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Russia, China Strengthen Latin American Ties

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Category/Department: Region
Published: 2014-08-01

In the days leading up to the BRICS summit in Brazil on July 15, the Russian and Chinese presidents came to Latin America offering generous loan packages and cooperation plans. As leaders of the strongest economies of the five countries in the BRICS group, Presidents Vladimir Putin of Russia and Xi Jinping of China signed hundreds of agreements for billions of dollars with Latin America’s progressive governments with which they either have, or are looking for, points of agreements on the necessity of modifying structures of the global agencies and establishing a fair and polycentric new world order based on international law with the UN playing a central coordinating role.

Although their plans for the region are undoubtedly broader and not identical, both leaders essentially focused on the new world order. Some analysts believe their unspoken goal is to plant a flag in the US's historic sphere of influence, although US leaders have not paid much attention to Latin America in the last few decades (NotiSur, Nov. 11, 2005, and May 7, 2010).

This idea, shared by regional academics such as Tamara Schandy of Uruguay and Paulo Cannabrava of Brazil, points to the US legal decision against Argentina and the clear protection of the interests of the "vulture funds" as examples (NotiSur, Nov. 30, 2012). Both analysts agree on the separation of executive, legislative, and judicial powers inherent in all democracies but note that a decision that can break the world economic order, as even the International Monetary Fund (IMF) has said, can’t be left to an elderly lower-court judge and later backed by the Supreme Court.

Russia forgives 90% of Cuba’s debt

On July 11, Putin began his tour in Cuba and continued to Argentina and Brazil with a brief stop in Nicaragua. The Russian leader landed with a major announcement: forgiveness of 90% of the US $35 billion debt the Caribbean nation had borrowed from the former Soviet Union (NotiCen, Aug. 4, 2000, and Jan. 12, 2001). The decision, which frees a poor economy of an impossible burden, came with a package of agreements that far surpassed what is typically offered in visits of this type.

Last February, when Russia’s Prime Minister Dmitri Medvedev was in Havana, protocols were signed contemplating leasing Antonov-158 airplanes for civilian use and supplying spare parts for aircraft. With that now in place, Cuba learned that several Russian companies are interested in expanding their investments. Examples are Zarubezhneft, which has already drilled maritime oil wells, and NK Rosneft, both in the hydrocarbon sector, and Inter Rao, which plans to build two thermoelectric plants and has a joint venture with the Cuban government for supplying electric and energy equipment.

In an interview with Cuba’s Prensa Latina news agency, Putin said that both countries are looking into major industrial and high tech ventures, as well as projects in energy, civil aviation, peaceful use of space, medicine, and biopharmaceuticals.

It’s difficult to imagine that all this and the agreements made later with Argentina and Brazil don’t come with an inevitable political alliance. In a way, Putin indicated as much in his July 10 interview with Prensa Latina. "It’s well-known that, in the 1990s, the rate of our bilateral cooperation
slowed, and, in several areas, foreign partners from other countries left us in the dust. For example, Canadians offered Cuba promising joint ventures in mining, and Europeans, primarily Spain, actively developed tourism projects (NotiSur, Oct 1, 1991, May 31, 1996, Dec. 6 1996, and NotiCen, June 3, 1999). We are now ready to recover lost opportunities," the Russian president said without hesitation.

Putin’s approach throughout his Latin America tour was one of generosity. Cuba, for example, will be asked to repay only US$3.5 billion over a 10-year period while US$31.5 billion of its debt will be forgiven, and, instead of sending payments to Moscow, Cuba will deposit them in a special fund for Russian investments going back into the Cuban economy.

"That Russia has taken such an unprecedented step shows the strategic character of our bilateral relations," Putin said.

**Argentine nuclear energy, Brazilian aviation investment**

In Argentina, Putin signed five cooperation agreements, the most noteworthy being that the atomic-energy corporation Rosatom will participate in Argentina’s fourth nuclear-energy plant. Argentine media emphasized the political nature of the visit more than the agreements for joint ventures that were reached. The dailies chose to cite the same phrase in Putin’s long speech: "Argentina is one of Russia’s main strategic partners in Latin America, in the UN as well as the G-20 [the economic group that unites 19 emerging industrial economies with the European Union]. Our approaches on major issues of international politics are similar or overlapping and a good example of this is the signing of the joint declaration of the Russian Federation and Argentina not to be the first to deploy weapons in outer space," Putin said as he thanked Argentine President Cristina Fernández de Kirchner for her warm welcome.

With Brazil—which together with Russia, India, China, and South Africa makes up BRICS—Putin reached auspicious economic and political agreements. In the meetings with President Dilma Rousseff and her governmental team, the Russian delegation signed a set of guidelines geared to double binational trade in the next three years from US$5.56 billion in 2013 to US$11 billion in 2017. Within this framework, Brazil will continue to negotiate the purchase of anti-aircraft defense systems, an operation calculated at US$1 billion, which also includes the acquisition of five anti-aircraft missile batteries, three Pantsir-S1 and two Iгла. It also will include auxiliary vehicles and armaments that would probably include several missals and 30 mm cannons.

Rousseff didn’t limit her comments about the visit to economic agreements or plans for technological assistance. "It is essential to keep coordinated action on the G-20 agenda as this is the only way to reform the International Monetary Fund into a truly multilateral and democratic organization," she said keeping with the focus of Putin’s previous visit to Argentina.

**China lifts beef embargo, plans major investments**

When President Xi Jinping came to Latin America last year, he visited Trinidad and Tobago, Costa Rica, and Mexico. His tour this year included Argentina, Brazil, Venezuela, and Cuba. In Brazil, he signed 54 protocols for cooperation in infrastructure, science and technology, industry, nuclear energy, and the financial sector. Among the agreements was the purchase of 60 E-190 airplanes built by Empresa Brasileira de Aeronáutica (Embraer) for US$3 billion. In addition, China lifted its embargo blocking Brazilian beef imports. Projects also included building two factories—one for bus
engines, the other for construction equipment—and a railway line linking the industrial center of São Paulo on the Atlantic with Peruvian ports on the Pacific.

The Chinese president signed 20 agreements with Argentina. Investment with Argentina is expected to top US$7.5 billion for the construction of two hydroelectric dams and restoration of the largest railway line in the country and a currency swap of US$11 billion.

Xi signed 38 agreements with Venezuela on top of 197 already signed since 2001. They include new financing for US$4 billion in unspecified areas. Venezuela agreed to increase its oil supply to China by 100,000 barrels per day in addition to the 524,000 bpd sent in payment of US$45 billion in loans the Asian giant has granted since 2001.

In Cuba, Presidents Xi Jinping and Raul Castro signed 29 agreements. One was for construction financing for a multipurpose port terminal; others were for loans that would allow Cuba to postpone debt payments. Cuban authorities did not reveal the amount at stake.

At each stop, Putin emphasized the same concept that Xi surely shares. "Beyond the material aspects," he said, "cooperation with Latin America today is one of the key guidelines and one of the many perspectives of Russia’s foreign policy. Multilateralism in world affairs, respect for international law, strengthening the UN’s central role, and sustainable development are principles that unite us. All this makes us global partners and allows interaction to develop that would resolve a wide range of problems. We are grateful to Latin Americans for their support of our international initiatives such as the demilitarization of space, the strengthening of information security, and the inadmissibility of the glorification of Nazism."

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