 2012). However, there is little or no agreement on what might constitute the

China model. For some, the China model is extreme neoliberalism (Harvey 2007; Halper 2010); for others, it means a high degree of state intervention (Zhao 2010). When asked about the viability for other countries undertaking a China model of development, the premier of the PRC, Wen Jiabao, quite explicitly repudiated the idea: "It is not right to draw an analogy between China and other countries" (*China Daily* 2011: 4). His response came in the midst of a difficult political context, the Arab Spring of 2011. All the same, it is clear that two prerequisites of China's dramatic success during the last three decades have been the scale of the country and the previous three decades of state socialism. These conditions cannot be replicated, even in Latin America (Naughton 2010).

There may be no China model for Latin America to emulate or to replace the apparently limited Washington Consensus with, but at the same time, China's development over the last 30 years does offer something to Latin America. China has maintained stable government and become an international economic force within four decades of verging on being a pariah state. It has also become more of an independent voice in international affairs, especially vis-à-vis the US. In the process, China has tapped into a dominant discourse of modern nationalism: There has been a cultural shift designed to restore China's place in the world.

In 2007 the Brazilian ambassador to the PRC highlighted this aspect of international relations in an article in China's leading *Journal of Latin American Studies* (De Castro Neves 2007: 9). To get an idea of China's appeal, we need look no further than Mexico: All but in a trade war with the PRC for much of the last decade, the two countries' political relationship is nonetheless very close in international forums such as the United Nations (Carrillo, Chen, and Goodman 2011: 442).

Complementarity, Competition, and Globalisation

The ambiguities in the relationships between the PRC and the countries of Latin America are clearly demonstrated in the case studies that follow. The PRC presents both economic opportunities and challenges to the countries of Latin America. Concerns about dependency or indeed exploitation are never far from the surface, even when, as in the case of Mexico, the US may still loom larger in many ways in regional affairs.

Rhys Jenkins, in his study of Brazil's relations with the PRC, highlights the problems that the countries of Latin America face. Increased economic interaction with the PRC has at least so far had a positive impact on the Brazilian economy. But it is the interpretation of the longer term that is cause for concern. As Jenkins points out, one must not see the economic interactions between China and any of the countries of Latin America only in bilateral terms. Chinese trade and investment are at the heart of the pressures and trends over the last two decades of globalisation. In evaluating the impact of China's growth, it is necessary to look not only at the balance of trade and investment, but also at the bigger picture – namely, multilateral trade and international relations. From that perspective, carefully analysed here in Brazilian terms, it is clear that while China has positively impacted Brazil's balance of trade, the impact of economic relations with the PRC may be of cause for greater concern. Involvement with the PRC has led to the restructuring of the Brazilian economy. Iron ore and soybean producers have benefitted greatly, but there is otherwise evidence of de-industrialisation.

In considering Mexico's commercial relationship with the PRC, Roberto Hernández focuses on the remarkable contrasts between the two economies that have developed over the last three decades. Both countries have attempted to liberalise their economies over this period – though, in different ways, which the author suggests might well embody the competition between the Washington Consensus and a China model. Certainly the results could not have been more disparate, with China achieving 9 per cent per annum growth rates over these three decades, while Mexico's economy has hardly grown at all. Unlike with Brazil, or indeed most other Latin American countries, there is no complementarity between the PRC and Mexico, and indeed, as Hernández details, in Mexico there is a real fear of the "China threat" and of a trade war. This has been accentuated by the development of the WTO and also by the end of the ten-year moratorium on China trade into Mexico, which the latter made a condition of the former's WTO entry. On the other hand, as Hernandez argues, this is not a battle that Mexico can win. What Mexico needs is a change in its domestic policy along with a change in its attitude toward doing business with China that will allow it to take advantage of the opportunities in a multilateral world.

In his discussion of Peru's relations with the PRC, Ruben Gonzalez-Vicente also argues that it is necessary to step beyond the perspective of bilateral economic relations if one is to understand the distribution of power in the world economic system and deal with questions of dependency. In this case, though, the author's focus is not on the multilateral relations of countries in Latin America so much as on China. The PRC is not to be seen as a self-contained economy but rather as a location for transnational production. Following Harvey's observations about international neoliberalism, Ruben Gonzalez-Vicente concludes that the poor in both countries are the losers of the process of globalisation. He argues that dependency in terms of bilateral relations is too simple a conclusion, even when, as in this case, the PRC buys primary products from Peru, invests in mining there, and sells manufactures into the local market.

Chile's relations with the PRC are more complex. A member of NAFTA, it has also been a major recipient of Chinese investment, especially in the copper-mining industry. In his analysis of Chile's economic development and prospects as a result of its relationship with the PRC, Juan Carlos Gachuz highlights the tensions underlying these various processes. Chile has benefitted greatly from signing an FTA with the PRC, but if it is to continue growing it needs to develop exports in value-added products and in services. This is clearly not a unique feature of life for a Latin American economy under the impact of China's growth: Like Mexico, Chile also needs a policy change within government and an attitude change amongst its entrepreneurs in order to boost both Chilean investment in China and trade and investment from the PRC into Chile.
Adrian Hearn, in his examination of Cuba and its development under the impact of China's economic growth, takes a markedly different approach. Of course the current economic and political environment in Cuba is markedly different than that of the rest of Latin America. Here is a country that has had (at least) three decades of something close to state socialism, though the scale of the country cannot match that of the PRC. Hearn's approach is to try to understand the complexities and conundrums of an internationalising China often criticised for not adhering to international norms of economic behaviour elsewhere in Latin America, but which in this case is in fact encouraging Cuba to liberalise its economic structures. The legitimacy for this action is paradoxically derived from the shared history of communist influence. And as Hearn emphasises, there is a double paradox in that the reformed PRC government not only retains influence over state corporations, but also has the power of the state in most internationally active enterprises.

Last but not least, the contributions to this issue of the *Journal of Current Chinese Affairs* provide further empirical evidence of an observation made by the authors of a recent volume edited by Hearn and León-Manríquez (2011): China's relations have steadily been moving beyond economics to involve social, political and cultural interactions.

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