

# Factors Affecting Latin America's International Status<sup>\*</sup>

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RECENT YEARS have witnessed the rapid rise of international status of Latin America. From the G20 summit to the G8 summit, the UN reform to the Doha Round talks, and the World Social Forum to the International Conference on Climate Change, voices from this region are attracting more and more global attention. Positive changes also can be seen in international financial institutions' evaluation of Latin American countries. In the World Bank newly published research report "The Financial Prospects of Latin America and the Caribbean Region," it is estimated that the development of the region's financial system is robust enough to cope with global economic uncertainty.<sup>1</sup> An article titled "Welcome to the Latin American Decade" in the *Financial Times* (July 9, 2010) by the president of Inter-American Development Bank Luis Alberto Moreno argued, "Although problems such as drug-trafficking and emigration still dominate and distort public perceptions of Latin America, over the past 20 years the region has undergone a quiet but profound transformation... Having weathered the financial crisis, Latin America now has the opportunity to join Asia in leading a global economic recovery."<sup>2</sup> On December 30, 2011, German Chancellor Angela Merkel noted

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in an interview with Latin American reporters that Latin America is playing an increasingly important role on the world stage. She agreed with the view that Latin America is no longer a part of the problem, but has become an aid in solving global issues.<sup>3</sup> Praises also can be heard from some international media. For example, the *Financial Times* (January 3, 2012) ran an editorial claiming that Deng Xiaoping said the 21st century would be the “Latin American era,” while in Latin America, people have been talking cautiously of a “Decade of Latin America.” Whether these statements are correct or not, it is now time to re-examine the status quo in the region. While Europe and the United States are embroiled in a period of economic stagnation, Latin American leaders can look at the global situation with a certain complacency. It is indeed the first time in our memory that the two phrases “Latin America” and “financial crisis” do not appear in the same sentence.<sup>4</sup>

#### I. FAVORABLE FACTORS PROMOTING LATIN AMERICA'S INTERNATIONAL STATUS

MOST of the internal and external factors that will affect Latin America in the future are positive.

**First, its economic strength has been greatly enhanced.**<sup>5</sup> As we know, the international position of a nation or a region is indeed closely tied to its economic strength. It is difficult to imagine that a weak economy could play a pivotal role in the international arena. There are 33 countries in Latin America, with a diversity of economic strengths. However, looking at the region as a whole, the rise of Latin America's economic strength is an indisputable fact. According to statistics released by the United Nations Economic Commission for Latin America and the Caribbean, Latin America's gross domestic product (GDP) rose from US\$1.86 trillion in 2002 to US\$4.99 trillion in 2010, and its total imports and exports increased from less than US\$700 billion to US\$1.7 trillion.<sup>6</sup>

There are many reasons for this rise. First of all, its overall economy has bidden farewell to a crisis-prone era, and embarked on a healthy growth path. In the 1980s and 1990s, Latin America suffered a variety of economic crises. In his book *The Return of*

*Depression Economics*, the U.S. economist Paul Krugman wrote: “Let’s play a game of words: A person says a word or phrase, another person, after hearing it, speaks the first thing that comes into his mind. If you say the words ‘financial crisis’ to a banker with a wide knowledge of international affairs, or a finance official or an economist, he will readily reply: ‘Latin America.’”<sup>7</sup>

Since the economic collapse in Argentina in 2001, Latin America has not experienced various financial crises. Although impacted to some extent by the U.S. sub-prime crisis and the ensuing international financial ones, Latin American economy as a whole performed actually much better than expected.

Second, the macroeconomic situation is getting increasingly stable. Before the 1990s, Most of the countries in the region had long suffered from high inflation as well as other problems such as heavy foreign-debt burden, out-of-control account deficit, and extremely fluctuant exchange rates. After years of effort, Latin American countries finally succeeded in coping with inflation, resulting in a continued improvement of the overall financial situation. In 2010, fiscal deficits in Latin America accounted for only 2.3% of gross domestic product, well below the 6.8% in the euro zone and 10.6% in the United States. The region’s total public debt is only half the level of Europe and the United States.<sup>8</sup>

Furthermore, the international market prices of primary products and raw materials—the main export products of Latin American countries—keep on rising. Any change of the world market will understandably cause a chain reaction of the regional export earnings. Currently, the global demand for these products is still robust, and the international market price continues to increase, which brings great benefits to Latin American countries.

It should be pointed out that China has made important contributions to the economic development of Latin America. First, China has imported a large number of primary products and raw materials from the region; second, China has made investments in Latin America;<sup>9</sup> and finally, China exports a large number of inexpensive manufactured goods to Latin America.<sup>10</sup>

**Second, regional economic integration is steadily progressing.** Latin America is a pioneer of regional economic integration among

developing countries. As early as the 1950s, the Central American countries began to make preparations for the creation of the Central American Common Market.<sup>11</sup> In the 1980s, the Latin American economy got bogged down in debt and economic crisis, and, coupled with the fact that the member states of various economic integration organizations could not handle the uneven distribution of benefits and other issues, regional economic integration hit an all-time low. However, in the 1990s, with the continuous economic recovery and deepening of economic reform, regional economic integration in Latin America revived. The regional economic integration organizations established in earlier times picked up where they left off, and the Southern Common Market and other organizations emerged.<sup>12</sup> This underlines, to a certain extent, the desire of Latin American countries to strengthen their unity.

At the initiative of Brazilian President Fernando Henrique Cardoso, the first South American Summit was held in Brazil in September 2000. The participants agreed that considering the variety of opportunities and challenges presented by globalization, South American countries must accelerate their regional economic integration process. At the second South American Summit, held in Ecuador in July 2002, countries in the region reiterated their desire and determination to further promote regional integration. On December 9, 2004, the third South American Summit was held in the ancient city of Cuzco in Peru. The 12 participating heads of state signed the “Cuzco Declaration,” whereby the South American Community of Nations was formally established.

On February 23, 2010, La Cumbre de la Unidad was held in Cancun, Mexico. At this meeting, countries decided to set up a regional organization made up of all 33 countries in Latin America and the Caribbean. Its temporary name is the Latin America and Caribbean Community.<sup>13</sup> The Rio Group’s rotating chairman and Mexican President Felipe Calderon made a statement at the closing ceremony. He stated that the establishment of the Latin America and Caribbean Community (CARICOM) would further consolidate and strengthen the international status and influence of Latin American and Caribbean countries as a whole. At this summit, President of Venezuela Hugo Chávez proudly declared,

“We have revived the dream and project of Bolívar.” President Felipe Calderon stated, “We cannot remain disunited; we cannot successfully take on the future based on our differences; now it’s up to us to unite without discounting the things that make us different ... to unite based on our similarities, which far outweigh our differences.” In an interview in February 2010, Bolivian President Evo Morales said that Latin American and Caribbean countries needed to join together creating a regional body that “excludes the United States and Canada.” He believed that this union of Latin American countries would become “the weapon against imperialism.”<sup>14</sup>

On December 2, 2011, the third Latin American and Caribbean Summit was held in the Venezuelan capital Caracas. The presidents, prime ministers and heads of delegations of the 33 countries from across the region came together to attend the official inauguration of the Community of Latin American and Caribbean States (CELAC). Chinese President Hu Jintao sent a message to Venezuelan President Hugo Chávez and Chilean President Sebastián Piñera to express congratulation. He said that the founding of the CELAC was an important milestone in the process of regional integration, and that China greatly appreciates the positive role of Latin American and Caribbean countries in international and regional affairs, and believes that the creation of the community will make important contributions to unity and cooperation in the region, as well as joint efforts to counter global challenges.<sup>15</sup>

**Third, political stability has been guaranteed.** Political stability is both a basis for promoting economic growth and the necessary condition for enhancing a region’s international status. In other words, a turbulent political situation makes it impossible to enhance international status, and can only become headline news in the international media.

Since the democratization movement characterized by “returning the government to the people” was launched in the 1980s by Latin American military governments, Haiti, Venezuela and Honduras have suffered military coups, and unconventional changes of government have occurred in Ecuador and other countries amid massive public protests.<sup>16</sup> In general, however,

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the trend of democratization in Latin America has not been reversed and the vast majority of countries have been able to maintain political stability. This has something to do with the following factors: first, political parties and political systems have gradually improved, and the various political parties

have complied with the rules of the game within the framework of democratization; second, both the political elite and the public wish to maintain political stability; and third, regional organizations in the Western Hemisphere, such as the Organization of American States (OAS) and the Rio Group, have played an important role in the mediation of political crises.<sup>17</sup>

**Fourth, Latin America has an abundance of natural resources.** Natural resource supplies have an important influence on the international status of a country or region. Admittedly, progress in science and technology has enabled the production of artificial rubber, synthetic fibers and plastic products, which have replaced a large number of non-renewable natural resources. However, with the growth of the world population, the demand for various natural resources has not decreased, but is growing. This highlights the importance of Latin American countries, which are rich in natural resources. For example, in recent years the development of alternative energy sources has drawn particular attention. Among a variety of new energy sources that are being developed, lithium batteries have many advantages over other types of batteries, due to their high voltage, high energy, longer life cycle and low self-discharge, and the fact that they have no memory effect and are pollution-free. Developed countries strongly recognize the advantages of lithium batteries, and are striving to increase their role in the development of automotive batteries. This is undoubtedly a rare opportunity for Bolivia, which has about half of the world's total reserves of lithium resources. In February 2009, during his visits to Russia and France, Bolivian President Evo Morales said



that his country was willing to work with Russia and France to jointly develop Bolivia's lithium resources. It can be expected that if Bolivia's lithium resources are fully developed and utilized, Bolivia's level of development will greatly increase, and its poverty level will, to a certain extent, be go down.

According to the Annual Statistical Bulletin of the Organization of Petroleum Exporting Countries (OPEC) published in 2011, Venezuela's proven crude oil reserves reached 296.5 billion barrels in 2010, higher than Saudi Arabia's 264.5 billion barrels, making it the world's largest oil-reserves holder.<sup>18</sup> After 50 billion to 80 billion barrels of undersea oil were discovered off Brazil's coast in 2007 and 2008, then-president Luiz Inácio Lula da Silva called the reserves "a gift from God."<sup>19</sup> Both Brazilian and international media believe that the vast treasure would transform the country into another "energy superpower," and therefore greatly improve its international status. Abundant natural resources have fortified the bargaining position of some Latin American states vis-à-vis the developed economies. Venezuela is a typical case in point. President Hugo Chávez has repeatedly threatened to cut off oil exports to the United States if the latter dared to invade his country. "If they don't want to buy (our) oil, they can tell us and we won't sell them," he said during one of his speeches.<sup>20</sup> Give the geographic proximity, even though Washington has been seeking to reduce its reliance on oil from this nearby supplier, the Middle Eastern oil-producing countries would considerably continue to face strong competition from Venezuela in the U.S. market. Thus, while the U.S. regards President Chávez as a thorn in its side, it still maintains close economic and trade relations with Venezuela.

**Fifth, the great-power status of Brazil has increased steadily.** Known as the "Latin American giant," Brazil has a territory of 8.51 million square kilometers and a population of nearly 200 million, accounting for 40% of the total area of Latin America and 34% of its total population. Therefore, the rise of international status of the "giant" will correspondingly boost Latin America's standing in the world community as a whole.

In 1941, Austrian writer Stephen Zweig quoted in his book, *Brazil: A Country of the Future*, the remark made by the Italian

navigator Amerigo Vespucci when he discovered Brazil: “If there is really a paradise on Earth, then it should not be very far from here.”<sup>21</sup> Brazil is not only rich in resources, but also aspires to join the ranks of the world powers.<sup>22</sup> Former Argentine President Nestor Kirchner once told the Argentine media: “If there is a post in the WTO, Brazil wants it; if there is a vacancy in the United Nations, Brazil would like to fill it; if there is a vacant post in the UN Food and Agriculture Organization, Brazil also wants it. Brazil even wants Sao Paulo Archbishop Claudio Hummes to be elected Pope.”<sup>23</sup>

According to a research report published in December 2011 by the British consulting firm Centre for Economics and Business Research, in 2011 Brazil surpassed Britain to become the world’s sixth-largest economy. The report data shows that in 2010 the gross domestic products (GDP) of Brazil and the United Kingdom were US\$2.09 trillion and US\$2.25 trillion, respectively; in 2011 Brazil’s GDP rose to US\$2.52 trillion, surpassing the US\$2.48 trillion of the United Kingdom.<sup>24</sup> Douglas McWilliams, chief executive officer of the Centre, said, “Brazil has always been a winner over European countries in the soccer field, but for it to win in the economic field is a new phenomenon.”<sup>25</sup>

As the largest developing country in the Western hemisphere, Brazil has long wished to exert greater influence in the international arena. In particular after President Lula came to power in 2002, Brazil’s international status has reached an unprecedented height. This position is reflected in the following areas:

First of all, Brazil is trying to become a permanent member of the UN Security Council. Brazil believes that the reform of the United Nations and the restructuring of the Security Council cannot be separated. Furthermore, the Council must increase its transparency and have greater representation. This means that the number of Security Council seats must be increased, and developing countries in different parts of the world should be granted seats as permanent or non-permanent members. Brazil claims it will not abandon its responsibility for the UN reform process.<sup>26</sup> It also believes that its desire to become a permanent member of the Security Council is both in line with the ideals of the international community and



will improve the legitimacy and representativeness of the United Nations.<sup>27</sup>

Second, Brazil is actively promoting South-South cooperation. In addition to vigorously promoting the integration of Latin America, Brazil also set up the "Tripartite Dialogue Forum" in June 2003 with India and South Africa to coordinate the position of the three countries on major international issues. In April 2010, the second BRIC Summit was held in the Brazilian capital Brasilia. The conference was a complete success thanks to the meticulous preparation made by Brazil.

Third, on multilateral diplomatic occasions, aside from its active participation in the dialogue with the G8, Brazil also plays its due role in the Group of Twenty, and expresses its position clearly in the Doha Round negotiations.<sup>28</sup>

**Sixth, some Latin American leaders are good at making use of the international media.** Chile is an admirable country in this regard. On August 5, 2010, part of a mine in San Jose in northern Chile collapsed, trapping 33 miners in the mine 622 meters underground. On October 13, all the miners, who had been trapped for 69 days, were brought back to the surface safely. During the rescue of the miners, the BBC covered the event live from the scene. Chilean President Piñera, wearing red overalls and a safety helmet, personally directed the rescue work at the scene. When the last miner reached the surface, the president was moved to tears, which was witnessed by people around the world on TV.

President Piñera delivered an important speech after the rescue effort was over. He said Chile would stand on the world stage with a new look from that day forth. He also announced that his government would build a national monument at the San Jose mine to show the Chileans' spiritual strength and defiance of hardship and danger to future generations. Every Chilean present was elated by his words.

Five days after the miners were rescued, Piñiella visited Britain, where he presented ore brought to the surface by the rescued miners to Queen Elizabeth II and Prime Minister David Cameron. It is reported that after the miners were rescued, the domestic support rate for President Piñiella rose dramatically. Furthermore

this saga will be made into a Hollywood film. A mine accident was thus unexpectedly turned into an opportunity for Chile to enhance its international status, change the image of the country, increase support for its leaders and rouse the national spirit.

With regard to student protests, President Piñiella agreed to be interviewed on December 6, 2011 by Bloomberg News, and boldly expressed his views to the international community. He said that the media had exaggerated the scale of the protests, because the protesters only accounted for 5% of all secondary school and university students. He also told Bloomberg News that Chile hoped to become the first developed country in Latin America by 2020.<sup>29</sup>

**Seventh, the world situation is evolving toward multi-polarity.** During the Cold War, Latin America was one of the areas where the United States and the Soviet Union competed for eventual world hegemony. U.S. policy in Latin America aimed at containing the so-called “Communist influence” in the Western Hemisphere, while the policy of the Soviet Union was to try to cultivate anti-American forces in the U.S.’s “backyard” in Cuba. Caught in this bipolar world pattern, many Latin American countries were either friendly to the United States, relied on the Soviet Union, or were at a loss and wavering between the two, with the independence of their foreign policy greatly hampered.

The end of the Cold War saw the world developing toward multi-polarization, which created a favorable external environment for Latin America to pursue an independent foreign policy. The enhancement of the international status of Latin America has not only promoted the trend toward a multipolar world pattern, it has also boosted the constant development of this trend, thus the two reinforce and complement each other.

## II. UNFAVORABLE FACTORS AFFECTING LATIN AMERICA’S INTERNATIONAL STATUS

THE RISE of international status knows no boundary, so it is necessary for a country or region to make consistent efforts to enhance its international position. The following factors may not

be conducive to a further rise in the international status of Latin America.

**First, their overall national strength has to be enhanced.** The overall national strength is the sum of the strength of a country's economy, diplomatic influence, scientific and technological level, military strength and cultural appeal. Overall national strength must be based on material and spiritual factors; it should not only be compared with other countries that are at the same level of development, but also compared with the country's own history. Since no internationally recognized measure of a country's overall national strength exists at the moment, assessments of national strength are overly subjective.

In the past decade or two, both at the synchronic and diachronic levels, the economic strength and diplomatic influence of Latin America have significantly improved. However, although their strength in other areas is also growing, this growth is not fast enough.

Compared with Africa, Latin America has made rapid progress in the scientific and technological area, but its capacity for creative innovation is not strong, so it has not yet extricated itself from technological dependence on developed countries.

Latin America is the birthplace of three ancient civilizations of America (Mayas, Incas and Aztecs). Contemporary Latin American culture has inherited the essence of these three civilizations, thus constituting an important part of the treasure trove of world civilization. However, many countries have failed to take advantage of this to strengthen their own soft power.

In recent decades, in order to enhance their military strength, many Latin American countries have substantially increased their defense spending. Military expenses rose by as much as 53 percent in the budget of Brazil in 2008, the biggest increase since the 1990s.<sup>30</sup> According to the Stockholm International Peace Research Institute (SIPRI) Yearbook 2008, South American countries' military expenditure has increased by 33 percent on average since 2000. In 2007, South American countries' military spending totaled US\$40 billion. The Yearbook also pointed out that over the five-year period 2003-2007, Venezuela, Ecuador and Chile had the highest increases in military spending in the region, with real-terms

increases of 78, 53 and 49 percent, respectively. Mexico increased its military spending over this period by 15%.<sup>31</sup> Three driving factors can be seen in the expansion of military expenditure in Latin America: first, the economic situation and financial standing of most countries in the region have improved over the past couple of years; second, military commanders continue to demand increases in defense spending, and the civilian governments, with the intention of pushing the military to act as a “stabilizer” for the democratic system, are inclined to meet their requirements; and third, some countries worry about U.S. armed intervention. Former President of Costa Rica Oscar Arias expressed his deep concern over the increased military expenditure in Latin American countries. He listed “a soft spot for militarism” as one of the four obstacles blocking the process of modernization of the whole region.”<sup>32</sup> According to the 1987 Nobel Peace Prize winner, the militarism of the region’s culture is a regressive and destructive force, one that needs to be replaced with a culture of peace.”<sup>33</sup>

**Second, disunity often occurs among the nations of the region.** As mentioned above, economic integration in Latin America is making steady progress. However, it cannot be denied that in this process, disputes among Latin American countries crop up from time to time. For example, in May 2006, Argentina had brought a case against Uruguay before the International Court of Justice, claiming that the latter’s unilateral approval of the construction of two pulp mills on the River Uruguay was in violation of the 1975 Statute of the River Uruguay signed by the two countries to establish the joint machinery necessary for the optimum and rational utilization of the river.<sup>34</sup> Another example, when Brazil was actively campaigning for a permanent seat on the UN security Council, other Latin American powers (Mexico and Argentina) joined the group “Coffee Club,” voicing their opposition to Brazil’s bid.<sup>35</sup> A further case in point was the deadlock faced by the OAS in the election for a new Secretary-General on April 11, 2005. After five rounds of voting, the election ended in a tie between two candidates, one from “North” and the other “South.”<sup>36</sup>

The tensions between Venezuela and Colombia are more striking. On December 13, 2004, Colombian police secretly entered

Venezuelan territory, and arrested an important member of one of Colombia's anti-government guerrilla groups. As Colombia refused to apologize, Venezuela recalled its ambassador to Colombia on January 15, 2005, and announced a freeze on bilateral economic and trade relations. On March 1, 2008, the Colombian army crossed the border between Colombia and Ecuador, killing the second-in-command of the Revolutionary Armed Forces of Colombia along with 16 other members of the group. On March 2, President Hugo Chávez sent a message to Ecuadorian President Rafael Correa, saying that Venezuela would unconditionally support any action by Ecuador. The next day, President Chávez announced that Venezuela would break off diplomatic relations with Colombia immediately. On July 22, 2010, at a special meeting of the OAS Permanent Council, the representative of Colombia accused Venezuela of sheltering some 1,500 Colombian guerrillas in its territory. He called for the establishment of an international commission to verify Colombia's claim. On the same day, Chávez announced the severance of diplomatic relations with Colombia to protest the latter's allegations.

It could be expected that if Latin American countries seek to strengthen their unity and enlarge common ground, while at the same time putting their differences aside, the pace of the regional economic integration will be accelerated. When the 30-odd countries in the region speak with one voice, Latin America's international position will be substantially improved.

**Third, serious social problems have damaged the image of countries in Latin America.**

International status includes not only the influence and appeal of a country or region in the international arena, but also its national image in the international community. To a certain extent, the image of a country or region is correlated with its international status, although the image of a country is judged by entirely subjective factors.

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When the 30-odd countries in the region speak with one voice, Latin America's international position will be substantially improved.

Although Latin American countries, in the process of promoting social development, have made significant achievements, they are also facing a number of serious social problems, such as deterioration of social order, a large number of people living below the poverty line, the common phenomenon of “social exclusion,” and frequent social conflicts. These social problems are often highlighted by the international media, tarnishing the image of Latin American countries.

Mexico is a typical example. The country has a territory of nearly two million square kilometers and a population of 110 million. It is rich in oil resources, and has a comparatively high level of economic development. It also has the geographical advantage of being close to the U.S.. As early as 1974, Mexico, uniting with other developing countries, got the Sixth Special UN General Assembly to adopt the “Declaration of the Establishment of a New International Economic Order” and “Program of Action.” In December of the same year, the 29th General Assembly of the UN also passed the “Charter of Economic Rights and Obligations of States” initiated by Mexico. In 1994, Mexico joined the Organization of Economic Cooperation and Development (OECD), known as the “Club of Rich Countries.”

However, such a promising and major Latin American country has found itself unable to extricate itself from the “drug war” since 2006. So far, violence has claimed about 40,000 lives. Many people in the international community place Mexico on a par with Somalia, Iraq and Afghanistan, regarding it as a “failed state.” Even agencies in the U.S. Department of Defense also believe that Mexico is a “weak and failed country.”<sup>37</sup> Although some Mexican scholars have different views, the negative reporting among the international community on Mexico causes great harm to the image of that country.<sup>38</sup> Clearly, it is difficult for a country with this national image to enhance its international status.

**Fourth, small countries in Latin America have yet to get rid of their marginalization in the international arena.** On one hand, the position of Brazil and other major Latin American countries is rapidly rising, enhancing the international status of the whole of Latin America; on the other hand, more than a dozen small countries in the region play a negligible role in the



international arena due to their limited territories, small-scale economies and other restricting factors. Only when they encounter natural disasters do they attract the attention of the international community.<sup>39</sup> However, this attention can only damage their national image instead of enhancing their international status.

Thus, it can be concluded that, if the small countries in Latin America can take advantage of their strong points and avoid the negative impact of their weaknesses, devote major efforts to developing their economies, and abide by the principle of independence in the diplomatic field, their international status will be improved accordingly, which will, in turn, enhance the international status of the whole of Latin America.

#### CONCLUSION

THE RISING international status of Latin America may bring together at least three aspects of development as follows: First, it is conducive to promoting the trend towards a multi-polar world. The trend towards such a world system has created rare external conditions for enhancing the international status of Latin America, which, in turn, contributes to the development of the trend toward a multi-polar world. Second, it can help improve the position of developing countries in North-South relations, so that they can gain more bargaining counters in their dialogues with the developed countries to safeguard their interests in various fields. Third, it is conducive to deepening the bilateral relations between China and Latin American countries. Strengthening solidarity and cooperation with developing countries, including countries in Latin America, is part of China's independent foreign policy of peace. *China's Policy Paper on Latin America and the Caribbean*, published on November 5, 2008, pointed out, "The Chinese government looks on its relations with Latin America from a strategic perspective, and is committed to establishing and developing a comprehensive and cooperative partnership with Latin American and Caribbean countries based on equality and mutual benefit as well as common development." Therefore, the rise in the international status of Latin America is in accord with China's strategic goals.

<sup>1</sup> Augusto de la Torre, Alain Ize, and Sergio L. Schmukler, *Financial Development in Latin America and the Caribbean: the Road Ahead*, World Bank, 2012.

<sup>2</sup> <http://www.ftchinese.com/story/001033471/ce>.

<sup>3</sup> <http://www.bundesregierung.de/Content/DE/Interview/2011/12/2011-12-30-interview-merkel-lateinamerika.html>.

<sup>4</sup> <http://www.ft.com/intl/cms/s/0/f43fcd86-35fa-11e1-ae04-00144feabdc0.html#axzz1kGpDeRre>.

<sup>5</sup> The concept of economic strength has a narrow sense and a broad one. In the narrow sense, it refers only to economic scale, i.e., the gross domestic product; while in the broad sense, it includes not only the economic scale, but also the international competitiveness and ability to withstand external shocks, as well as the influence on supply and demand in the international market. In this article, it means the narrow sense when referring to economic strength.

<sup>6</sup> Economic Commission for Latin America and the Caribbean (ECLAC), *Economic Survey of Latin America and the Caribbean*, July 2011.

<sup>7</sup> Paul Krugman, *The Return of Depression Economics*, W. W. Norton & Company, 2000.

<sup>8</sup> <http://www.ftchinese.com/story/001033471/ce>.

<sup>9</sup> According to the “Bulletin of Statistics on China’s Foreign Direct Investment 2010” released by the Ministry of Commerce, National Bureau of Statistics and Administration of Foreign Exchange of China, China’s direct investment in Latin America rose from US\$4.62 billion in 2003 to US\$43.88 billion in 2010.

<sup>10</sup> The import of large numbers of inexpensive manufactured goods from China has aroused dissatisfaction among some Latin Americans, because many Latin American products cannot compete with the Chinese products. However, Chinese products help improve the Latin American market supply and reduce the price level. An article published by the British *Financial Times* (April 22, 2011) says: In small shops in a slum in Sao Paulo, nearly all goods are produced in China, from lip-stick to bags, and from plastic toys to almost all daily necessities. But the prices of these commodities are extremely low. The owner said, “Chinese goods are much cheaper, ... they must be, otherwise a lot of people here cannot afford them.” He said the prices of the same goods would be four times higher if they were produced in Brazil.

<sup>11</sup> In August 1962, Guatemala, Honduras, Nicaragua, El Salvador and Costa Rica signed a treaty in San José, the capital of Costa Rica, formally establishing the Central American Common Market, which is the first common market ever set up by developing countries.

<sup>12</sup> On March 26, 1991, the presidents of Argentina, Brazil, Paraguay and Uruguay signed the Treaty of Asunción on the establishment of the Southern Common Market (or Mercosur) in the capital of Paraguay. On January 1, 1995, Mercosur was officially launched.

<sup>13</sup> 33 countries in the region speak 5 different languages: English, Spanish, Portuguese, French and Dutch. Thus, the name of this community also has five languages: “Community of Latin American and Caribbean States”(English), “La Comunidad de Estados Latinoamericanos y Caribeños”(Spanish), “A Comunidade de Estados Latino-Americanos, e-Caribenhos”(Portuguese), “Communauté des États Latino-Américains et Caribéens”(French), and “Gemeenschap van de Latijns-Amerikaanse en Caribische landen”(Dutch).

<sup>14</sup> Cited from [http://en.wikipedia.org/wiki/Community\\_of\\_Latin\\_American\\_and\\_Caribbean\\_States](http://en.wikipedia.org/wiki/Community_of_Latin_American_and_Caribbean_States).

<sup>15</sup> [http://news.xinhuanet.com/world/2011-12/04/c\\_122372320.htm](http://news.xinhuanet.com/world/2011-12/04/c_122372320.htm).

<sup>16</sup> From 1995 to 2005, Ecuador experienced seven unconventional changes of government.

<sup>17</sup> For example, the 28th Special General Assembly of the OAS, held in Lima, Peru on September 10-11, 2001, adopted the "Inter-American Democratic Charter," which established, in a legal form, the basic political system of representative democracy in the region for the first time. It stipulates that representative democracy is the basic condition for regional stability, peace and development, that the effective implementation of representative democracy is the basis of constitutionalism and the rule of law of each member state, that when a member state's democratic order is interrupted due to constitutional disorder, other OAS members will help the country restore democratic order through diplomacy and other measures, and that if diplomatic efforts fail, the OAS will hold a special General Assembly to suspend all rights of the member state (including its qualifications) by a two-thirds majority vote.

<sup>18</sup> OPEC, *Annual Statistical Bulletin* (2010/2011 edition), 2011. [http://www.opec.org/opec\\_web/static\\_files\\_project/media/downloads/publications/ASB2010\\_2011.pdf](http://www.opec.org/opec_web/static_files_project/media/downloads/publications/ASB2010_2011.pdf).

<sup>19</sup> Cited from [http://www.usatoday.com/news/world/2008-10-09-brazil-oil\\_N.htm](http://www.usatoday.com/news/world/2008-10-09-brazil-oil_N.htm).

<sup>20</sup> <http://www.reuters.com/article/2007/02/14/us-chavez-bush-oil-idUSN1431993320070214>.

<sup>21</sup> <http://kirjasto.sci.fi/szweig.htm>.

<sup>22</sup> In early 2006, the authorities concerned in Brazil held a seminar to discuss the major national strategy of Brazil in Sao Paulo. The Brazilian scholars and government officials who attended the meeting reached a consensus: the time has finally arrived for Brazil to play a role in international affairs, and Brazil should launch all-round diplomacy, transforming its role from the number one power in Latin America to a "global power."

<sup>23</sup> [http://www.miami.com/mld/miamiherald/news/columnists/andres\\_oppenheimer/11590836.htm](http://www.miami.com/mld/miamiherald/news/columnists/andres_oppenheimer/11590836.htm).

<sup>24</sup> <http://www.cebr.com/wp-content/uploads/Cebr-World-Economic-League-Table-press-release-26-December-2011.pdf>.

<sup>25</sup> <http://www.cebr.com/?p=729>.

<sup>26</sup> [http://www.mre.gov.br/ingles/politica\\_externa/discursos/discurso\\_detalhe.asp?ID\\_DISCURSO=2704](http://www.mre.gov.br/ingles/politica_externa/discursos/discurso_detalhe.asp?ID_DISCURSO=2704).

<sup>27</sup> [http://www.brasil.gov.br/ingles/about\\_brazil/brasil\\_topics/foreign/categoria\\_view](http://www.brasil.gov.br/ingles/about_brazil/brasil_topics/foreign/categoria_view).

<sup>28</sup> President Lula said, "If we cannot achieve the proper ideal of the national society (especially in poor countries), history will not forgive us." He also believes that coordination of Asian, African and Latin American countries within the Group of Twenty is crucial in promoting the Doha Round negotiations. If the Doha Round succeeds, it will take 500 million people out of poverty. Cited from [http://www.mre.gov.br/ingles/politica\\_externa/discursos/discurso\\_detalhe.asp?ID\\_DISCURSO=2877](http://www.mre.gov.br/ingles/politica_externa/discursos/discurso_detalhe.asp?ID_DISCURSO=2877).

<sup>29</sup> <http://www.bloomberg.com/news/2011-12-22/piniera-says-chile-will-be-first-developed-country-in-latin-america-by-2020.html>.

<sup>30</sup> Andrew Downie, "A South American Arms Race?", *Time*, December 21, 2007.

<sup>31</sup> Cited from <http://www.miamiherald.com/news/columnists/andres-oppenheimer/story/635771.html>.

<sup>32</sup> Three other obstacles are: resistance to change, absence of confidence, and fragile democratic norms.

<sup>33</sup> Oscar Arias, "Culture Matters: The Real Obstacles to Latin American Development," *Foreign Affairs*, January/February 2011.

<sup>34</sup> Bilateral relations between the two countries reached an all-time low because of the paper pulp incidence. Uruguay even obstructed Argentina's former President Néstor Kirchner from being elected to be secretary-general of the Union of South American Nations. On July 28, 2010, Argentina and Uruguay reached a new agreement to jointly monitor the pulp mills located on the banks of the trans-boundary river, thus solving the dispute which had troubled the two countries for many years.

<sup>35</sup> In addition, Mexico was not satisfied with South American countries setting up a South

American community initiated by Brazil, let alone the concept of “Latin America is South America” proposed by Brazil.

<sup>36</sup> The U.S. supported Mexican Foreign Minister Luis Ernesto Derbez, while Brazil and Venezuela and other countries supported the Chilean Minister of Interior José Miguel Insulza. Five rounds of draws resulted in each candidate receiving 17 votes. After careful consultations, Derbez announced his decision to quit the competition on April 29, and Insulza became the only candidate and was thus successfully elected in the May 2 voting. According to reports, when the voting results were announced, the representatives of almost all the member states of the Organization of American States gave him a standing ovation to show their congratulations, with the exception of the representatives of Mexico, who remained in their seats motionless.

<sup>37</sup> <http://www.legion.org/magazine/160652/our-third-front>; <http://www.canadafreepress.com/index.php/article/7883>.

<sup>38</sup> For example, Mexican scholar Luis Rubio believed that, in spite of the many problems of public safety, law enforcement and economic performance, the government operates in a rather normal fashion, therefore it is not true that Mexico is on the road to becoming a failed state. (See Luis Rubio, “Mexico: A Failed State?”, Center for Hemispheric Policy, University of Miami, February 12, 2009. <https://www6.miami.edu/hemispheric-policy/Rubio-Mexico-Failed-State.pdf>)

<sup>39</sup> For example, the June 28, 2009 military coup in Honduras, and the January 12, 2010 earthquake in Haiti, have long become the focus of international reporting.