

Who is Seizing the “COVID-19 Moment?”

A Battle for Power in Latin America*

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Introduction

According to the US’s 2018 *National Defense Strategy*, “The central challenge to U.S. prosperity and security is the reemergence of long-term, strategic competition. . . . It is increasingly clear that China and Russia want to shape a world consistent with their authoritarian model—gaining veto authority over other nations’ economic, diplomatic, and security decisions.”¹ One of the most conspicuous ways in which China has pursued its goal of shaping the contemporary world order is through economic coercion and “predatory economics.” According to the Center for Strategic & International Studies, China’s reputation for practicing “predatory economics” stems, in large part, from its financing of large-scale infrastructure projects in developing countries that are often unable to burden the debt.² Furthermore, China has made global inroads through forced technology transfer and intellectual property theft, both of which have negative effects on market competition.³ In brief, through financial loans, economic investments, and trade relations, China has striven to increase both its soft and hard power globally while acquiring the inputs required for its ambitious development projects.

China’s national defense document, the *White Paper*, identifies Latin America as a region of strategic interest due both to its abundant natural resources - resources crucial to China’s rapidly growing economy - and increasing international influence.⁴ Through trade and financial investment, China has acted on interests outlined in the *White Paper* and developed impressive strategic advancements in the Latin American region. A Congressional Research Service’s 2020 study puts these gains into perspective, stating that “total China-Latin America trade increased from \$17 billion in 2002 to almost \$315 billion in 2019” and “Chinese banks (China Development Bank and China Export-Import Bank) have become the largest lenders in Latin America.”⁵ From 2005 to 2019, Chinese banks lent

*The views expressed in this paper are the authors’ alone and in no way represent the opinions, standards, or policy of the United States Air Force Academy or the United States government.

Latin American and Caribbean nations over \$62 billion, including almost \$30 billion to Brazil alone.⁶ Though calculated maneuvers undoubtedly underlie China’s recent “successes,” the United States’ contemporary trend of disengagement in Latin America has allowed for China’s growing presence in the region.

In recent years, the United States has lost its long unrivaled status in the Latin American region. The United States’ recent strategic focus on Middle Eastern and Asian Pacific affairs, reduced foreign assistance to and amplifying outspoken hostility of its southern neighbors, and withdrawal from the Trans-Pacific Partnership trade agreement (which would have increased economic links with Chile, Mexico, and Peru) have fed the narrative of United States disengagement in Latin America.⁷ Some speculate that this disengagement has motivated new actors, like China, to engage the region.⁸

Though no longer peerless, the United States remains a critical economic partner to many of the region’s countries and an important contributor of foreign assistance. In 2018, the United States accounted for 43.04 percent of all exports from Latin America and the Caribbean and 32.02 percent of all imports for the region.⁹ These figures dwarf China’s export partner share of 12.33 percent and slightly more significant import partner share of 18.94 percent.¹⁰ According to Ellis, staving off Chinese penetration in the region and maintaining longstanding inter-hemispheric trading relations are vital to United States security, broadly construed.¹¹

Moments of crisis may provide great powers, such as China and the United States, with opportunities to revisit foreign policies and economic relations designed in pursuit of security, a notion that Ilan Kelman designated as “disaster diplomacy.”¹² Through revisiting global security orientations, countries have opportunities to determine whether to entrench status quo policies or to change course, relying on the “disaster” as a catalyst for shifting interstate relations.¹³ With more than 69.3 million cases and 1.5 million deaths reported as of 10 December, the 2019–2020 Coronavirus Pandemic undoubtedly qualifies as one such moment of crisis, ripe to motivate great powers to revisit existing foreign policies and security orientations.¹⁴ It follows that this pandemic may provide China and the United States with an opportunity to revisit efforts to strengthen their economic presence and security prospects in the Latin American region. Pepe Zhang of the Atlantic Council affirms that these two countries are doing just that: “Increasingly, the [Latin American] region is caught up more and more in this geopolitical climate where everything is characterized by US-China tension. . . . I think Covid aid is one area that is getting politicized as well.”¹⁵

In this paper, we provide a preliminary assessment of whether the US and China “seized the moment” at the height of the first wave of the pandemic in Latin America to entrench or update their foreign policies in the region. Specifi-

cally, we ask: Did China and the United States capitalize on the crisis ushered in with the global pandemic to provide continued support to Latin American countries of demonstrated strategic and economic interest to them? Alternatively, did they change course from their previous foreign policies toward Latin America? Not only is our concentration on the Latin American region justified as a function of China's and the United States' entrenched economic interests in the region but also because of the astounding prevalence of COVID-19 in Latin America in Summer 2020. In the next section, we provide supporting details of this claim. After that, we introduce the data that informs our primary preliminary descriptive assessments of China's and the US's involvement in the region both prior to and at the height of the first wave of the COVID-19 pandemic. This analysis provides us with what is among the first attempts to quantitatively assess these two great powers' postures toward the region in light of the ongoing (at the time of this writing) pandemic. To preview, we learn that both China and the United States shifted the recipients of their economic assistance during the first wave of the pandemic. More pointedly, former leading beneficiaries in the realms of trade, loans, and financial assistance were not, for either country, the primary focus in the first wave of the pandemic. In our concluding section, we provide a discussion of our findings and identify the various implications of our assessments for future research.

Latin America: A COVID-19 Epicenter

Media reports have identified Latin America as the global region hardest hit during the first wave of the 2019-2020 Coronavirus Pandemic.¹⁶ As of 31 August 2020, Brazil documented the second-highest number of cases in the world, with 3,908,272 cases.¹⁷ At that time, Brazil was followed in Latin America by Peru and Mexico, with 647,166 and 595,841 cases, respectively.¹⁸ In terms of global rankings, Peru and Mexico ranked sixth and seventh. These are particularly notable data points considering Peru is ranked forty-third in total population and Mexico is ranked tenth.¹⁹ Figure 1 below documents how other countries in the region compared to the poorest performers at the height of the first wave of the pandemic.

Figure 1 confirms that, at the height of the first wave of the pandemic, Brazil outpaced its neighbors, many of whom documented case totals ranging from 75,000 to 600,000. Few countries, such as Uruguay and Nicaragua, remained under 5,000 total cases. Although academic research on the topic remains scant, popular media accounts attributed the region's comparatively large exposure to the virus to close living conditions in areas with high poverty rates.²⁰ Low state capacity and poor-quality public health services in the region undoubtedly exacerbated the severity of the crisis during the first wave.²¹ It follows that China and the United States may have had a unique opportunity to further entrench their

strategic interests in the region through the provision of financial assistance. Did these great powers “seize the moment” and, if so, how?

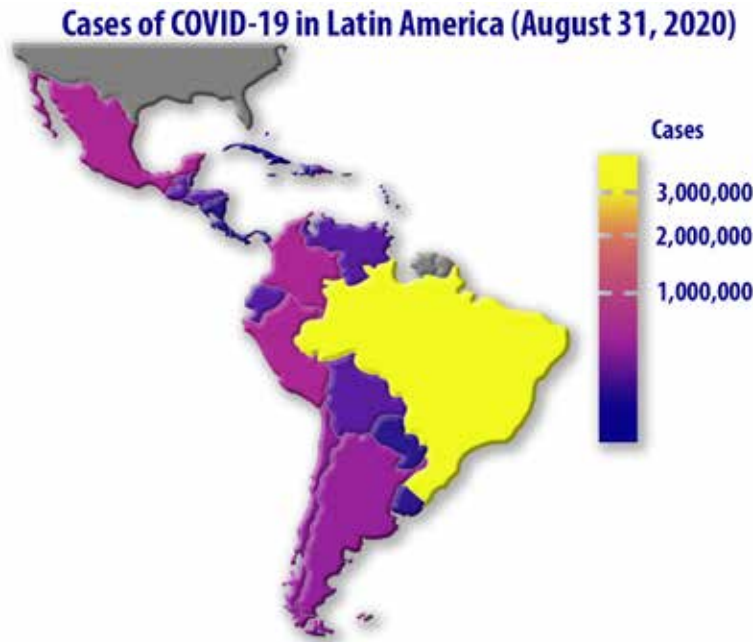


Figure 1. Cases of COVID-19 in Latin America (31 August 2020)

Hypotheses, Data, and Research Design

Although, as previously stated, academic literature on the subject is scant, related literature on historical events provides us with a foundation to inform expectations applicable to the context of the COVID-19 pandemic. For example, during the 2016 Zika epidemic in Latin America, the US Agency for International Development and the State Department jointly pledged \$385 million to Latin America and the Caribbean for support in containing and combating the spread of the virus²². The response was, in part, an effort to contain the spread of Zika virus. However, it was also understood as designed to further American influence in the region. As such, the dynamics surrounding the 2016 Zika epidemic highlight the way that global powers leverage crisis-induced opportunities to extend their influence. On this basis, we anticipate finding that both China and the US will have leveraged the COVID-19 pandemic, especially during the height of the first wave, to further entrench their strategic interests in the region with economic levers.

To test this, we draw upon data from a variety of sources including the Wilson Center,²³ the World Bank,²⁴ the Inter-American Dialogue²⁵ and the US Foreign

Assistance website²⁶. Specifically, we collect data on medical equipment and treatment as well as monetary assistance transferred to individual Latin American countries from the United States and China from the Wilson Center’s “Aid from China and the U.S. to Latin America Amid the COVID-19 Crisis” project. From the World Bank’s “World Integrated Trade Solution” software, we gather statistics on trade in Latin America. The Inter-American Dialogue’s “China Latin-America Finance Database” provides us with figures on Chinese loans to the region, and we rely on the United States Foreign Assistance website for information on all United States assistance efforts to the region. We combine this data in a series of descriptive plots to shed preliminary light on great power competition in Latin America during the first wave of the pandemic.

Results

Did China and the US Seize the Moment in Latin America?

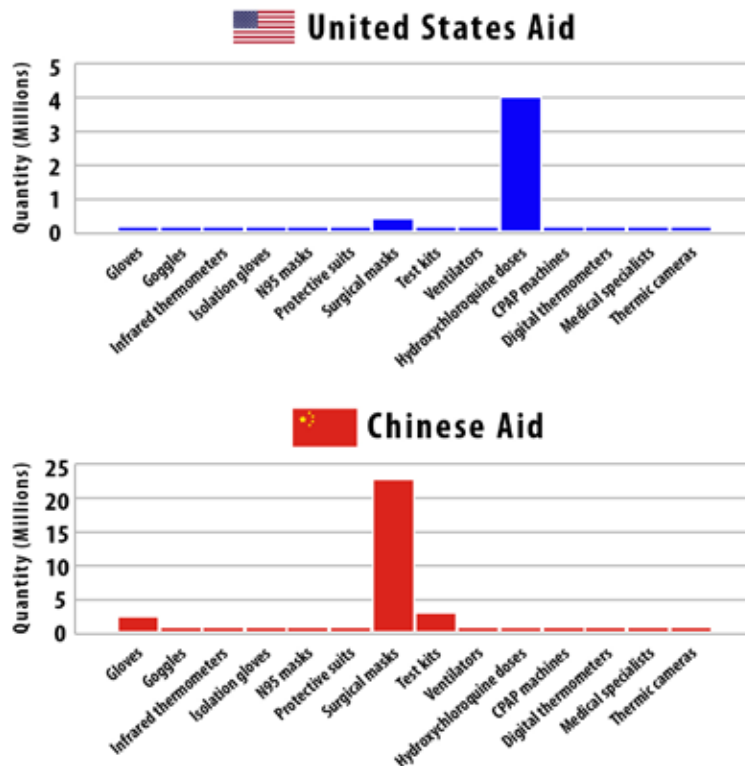


Figure 2. American and Chinese Material Aid to Latin American Countries During the 2019-2020 Coronavirus Pandemic (Excluding Raw Financial Donations)

The figures below document the amount of coronavirus aid donated to countries in Latin America and the Caribbean during the first wave of the pandemic from both China and the United States. Using raw data from the Wilson Center, Figure 2 depicts the quantity of medical supplies donated to Latin American countries, with red representing Chinese assistance and blue representing US assistance. Figure 3 documents and compares the total monetary value of pandemic assistance given to all Latin American and Caribbean countries included in the Wilson Center’s study. We calculated total monetary values of this assistance by adding the total monetary donations and the total value of donated medical supplies. This allows us to compare dollars to dollars instead of ventilators to surgical gloves or masks to medical specialists and to provide insight into how much financial burden the United and China were willing to take on for many Latin American and Caribbean countries during the height of the pandemic’s first wave.



Figure 3. Total Value of Coronavirus Financial Aid Given to Latin American Countries by the United States and China

Figures 2 and 3 confirm that both the United States and China provided monetary, material, and other forms of medical assistance to Latin American and Caribbean countries during the height of the pandemic’s first wave. In terms of medical equipment and treatments, both great powers have concentrated their assistance on unique forms: China has concentrated its efforts on issuing surgical masks to Latin American countries, whereas the United States has focused on providing hydroxychloroquine treatments. In terms of monetary assistance, both great powers are narrowly targeting their aid, with China privileging Ecuador over other countries in the region and with the United States bolstering Haiti but maintaining a more balanced approach than China. Despite their different approaches, both are arguably working to seize the moment. Whether they are le-

veraging this crisis to further long-term strategic interests in the region is ill understood and a topic that we address below.

Are China and the US Providing Continued Support to Latin American Countries of Prior Strategic and Economic Interest to Them?

To understand whether pandemic patterns of Chinese and United States assistance to Latin America and the Caribbean are exceptional or rooted in longer run strategies, we compare past patterns of trade, loans, and assistance between these great powers and Latin American and Caribbean countries with pandemic assistance initiatives. To ease the interpretability of comparisons across different types of economic linkages and financial assistance, we consider intraregional distributional percentages, as opposed to raw monetary amounts. In Figures 4 and 5, we use data from the Wilson Center and the World Bank to compare the distributional percentages of 2018 Chinese and United States trade with individual Latin American countries relative to trade with the entire region with contemporary distributional percentages of coronavirus assistance given to individual Latin American and Caribbean countries relative to assistance with the entire region. In Figures 6 and 7, we compare intraregional distributional percentages of Chinese investments (loans) and United States assistance (grants) with the same contemporary distributional percentages of coronavirus from Figures 4 and 5. These figures reflect data from the Wilson Center, the Inter-American Dialogue, and the official US Foreign Assistance website.

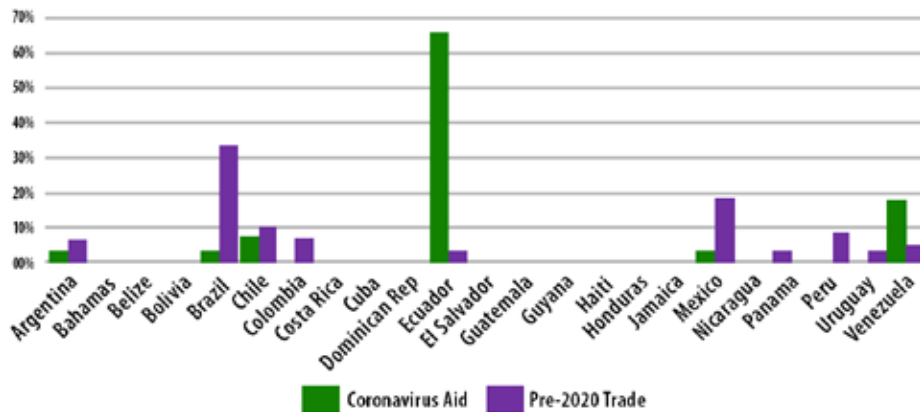


Figure 4. Percent of Chinese Pre-2020 Trade vs. Coronavirus Aid to Latin American and Caribbean Countries

Who is Seizing the “COVID-19 Moment?”

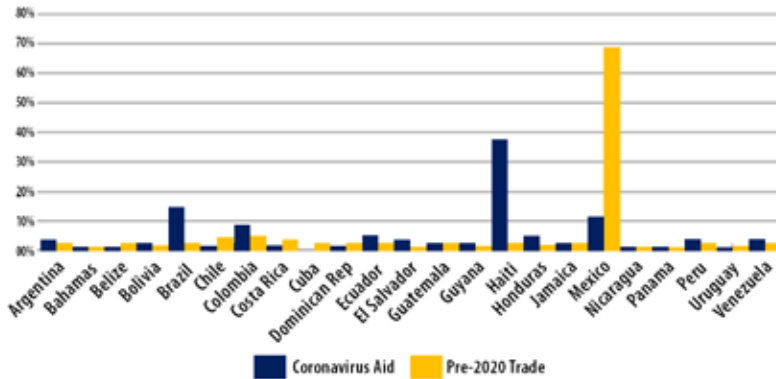


Figure 5. Percent of US Pre-2020 Trade vs. Coronavirus Aid to Latin American and Caribbean Countries

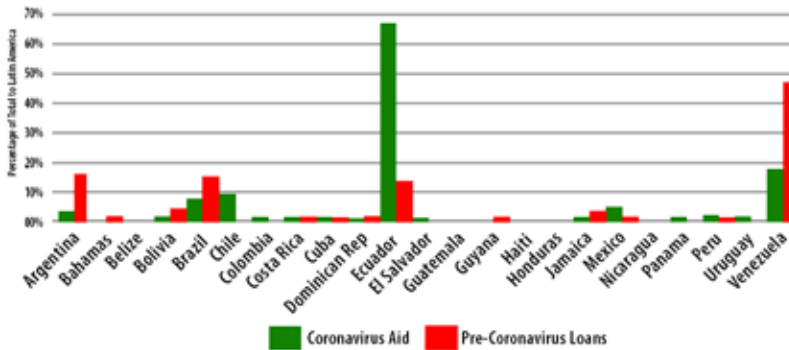


Figure 6. Percent of Chinese Pre-Coronavirus Loans vs. Coronavirus Aid to Latin American and Caribbean Countries

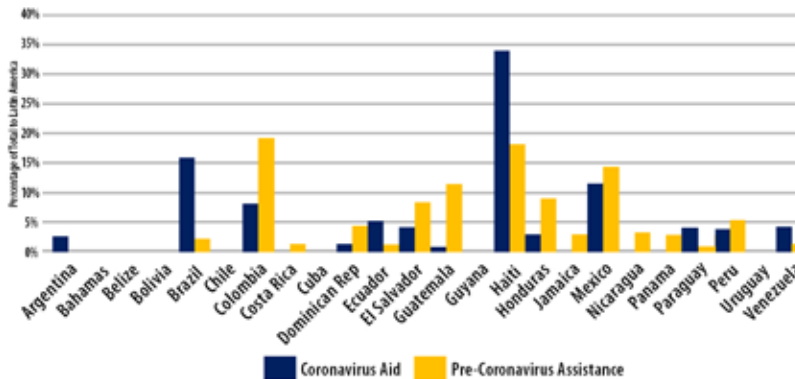


Figure 7. Percent of US Pre-Coronavirus Assistance vs. Coronavirus Aid to Latin American and Caribbean Countries

In sum, Figures 4–7 show that irrespective of prior “strategic interest,” both China and the United States leveraged the initial stage of the crisis to revisit their prior foreign policies and to swap out country priorities. For example, China provided significantly more assistance to both Ecuador and Venezuela during the first wave of the pandemic than to its three major trading partners (Brazil, Chile, and Mexico). Ecuador also stands out as one of China’s most preeminent pandemic beneficiaries when we consider China’s pre-pandemic strategic interests in terms of loans, as opposed to trade. China is providing a notably higher proportion of aid to Ecuador during the pandemic than it provided to Ecuador in terms of loans prior to the onset of the pandemic. The United States, on the other hand, provided significantly more aid to Haiti and Brazil, most notably, as compared to its largest trading partner, Mexico. The United States is also diverging from its previous trend of providing foreign assistance to a relatively large group of countries in the region (including Columbia, Guatemala, Haiti, Mexico, etc.) by more than doubling financial attention given to Haiti during the pandemic as compared with pre-pandemic assistance. To put this in perspective, Haiti was the recipient of 17.85 percent of total assistance from the United States prior to the pandemic. Currently, it receives 37.57 percent of the United States’ total coronavirus aid given to the region.

Discussion and Ways Forward

While our preliminary assessments confirm that both China and the United States capitalized on the first wave of the 2019-2020 Coronavirus Pandemic to assert their presence and refine their strategy in the Latin American region, they are silent on the motivations underlying strategic shifts. Put differently, it remains unclear why the United States and China targeted specific countries in Latin America and the Caribbean over others as beneficiaries of assistance. Inspection of the data suggests that humanitarian motives were likely not at play. Margaret Myers of the Inter-American Dialogue substantiates this with reference to China, specifically, claiming, “This is motivated not by an interest in humanitarian assistance, which might be part of it certainly, but also by this very clear need on the part of China to ensure that its image remains intact.”²⁷ In line with Myers, we suspect that the newfound strategic motives of both countries underlie contemporary patterns of great power assistance to the Latin American region. Future research would be well served to investigate such motives more deeply.

In addition to continuing to probe Chinese and American assistance in the forms studied in this paper, scholars, policymakers, and practitioners should also turn their attention to the dynamics surrounding vaccine access and distribution. In July 2020, China offered a \$1 billion loan to Latin America and the Caribbean

for access to its COVID-19 vaccine.²⁸ In general, Latin American reception of this loan during the first wave of the pandemic was largely positive, with Mexican President Andrés Manuel López Obrador claiming, “We are very grateful to China, the Chinese government, the President” and Argentinean President Alberto Fernández writing a letter thanking China and affirming his belief that their ties will be strengthened²⁹. With the onset of the second wave of the pandemic in Latin America, Admiral Craig S. Faller, Commander of the U.S. Southern Command, acknowledges China’s continued regional advantages in the realm of vaccine diplomacy.³⁰ Future public opinion research would provide key insights into the downstream effects of China’s ongoing vaccine diplomacy in the Latin American region on the pervasiveness of Latin American public sentiments of affection toward China and Latin American interest in future China-Latin American cooperation. If Fernández’s sentiment of optimism regarding the future of Chinese–Latin American relations rings true across the region, the security consequences for the United States could be severe. A principal concern is that China–Latin America cooperation and Chinese debt-based leverage over certain countries (such as Venezuela and Ecuador) could further aid China’s rapidly growing economy, providing it with the inputs to potentially surpass the United States’ economy within a decade.³¹

A more direct security concern is that China’s increased presence and coronavirus-induced growing soft power in Latin America may further aid some of China’s key finance projects in the region (e.g., the installation of IT infrastructure networks by Huawei, China’s state-owned telecommunications firm). This would undoubtedly constitute an immediate vulnerability for the United States. Admiral Craig Faller, explains, “With telecommunication projects in 16 countries [in South America], Huawei and ZTE provide the backbone of commercial and government communication systems, providing a backdoor for the Chinese government to monitor or intercept official information we share with our partners.”³² Chinese telecommunication and surveillance technology inroads in Latin America are inherently counter to the United States’ goal of preserving democratic rule of law in the region.³³

Among a wide range of other security concerns, China’s expanding presence in Latin America has had, and will continue to have, implications on competition in space. In recent years, China has invested in the development of space facilities in the Latin American region.³⁴ The Chinese-run 16 story-antenna and space station in Argentina’s Patagonia raises clear concerns of Chinese surveillance of United States space operations based in the Western hemisphere.³⁵ Faller warns, “if you lock up space, you lock up IT, you lock up port access, you have leverage and information,”³⁶ all of which pose barriers to the vital United

States' interest of "unfettered access to and freedom to operate in space."³⁷ Strengthening relations between China and Latin American countries through pandemic assistance may secure continued cooperation in this domain. For these reasons, it is imperative that the United States continue to counterbalance China in its trading relations and provision of assistance while exploring other strategies to retain regional influence.

Both China and the United States are seizing the moment to clench economic influence and further their security objectives in the Latin American region. Presently, the implications of their strategies remain unclear, but China's continued rise in the region proves worrisome. As the United States continues to struggle in its handling of the pandemic at home, it ought not to forget its southern neighbors. The long run implications of neglect may prove both strategically and economically costly. □

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