The New International Role of China and its Relations with Argentina in Time of Crisis

Eduardo Daniel Oviedo

Abstract

This article studies the ways in which China’s rise in the pecking order of the world’s economies impacted Argentine-Chinese bilateral relations at the beginning of the current international economic crisis. First of all, China’s rise widened the asymmetry of powers, changing the scheme of bilateral relations between China and Argentina from a traditional South-South model of cooperation to a North-South relation. Secondly, the trade between these two countries, indicated by Argentina’s export of soybeans and soy by-products to China, is the staple for maintenance of productive political relations. These economic ties have influenced Argentine foreign policy toward China, especially on the “China question.” China’s evolving economic role is pertinent to understanding the recent historic transformation of foreign trade in Argentina. In 2007, for the first time in Argentina’s economic history, exports to Asia exceeded exports to Europe. Thirdly, at a time when the United States and the European Union are preoccupied with resolving the challenges of the international economic crisis, the Chinese government has published its first “white paper” on Latin America and the Caribbean region. This document outlines the intentions that China’s government has for China-Latin American relations medium to long-term and also what impact this will have upon Argentina. Lastly, the extent of interdependency and the role that domestic markets can play in alleviating this are the most important factors in grasping different countries’ reactions to the current economic crisis. Argentina and China are not exceptions in this matter and lessons can be learned from the ways in which different countries addressed the Great Depression of the 1930s.

Biography

Dr. Eduardo Daniel Oviedo earned his PhD in political science from the Cordoba Catholic University of Argentina. He had previously obtained his Masters in Law from the Peking University, China. Doctor Oviedo is Professor of Contemporary History and International Relations at Rosario National University, Argentina. At the Argentina National Scientific and Technical Research Council Professor Oviedo has researched the history of China-Argentine diplomatic relations. He authored Argentina and the East Asia: Foreign Policy from 1945 to 1999 (UNR Editora, Rosario, 2001); China in Expansion: Foreign Policy from Tiananmen until Entry into WTO (EDUCC, Cordoba, 2005) and Korea—A Look from Argentina (UNR Editora, Rosario, 2005). Doctor Oviedo serves as Chinese public translator and as adviser to the Rosario Board of Trade.
Introduction

The current economic crisis is a time of power redistribution that will affect the pecking order of relations among the nations of the world. If China continues to grow at a high rate in the coming two or three years, it probably will narrow the gap with the United States prior to when academics had projected this to happen. The new role of China in the international system has led to an asymmetrical relationship with the developing world. China has changed the South-South cooperative dynamic of the past to a North-South paradigm, which will have important consequences for countries such as Argentina.

China’s role as a great power was demonstrated in November 2008, when the Chinese government released “China’s Policy Paper on Latin America and the Caribbean.” The paper evinced China’s potential of becoming a global power and taking advantage of the United States and the European countries’ focus on their internal economic recession while Latin American countries increase their degree of autonomy from both regions. These developments provide favorable conditions for the new Chinese advances in the region.

China’s national interest has changed from the pursuit of political recognition to economic diplomacy (a consequence of the diplomatic isolation of Taiwan), mainly in its pursuit of minerals, energy and food supplies. Nevertheless, until the “Taiwan question” is resolved, political recognition will remain a priority for China in Latin America and particularly in Argentina. Until this is resolved, China will not be fully able to demonstrate its political independence and its economical potential for the region. On the other hand, Argentina’s policy towards the Taiwan issue, based on discretionary policies characteristic of all members of the international community, has been to support the position of the People’s Republic of China in observance of international law and with respect to the role of China in the United Nations. It has done so without abandoning commercial pragmatism, another key factor in the process of political change. In the case of the role of the Argentine Ministry of Foreign Relations, academics failed to recognize the focus was not on economic questions, although it was conditioned by the international situation and the economic capacity of the nation-state.

China’s accumulated national power and experience during the past thirty years of economic opening and reform, as well as the huge potential of the domestic market, serves as a strong support for China’s policy to expand domestic demand in order to respond to the international crisis. For its part, Argentina hasn’t made the “second transition” in the socioeconomic sphere yet which would allow it to strengthen the democratic process. Limited interdependence with international financial markets and a focus on local production that will meet the domestic market demands can reduce the worst effects of the subprime mortgage crisis. In addition, the level of interdependence is advantageous to Argentina and put China at risk. However, both
countries have significant domestic markets in which to develop their economic potential in the current world crisis although agricultural reforms in China present a new challenge to Argentina in the long-term.

This study confirms that the increase in power asymmetry and the complementation in bilateral trade prevail and that they do impact the political-diplomatic arena, especially considering the dichotomy that exists between autonomy and subordination in facing hegemonic powers. In bilateral trade, soybeans and soybean oil are the most important products. At the same time, they are an example of how to expand the supply of exports. In this case, Argentine government policies should accept the challenge of expanding horizontal production and increasing the value in vertical form while also expanding the diversification of markets, where China will remain an important client along with other countries.

The Dynamics of Asymmetries

After most of six decades of the political process, Argentine-Chinese relations reflect the dynamics of power asymmetry. From the time of establishing diplomatic relations with the Chiang Kai-Shek government in 1945, spiritual and material potential was in Argentina’s favor vis-à-vis a prestigious and triumphant China, which held a seat as a permanent member of the United Nations Security Council, although it had been devastated by the Second World War, the emergence of the People’s Republic of China and the ongoing “Chinese question”; a controversy that divided China’s territory and resulted again in two governments, intensifying the asymmetric distance in Argentina’s favor. (See Table 1)

During the twenty-seven years of diplomatic ties between Argentina and the Republic of China (from 1945 to 1972), the governments only signed two agreements: the Treaty of Amity (1947) and the Cultural Agreement (1966). In the same

<table>
<thead>
<tr>
<th>Year</th>
<th>Type of Relations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1945</td>
<td>Establishment of diplomatic relations between Argentina and the Chinese State</td>
</tr>
<tr>
<td>1945-1972</td>
<td>Diplomatic relations with the government of the Republic of China, without political linkage with the People’s Republic of China, with trade interactions and without accrediting an Economic and Cultural Office in Beijing.</td>
</tr>
<tr>
<td>1972</td>
<td>Normalization of diplomatic relations with the government of the People’s Republic of China</td>
</tr>
<tr>
<td>1972 to present</td>
<td>Diplomatic relations with the People’s Republic of China, without political linkage with the Republic of China, with trade interaction and a Commercial and Cultural Office in Taiwan since 1992.</td>
</tr>
</tbody>
</table>
number of years of diplomatic relations with the People’s Republic of China, that is, between 1972 and 1999, both parties signed more than forty treaties and agreements in several areas but primarily in the economic and cultural spheres. From the perspective of this vast difference it is easy to note a greater convergence between the interests of Argentina and the People’s Republic of China. Nevertheless, comparing two different historic moments is always imprecise, especially when the two periods are marked by different political orders, by the acceleration of the globalization process and a greater frequency of international exchanges.

The quality of the relationship between China and Argentina changed with the economic and political rise of the People’s Republic of China in international stratification until the asymmetric dimension of the relationship was reversed. China is now positioned as the third largest economy of the world since 2007, in terms of Gross Domestic Product (GDP), and it is ranked second, in terms of Purchasing Power Parity (PPP). In 2007, Argentina held the thirtieth position, in terms of GDP, and the twenty-


second rank in terms of PPP. The Chinese economy (not including Hong Kong) is 14.5 times larger than Argentina’s, in terms of GDP, and 13.1 times larger in terms of PPP. The Argentine economy is similar to that of Finland or Hong Kong’s, in terms of GDP, and is placed between Saudi Arabia and Thailand in terms of PPP. That is to say, from that the asymmetric relation in Argentina’s favor in the forties (as much with respect to the Republic of China as to the People’s Republic of China) turned into a relationship of equals in the following decade but has emerged as a North-South relation from the end of last century. This economic comparison does not conform to South-South cooperation as affirmed by Chinese government officials. While this may have been adequate to describe the levels of interaction in the seventies and eighties, it is completely obsolete in any effort to describe the position of China and Argentina in the world economic hierarchy at the beginning of the 21st century. (See Table 2)

Table 2: GDP comparative percentage between Argentina and China

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>In GDP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>People’s Republic of China</td>
<td>67,000</td>
<td>417,000</td>
<td>928,000</td>
<td>1,209,000</td>
<td>2,263,000</td>
<td>3,120,000</td>
</tr>
<tr>
<td>Argentina</td>
<td>16,000</td>
<td>53,000</td>
<td>324,000</td>
<td>154,000</td>
<td>173,000</td>
<td>238,000</td>
</tr>
<tr>
<td>Percentage between both</td>
<td>4.1</td>
<td>7.8</td>
<td>2.8</td>
<td>7.8</td>
<td>13.1</td>
<td>13.1</td>
</tr>
<tr>
<td>In PPP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>People’s Republic of China</td>
<td>3,983,000</td>
<td>5,625,000</td>
<td>8,610,000</td>
<td>7,083,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Argentina</td>
<td>368,000</td>
<td>377,000</td>
<td>539,000</td>
<td>513,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage between both</td>
<td>10.8</td>
<td>14.9</td>
<td>15.8</td>
<td>13.8</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

China’s rise has re-oriented the trade interaction and, fundamentally, the nature of Argentine exports. From the time of
the establishment of diplomatic relations, with the exceptions of 1946, 1962 and between 1964 and 1966, sales to China were nonexistent. In 1970, according to information provided by the National Institute of Statistics and Censuses of Argentina, Europe represented 58.1 percent of external sales; while Asia only 8.7 percent with 70.3 percent of this coming from Japan versus 3.5 percent from Taiwan and only 1.6 percent to the PRC; while Taiwan participated with 0.3 percent and the PRC with 0.14 percent of the total exports. In 2007, for the first time in history, Argentine exports to Asia exceeded sales to Europe, promoted by exports to the People’s Republic of China, which represented 43.9 percent of exports to the Asian continent and 9.2 percent of total sales, while Taiwan only reached 0.16 percent. This transformation of Argentine foreign sales resulted from China’s economic rise as well as European structural decline and its distortive policy of providing subsidies to agriculture. (See Table 3)

The trade situation described in the foregoing paragraph demonstrates the importance of the Chinese economy in the community of nations. It required Argentina to open new consular offices in Asian countries, as well as maintaining a diplomatic staff in Europe, with an increase in the size of the bureaucracy of the Ministry of Foreign Relations. China, as a diplomatic destination, is a clear reflection of this change. At the beginning of the nineties, Argentina only had one Consular Section in the Argentine Embassy in Beijing. In 1997, after the return of Hong Kong to Chinese sovereignty, the Argentine Government established a Consulate General in the Special Administrative Region of Hong Kong. In 2000, President De la Rúa established the Consulate General and Promotion Center in Shanghai. In 2004, President Kirchner inaugurated the Agricultural Section in Beijing. Recently, in 2009, the Argentine government opened the General Consulate in Guangzhou. In total, Argentina has three General Consulates and a Consular Section in the Argentine Embassy in Beijing. For its part, China only maintains the Consular Section of the Embassy in Buenos Aires, even though since 1988 it has the right to establish two General Consulates in the Argentine territory. These consular structures demonstrate greater efficacy in Chinese consular activity with less personnel. In this sense, the greater Argentine con-

Table 3: Argentine exports comparative percentage by continent

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>America</td>
<td>30.8%</td>
<td>42.0%</td>
<td>48.8%</td>
<td>48.1%</td>
</tr>
<tr>
<td>Asia</td>
<td>8.7%</td>
<td>16.7%</td>
<td>21.1%</td>
<td>19.8%</td>
</tr>
<tr>
<td>People’s Republic of China</td>
<td>0.14%</td>
<td>1.9%</td>
<td>9.27%</td>
<td>9.06%</td>
</tr>
<tr>
<td>Europe</td>
<td>58.1%</td>
<td>38.3%</td>
<td>20.8%</td>
<td>22.3%</td>
</tr>
<tr>
<td>Africa</td>
<td>1.0%</td>
<td>3.3%</td>
<td>7.1%</td>
<td>7.2%</td>
</tr>
<tr>
<td>Oceania</td>
<td>0.1%</td>
<td>0.6%</td>
<td>0.4%</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

Source: Argentina National Institute of Statistics and Censuses
sular presence in China does more to increase bureaucratization than to develop exports. In addition, other factors may help to explain the asymmetric relation, such as China’s role as a permanent member in the United Nations’ Security Council (constant since 1945), its nuclear and military capacities, the nature of Chinese diplomacy and other factors that contribute to the power gap with Argentina.

In the diplomatic sphere, the change from symmetrical to asymmetrical relations is also evident in the large number of issues needing resolution in China’s foreign relations agenda. However, the resolution of the question of Hong Kong’s, Macau’s and China’s access to the World Trade Organization (WTO) has made it so that the foreign policy of this Asian power has gained greater autonomy and increased the asymmetrical gap in its diplomatic relations with Argentina and other developing countries. This factor is important to take into consideration in attempting to determine the decisional asymmetry in the international arena.

After China recovered sovereignty in Hong Kong and Macau, and was admitted to the WTO, its foreign policy obtained more freedom of action to negotiate with the other members of the international community. For Argentina, these issues were agenda themes in the nineties that required diplomatic negotiations or, simply a quid pro quo, for China’s support on the Malvinas islands in addition to other questions. The increase of capacity to address such questions and their policies oriented toward reunification with Taiwan restrained the diplomatic ac-

tion of the Duhalde, Kirchner and Cristina Fernández de Kirchner administrations because the only remaining quid pro quo for the “Chinese question” and the problem of human rights in China was to negotiate for China’s support of national interests in the political area.

We would assert that, as a result of the increasing asymmetry in China’s favor, the diplomatic resources to negotiate national questions were gradually lessened in recent years, unless new problems or questions that affect China in the international arena require Argentine support, as is normal in an interdependent community. Something similar happened in the Antarctic cooperation, since Argentine logistic support was left aside while China achieved more experience and scientific development on the White Continent, though the bilateral cooperation in this area advanced in specific projects.

Even if signed agreements prevail in the economic-cultural field, a few political documents prescribe the general guidelines of the foreign policy and structure these ties. For example, the brief joint communiqué of the normalization of diplomatic relations between China and Argentina signed in February 1972 changed the political orientation of the Argentine state toward China’s government. Other documents, often somewhat unnoticed, are the background for other bilateral documents, some of which are especially important, as is the case with the agreement for China’s entry into the WTO subscribed in March 2000, or the Memorandum of Understanding on Trade and Investment Cooperation, which was
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signed in November 2004. Compared to bilateral trade, which can be measured from import and export data, political relations only can be estimated, according to realist doctrine in terms of the power capacities of the states in question and the asymmetries generated between two countries and their impact on other spheres of power that are expressed in the interactions, for example, of the economic, cultural or scientific–technological fields.

Characterized as an asymmetrical power relation, the variation in the attributes of each state during most of six decades of interaction has changed the Argentine-Chinese relationship from an asymmetrical preponderance in favor of Argentina, to a scheme of South-South cooperation in the seventies and eighties. Beginning in the nineties and continuing into the new century, China’s rise in the international order turns the relationship into one that is characteristic of a North-South model with China clearly being the dominant power. However, it is important to emphasize that this dynamics of asymmetries did not alter the peaceful and friendly relations between both countries, although a few frictions do exist, especially in financial and commercial matters.

The role of the soybean in the bilateral trade

Argentina, Brazil, China and the United States are the main producers of soybeans. China directs its entire production to internal consumption, having to import grains and by-products from the international market. However, while Brazil

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>84%</td>
</tr>
<tr>
<td>2004</td>
<td>76%</td>
</tr>
<tr>
<td>2005</td>
<td>77%</td>
</tr>
<tr>
<td>2006</td>
<td>59%</td>
</tr>
<tr>
<td>2007</td>
<td>80%</td>
</tr>
</tbody>
</table>

Source: Argentina National Institute of Statistics and Censuses
Table 5: Composition of the Argentine exports toward China (2001-2006)

<table>
<thead>
<tr>
<th>Chapter</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil seeds and oleaginous fruits</td>
<td>79.3%</td>
<td>46.8%</td>
<td>50.1%</td>
<td>43.6%</td>
<td>54.4%</td>
<td>40.6%</td>
</tr>
<tr>
<td>Animal and vegetable fats and oils</td>
<td>0.6%</td>
<td>20.9%</td>
<td>33.8%</td>
<td>32.8%</td>
<td>22.1%</td>
<td>19.1%</td>
</tr>
<tr>
<td>Mineral fuels and oils</td>
<td>2.1%</td>
<td>0.7%</td>
<td>0.5%</td>
<td>7.8%</td>
<td>5.9%</td>
<td>25.8%</td>
</tr>
<tr>
<td>Raw hides and skins</td>
<td>9.5%</td>
<td>10.6%</td>
<td>4.9%</td>
<td>5.7%</td>
<td>2.5%</td>
<td>4.7%</td>
</tr>
<tr>
<td>Metalliferous minerals</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>2.1%</td>
<td>4.3%</td>
<td>2.3%</td>
</tr>
<tr>
<td>Wool fine or coarse animal hair</td>
<td>3.2%</td>
<td>2.7%</td>
<td>1.2%</td>
<td>1.0%</td>
<td>0.6%</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

Source: Argentina, Ministry of Economic and Production, Center for Production Studies.

and the United States also address part of their production to the internal market, Argentina (the third producer and exporter of soybeans) exports almost its entire production, considering that soy-based products are not part of the Argentine’s daily diet. In quantity and price, the soybean and its by-products are not only the most important component of Argentine exports to China, but also of Argentine-Chinese trade. According to the National Institute of Statistics and Censuses, the export share of soybean grains and soybean oil in Argentina’s total exports to China varied among 59 and 84 percent in the five-year period 2003-2007. (See Table 4)

As a result of the bilateral agreement signed in March 2000 and China’s entry into the WTO in December 2001, soybean grains sales declined since 2002 at the same time that soybean oil sales increased based on the expansion of grinding capacity in port of Rosario, on the Paraná River. This is now the largest vegetable oil-extracting platform in the world. The change from soybean grains to soybean oil was accomplished as a national priority to add value to the soybean industry. It did so by increasing taxes on grain exports rather than on industrialized soy products. This measure became increasingly unpopular, mainly in the Argentine rural zones, resulting in a political confrontation between the government and the farmers who opposed this policy. Along with the volatility of world market prices and unfavorable climatic conditions, this had an adverse effect on the 2008-2009 crops, estimated by the Rosario Board of Trade at around 37 million metric tons or 12 million less than the 49 million tons reached in the 2007-2008 harvest. That would without a doubt affect the amount of grains and soy by-products exported to China. (See Table 5)

As we have already noted, soybeans and soy by-products are the driving force of Argentine-Chinese trade. In 2001, during President Jiang Zemin’s visit to Argentina, the Chinese and Argentine Heads of State celebrated surpassing the level of 2 billion dollars of bilateral trade. While in 2008 this amount rose to 14.5 billion dollars, Chinese and Argentine experts both consider it necessary to diversify the Ar-
gentine supply of exportable products. However, as a result of dollar values and the preponderant share of soy in Argentine exports, it is unlikely that this will change without a substantive drop in the international price of the soybean, a soybean price reduction could lead to a great diversification of exports because of the drop in prices. Nevertheless, internal and external factors alike threaten the role of the soybean in bilateral trade. This, therefore, requires that public and private actors alike stay alert in a world of potential financial crises.

The key idea is to maintain or ideally surpass the current levels of trade with China in an exchange where the soybean continues to be the driving force of trade.

The key idea is to maintain or ideally surpass the current levels of trade with China in an exchange where the soybean continues to be the driving force of trade. By the end of the sixties, Chinese experts arrived in Argentina in order to provide technical assistance on these easily cultivated oil-seeds at a time when wheat was the main product sold to China. Ten years later, in 1977, Argentina exported the first delivery of 15,000 tons of soybean oil. This experience can be a model to design new products that, from now to the next decade, could be included in the supply of Argentine exports to China. Following the successful model of soybeans, it would be possible to implement the diversification of new exports on a horizontal level. At the same time, this requires Argentina to add value to present and new productions that, in vertical form, mainly belong to the process of industrialization of agricultural products. However, the production of commodities or the development of new crops would still be a necessary condition for increasing value. These two aspects need to be linked to the geographical “de-concentration” of external markets as the central point of market diversification theories and risk mitigation. In this respect, since the founding of MERCO-SUR, Argentina has made Brazil its main partner, representing 18.9 percent of its total exports in 2008, followed by China with 9.0 percent, the United States with 7.4 percent, Chile with 6.7 percent, the Netherlands with 4.2 percent and Spain with 3.9 percent. Collectively these countries constitute 50.1 percent of Argentina’s total exports. In summary, government policy should accept the challenge of increasing horizontal production, enhancing value through vertical production and expanding the diversification of markets, where China will be an important client among other prominent markets.

This general strategy should emphasize endogenous development by avoiding the export of strategic non-renewable products that contribute to the development of other nations, in order to channel them into local productive industry. At the same time, in an interconnected community, Argentina has the capacity to form its own interaction network and avoid the
third-party countries mediating its relations with Asia-Pacific nations and with China in particular. This implies that the current response is to surpass specially required immediate budget needs and plan long-term. (See Table 6)

In 2008, Argentine exports reached 6.397 billion dollars with a share of 9.1 percent of the total sales, approximating the commitment assumed by China in the memorandum of understanding signed in 2004 relating to plans to increase the Argentine exports to 4 trillion dollars in a period of five years. At the same time, imports grew at a greater rate than sales, reaching 7.104 billion dollars and constituting 12.4 percent of total purchases, generating a deficit of 707 million dollars in the balance of trade, a situation that has not occurred in Argentine-Chinese bilateral trade since 2000.

The growth in the importation of manufactured goods such as machines, electric apparatuses, chemicals and also textiles threatened Argentine production and employment. This shows that local Argentine industries wasted the opportunity of the “high dollar” impulse of the Duhalde and Kirchner administrations to develop greater international competitiveness in order for Argentine industries to find themselves better positioned at the moment of the removal the protections or the diminishing of the benefits of the overvalued dollar, as has occurred before the gradual disappearance of the effective protection of exchange rates eroded by inflation. The lack of investment and development of competitiveness appears reflected in the decline of third-party markets. In 2007, China replaced Argentina as Brazil’s second largest supplier, understanding that the geographical proximity and the favorable conditions created by the MERCOSUR free trade area have not been sufficient to relegate this Asian power to a lesser trade role in the region. Precisely, the lack of coordination in the

Table 6: Argentine-Chinese bilateral trade (2003-2008)

<table>
<thead>
<tr>
<th>Year</th>
<th>Argentine exports</th>
<th>% of total exports</th>
<th>Argentine imports</th>
<th>% of total imports</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>885,000,000</td>
<td>3.35</td>
<td>1,222,000,000</td>
<td>4.83</td>
<td>-337,000,000</td>
</tr>
<tr>
<td>2001</td>
<td>1,224,000,000</td>
<td>4.61</td>
<td>1,113,000,000</td>
<td>5.47</td>
<td>+111,000,000</td>
</tr>
<tr>
<td>2002</td>
<td>1,177,000,000</td>
<td>4.58</td>
<td>342,000,000</td>
<td>3.80</td>
<td>+835,000,000</td>
</tr>
<tr>
<td>2003</td>
<td>2,581,000,000</td>
<td>8.72</td>
<td>742,000,000</td>
<td>5.36</td>
<td>+1,838,000,000</td>
</tr>
<tr>
<td>2004</td>
<td>3,055,000,000</td>
<td>8.84</td>
<td>1,737,000,000</td>
<td>7.73</td>
<td>+1,318,000,000</td>
</tr>
<tr>
<td>2005</td>
<td>3,336,000,000</td>
<td>8.26</td>
<td>2,270,000,000</td>
<td>7.91</td>
<td>+1,066,000,000</td>
</tr>
<tr>
<td>2006</td>
<td>3,646,000,000</td>
<td>7.84</td>
<td>3,153,000,000</td>
<td>9.23</td>
<td>+493,000,000</td>
</tr>
<tr>
<td>2007</td>
<td>5,166,000,000</td>
<td>9.26</td>
<td>5,092,000,000</td>
<td>11.38</td>
<td>+74,000,000</td>
</tr>
<tr>
<td>2008</td>
<td>6,397,000,000</td>
<td>9.06</td>
<td>7,104,000,000</td>
<td>12.37</td>
<td>-707,000,000</td>
</tr>
</tbody>
</table>

macroeconomic policies of the MERCOSUR member states led each country to adopt unilateral trade measures that tended to “perforate” the Common External Tariff and allow China and other countries to benefit from this and resulting in the MERCOSUR rule proving to be quite meaningless. Nevertheless, in the textile sector, the Brazilian San Paulo State Industrial Federation (FIESP) and the Argentine Industrial Union (UIA) agreed to monitor Chinese shipments in order to avoid an “invasion” of Chinese products. While in the case of shoe imports, since 2007 MERCOSUR and Mexico’s industrialists have agreed to strengthen the measures of regional protection and urged governments to adopt measures aimed at strengthening integration in order to allow this industry to develop.

The threat of Chinese products has been mitigated with the application of anti-dumping measures. The challenge of the subprime mortgage crisis has led to protectionist policies. New frictions in commercial matters have emerged that led to the decision adopted by the General Direction of Customs to increase control measures on imports, establishing values criteria for 21,600 sensitive products in order to avoid a situation where, as a consequence of the reduction of consumption in the United States and Europe, these products would enter Argentina and distort the domestic market. This measure that was immediately publicized by the Chinese Ministry of Commerce. The agreement between Argentina and Brazil to elevate the Common External Tariff on various products (wine, peaches, dairy products, textile, shoes, wooden furniture and so on) generated concern in the Chinese government, especially after the G-20 decided not to carry out protectionist measures for one year.

At the same time that the aforementioned frictions arose, relations improved with the agreement between the National Transportation Secretary and the CITIC group, allowing for the purchase of 279 freight cars, in order to modernize the rolling stock of the metro of Buenos Aires. In November 5, 2008, President Fernández de Kirchner presided in the signing of a contract between Argentine businesses and the delegation of CITIC, which provided an opportunity for the President to receive China’s Policy Paper on Latin America and the Caribbean. In April 2009, the governors of the Central Bank of Argentina and the People’s Bank of China both signed an agreement of bilateral currencies swap (in Argentine pesos and Chinese remunbi) worth 10.2 billion dollars, for three years, that is meant to guarantee access to international currency in the eventual case of a lack of liquidity. The swap can be used to acquire Chinese or Argentine goods, demonstrating China’s decision to loosen financing requirements for developing countries, allowing them to acquire goods and help their exports sector as well as aiding the remunbi’s profit on the global economic stage vis-à-vis a contraction of financial markets.

**The impact on diplomatic relations: Argentina and the “China question”**

The “Chinese question” has continued
across the entire history of Sino-Argentine diplomatic relations. It is a central issue in the bilateral agenda since 1949 and, even exceeds the beginning point of this study. The revolutionary process in China led several Argentine governments to define their political behavior and, consequently, to opt for one of the two political blocks of the Cold War, or to maintain a neutral attitude in the question. Since 1950, successive Argentine governments responded to the “Chinese question” in tandem with the hemispherical commitment to maintain diplomatic relations with the Republic of China, even while not accrediting ambassadors between 1950 and 1957.

The Détente of the seventies facilitated a change of political orientation to recognize the People’s Republic of China, adapting foreign policy to the existing reality of a revolutionary process that occurred within the continental part of China. It considered the “Chinese question” as inherent to the Chinese state internal sphere, according to the principle of non-interference in internal affairs, recognized in the joint communiqué signed in Bucharest in 1972.

Until 1991, to recognize the “one-China policy” implied to adopt an equidistant position among the parties in conflict, without interfering in internal affairs, allowing Argentina to retain the option of deciding which government represents the Chinese state and with which to maintain diplomatic relations, in a context where the People’s Republic of China as well as the Republic of China both defended the “one-China policy” and disputed over which government actually represented the Chinese state. Taipei implemented the “theory of special state-to-state relations”\textsuperscript{14} of “dual recognition.” This was intensified when the Democratic Progressive Party rose to power in Taiwan. Argentina lost its “equidistance” and moved in favor of the People’s Republic of China’s position, because the PRC was the only part of the two side controversy that persisted in the “one-China policy.” In a strict sense, Eduardo Duhalde’s government recognized the principle of “one-China policy” explicitly in a public and bilateral document for the first time\textsuperscript{15}, strengthening the political orientation with the principles of sovereignty and territorial integrity, also stipulated in the communiqué of Bucharest, without abandoning the principle of non-interference. President Kirchner continued with this policy of supporting the People’s Republic of China when a controversy emerged in 2007 about Taiwanese authorities trying to enter the United Nations as a new member state.\textsuperscript{16}

Argentina thus evolved from non-intervention in this question (considered an internal matter in February of 1972) to the position of supporting to the People’s Republic of China based on the principle of territorial integrity adopted by the Duhalde administration and passed on to President Kirchner. Moreover, this position coincided with that of the United Nations, for instance in rejecting the many initiatives of Taiwanese authorities to access the Organization. This new position was adopted when Taiwanese authorities (term frequently use by PRC officials and academics) ended dialogue on
the Taiwan Straits and attempted to access the United Nations as a new member state.

In a succinctly worded statement, the Argentine Ministry of Foreign Relations, International Trade and Worship states in several bilateral documents that:

- The “Chinese question” is regulated by the principles of sovereignty and territorial integrity and we continue to view it as an internal matter as we have since 1972;
- Reaffirms the character of normalization (and not establishment) of diplomatic relations in 1972;
- Taiwan does not have sovereign state status;
- Taiwan is part of the Chinese territory (unlike other countries that do not recognize the PRC’s sovereignty over Taiwan) and;
- Argentina supports the “one-China policy” supported by the United Nations since 1971 (although, in reality, the organization has maintained such policies since first addressing this in 1950).

**China and the first “white paper” to the Latin American and Caribbean region**

In the foreword, the Chinese government states its general policies and specifies that the document “aims to further clarify the goals of China’s policy in the region, outline the guiding principles for future cooperation between the two sides in various fields and sustain the sound, steady and all-round growth of China’s relations with Latin America and the Caribbean.” The first part of the document refers to the status and role of Latin America and the Caribbean in international affairs. The second addresses China’s relations with the region, where the government makes a retrospective assessment of ties. The third part, under the rubric of “China’s Policy on Latin American and the Caribbean,” focuses on relations since the strategic plan, which aims to develop a “comprehensive and cooperative partnership,” where the general objectives are to expand common ground, to deepen cooperation and achieve mutually beneficial and common development, to draw on each other’s strengths, to boost common progress and intensify exchanges, and finally, the One China principle is sustained as the political basis for the establishment and development of relations.

The specific policy by area appears in the fourth part, entitled “Strengthen China’s Comprehensive Cooperation with the Latin American and Caribbean region.” This is the most extensive section and represents more than eighty percent of the document.

The fifth part of the document turns its attention to the support of regional and sub-regional organizations “in exerting their positive influence in regional and international affairs” and pointing to China’s intent to strengthen communication, consultation and cooperation with relevant organizations in various fields (political, economical, socio-cultural, peace, security and judicial affairs). This position coincides with traditional Euro-
pean policies to support “Latin Americanism,” an antagonistic and opposite vision to the hemispheric conception, attributed to the United States’ intent for continental domination from the end of the Nineteenth Century. Here it also expresses support for regional and sub-regional organizations but also recognizes the hegemonic struggle with the United States.

The paper does not add anything new to policy ties towards the region but it has the virtue of systematizing the different policies and positions that China has implemented toward each country and it now presents them in the wider context of the region. Its content insists on considering the region as homogeneous, stipulating a general policy, without understanding the peculiarities of each state. It would be similar to Latin-American states per se establishing their policies towards the Asian continent without distinguishing among their different parts. That is to say, to treat China the same as Japan and Korea, as well India, Israel, Iraq or Russia.

The document reiterates China’s position on foreign policy and international relations that represent the subjective thought of the Chinese government. Its text begins by saying that “The world today is undergoing major transformation and adjustment...”18, a phrase that seems very pertinent at the moment of the current crisis, but is diluted when we observe that year by year, in more than twenty years of Chinese Communist Party and Chinese government documents, it is a recurring phrase. As Professor Wang Ji Si expressed in Peking University classes: “There is nothing emptier than this phraseology.”

This is also true in the case of referring to China as the largest of the developing countries. This generates reservations and a lack of respect in the academic world. These are concepts that, of course, are not taken seriously. The document in question precisely shows that China is deploying its potential to transform the Chinese state into a global power, as today is defined by the old big powers, or to democratize a world when even China has never known democracy internally.

So, what then is the contribution of the paper? As a country that executes planning, China also searches to plan its relations with Latin America. As it has been expressed, these refer to a systematization of the policies towards the region, in order to generate foreseeable and confident relations with the Latin-American governments. According to the Chinese foreign minister Yang Jie Chi, the document plans the objectives of China towards the region and provides guideline principles in different areas.19 The region, which is not homogeneous in its policies towards China and where Taiwan even concentrates its most extensive support, continues to be a place of diplomatic struggle with Taiwanese authorities and of hegemonic struggle with the great powers. The “white paper” confirms the camouflaged mechanisms of domination, where the semblance of ideology hides the search for transforming influence into hegemony, in spite of the fact that China still lacks the necessary elements needed.
to become a hegemonic power.\textsuperscript{20} In the current scenery, it finds itself presented with an opportunity, in a world aggravated by an economic crisis and with a high level of conflict, where the redistribution of power affects the correlation of forces and, very probably, China soon will reduce the gap with the superpower sooner than is expected by most academics.

**The false dichotomy between autonomy and subordination**

The Chinese authors affirm that the 1970’s were the moment of transition from the dependence on the United States policy to autonomy in the countries of the region.\textsuperscript{21} This point of view was associated with developing the basic argument to explain “realistic change” in the behavior of the Latin-American states towards China, justifying the massive normalization of diplomatic relations with the government of the People’s Republic of China. Nevertheless, those primary decisions were closely tied to international distension, the change of Chinese representation at the United Nations and improvement in China-US relations. In addition to the economic expectations that awoke this Asian power in Latin-America and the autonomy of the governments in the context of American hegemony. Former Minister of Foreign Affairs Luis María de Pablo Pardo declared the freedom of action in Argentine foreign policy.\textsuperscript{22}

In fact, this autonomy appears in the “Tiananmen crisis” of 1989, when several countries of the region continued their normal cultural, economic, and diplomatic relations with China in spite of the deterioration of political ties between China and United States. The sanctions applied by the administration of George H. Bush and those of the European Economic Community did not have an influence on the foreign policy of the principal nations of Latin America. At the same time the governments of these countries observed while American and European companies continued doing business in China. In Argentina, the policy of non-interference in internal affairs, begun by president Alfonsín, continued during the two Menem administrations, distancing Argentina from measures such as sanctions. This course of action towards China was significant because it refuted the “automatic, non-critical and unconditional alignment”\textsuperscript{23} of the Menem foreign policy toward the United States, as argued in the local academic world.

After this crisis, a new autonomous experience took place in the five-year period which elapsed between the signing of the bilateral agreement with the United States that gave China access to the WTO, in November 1999, and the visit of president Hu Jintao to the region, in November 2004, when Argentina, Brazil, Chile and Cuba recognized China’s market economy status. In between these two events, Latin-American governments have transitioned away from orienting their policies towards China as influenced by the hegemonic power of the United States to autonomous decision-making. The starting point, that is to say, the adherence of China to the WTO in December 2001, clearly shows United States
leadership in the organization and on the American continent. This was again affirmed when, after the Chinese-American bilateral agreement of November 1999, the countries of the region one-by-one signed their bilateral agreement with China, except in the case of Mexico where commercial interests were reluctant, thus delaying its decision until the last moment. Five years later, some countries of the region bilaterally recognized China’s market economy status, while the United States and the European Union, according to the text of the Protocol on the Accession of the People’s Republic of China to the WTO, referred to the status of China’s economy as transitional. The causes for this decision were already analyzed and they consist in the creation of important economic interests in relation to China, and the United States, after its intervention in Asia, relegated its interest in the Latin American region to secondary status, facilitating China’s entry into the region in order to associate the Latin American countries with its process of economic modernization.

These decisions do not represent autonomous structural tendencies, since they appear in intermittent forms, if we analyze them while taking into account the United States’ international position. Perhaps, the old concept of “international permissibility,” expressed by Professor Helio Jaguaribe would constitute one of the clearest means for explaining the position taken by Latin-American governments in opposing the United States policy for handling China. When the governments of the region observe margins of permissibility, they escape from the halo of hegemonic influence and they act in contradictory direction with the world’s superpower. However, this circumstance

**Latin-American governments have transitioned away from orienting their policies towards China as influenced by the hegemonic power of the United States to autonomous decision-making.**

of opposing the United States, by merely seeking autonomy in decisions will not necessarily lead to benefits. Contradictory and autonomous actions vis-à-vis the United States can, at the same time, go against national interests. On the other hand, policies can be autonomous and yet consistent with those of the United States.

**The experience of the Great Depression and the importance of continuing interdependence**

The subprime mortgage crisis in the United States and its impact on the world economy brought new challenges to the national policies of other states. Argentina and China are not unaffected by this debacle that began in early 2008 and still has not expressed its real magnitude in the world economy, but it is clear that, similar to the reaction taken by states following the Great Depression of the 1930s, governments are beginning to
adopt traditional protectionist policies and other Keynesian measures in order to stimulate internal demand, even though the Director-General of the World Trade Organization, Pascal Lamy, has stated on several occasions that protectionism and isolationism are not adequate responses to solve the problem\textsuperscript{26}, besides the commitment assumed in Washington by the G-20 members for an open global economy.\textsuperscript{27}

The concept of interdependence among the nations, introduced in international relations theory in the 1970s faces the challenge of the current economic crisis. During the Great Depression of the thirties, the governments of the great powers and other nations suffered its effects in greater or smaller proportion, and adopted protectionist measures in order to address it. Countries such as Germany, Italy and Japan also developed and implemented policies that would result in territorial expansion. The Soviet Union represented the one exception in these developments. Between 1929 and 1934, the five-year plan increased production at the same time it was declining in capitalist countries. During this period the Soviet Union witnessed its transformation from an agrarian structure to forced industrialization.\textsuperscript{28} Nevertheless, the real cause for the Soviet Union’s lack of “contamination” during the crisis primarily stemmed from the scarce levels of interdependence that the USSR had with the world economy, due to it being ostracized first by the Russian revolution and secondly, following its formal constitution in 1922, when the USSR was recognized by Germany and other European powers and when it later began to establish commercial links with those nations in 1924. The example from the Soviet Union may help us to analyze the current crisis and it can provide insight into the role of interdependency, in spite of the fact that historians recognize that each event is unique and unrepeatable. Nevertheless, previous events can enable us to understand and interpret new scenery, although it is highly unlikely that it will produce the same reaction, even though New Keynesianism is a doctrine that guides the government’s actions in this new emergency.

At present, the opening level of nations involved in substantial trade widely surpasses the parameters set by Kenneth Waltz. This American professor maintained that states that import and export 15 percent or more of their Gross Domestic Product yearly, depend heavily on having reliable access to markets outside their borders.\textsuperscript{29} Two or more parties who are involved in such relations are interdependent in the sense that they are mutually vulnerable to the disruption of their exchanges.\textsuperscript{30} In practice, considering its levels of opening, Germany and China are the most interdependent economies among the six first great powers and, paradoxically, the United States is less interdependent, although with figures that surpass the 15 percent level presented by Waltz. (See Table 7)

The degree of openness is more extensive in the small and medium-sized powers due to the high incidence of foreign trade in their reduced GDP. Undoubtedly, North Korea and other closed economies
do not follow this logic; however, in general, it is quite common among developing countries. Consider the following table where the degree of openness of the MERCOSUR members, South Korea and Chile is shown. (See Table 8)

This analysis is an effective way to explain interactions on the level of economics; however, it cannot apply to international politics, where the states would be interdependent if the costs of the breakdown in their relations or a decrease in their interaction would be equal for each one of them. But the inequality among states is a part of the nature of the international system, where interdependency will depend on whether or not the parts are dependent to an equal degree with each other for the provision of goods and services and on the ability to replace those goods and services from within the domestic economy.

The inequality among states makes it impossible to determine who will be the winners and the losers of any new Depression, but it does clarify that the mere opening of the economies does not imply that they are more vulnerable, since vulnerability emerges when domestic market replacements of imports cannot be produced, or if it can only be done at a very high cost. In such a case, exchange takes on great value for a country, and is of fundamental importance for those that conduct a nation’s foreign policy. China, as opposed to other countries vulnerable to world economic interdependence, has a greater capacity to replace global markets with domestic markets, even if at a high cost. Furthermore, it continues to maintain a totalitarian political system, with authoritarian capacity to distribute the effects of the crisis. Admittedly, it would always be preferable for China to maintain its current status, a situation which has led to remarkable achievements in that country. This can help us to understand why in its policies, China is prone to defend the multilateral system of free trade, responding to those countries that generate obstacles to their exports, through policies such as anti-dumping measures.

Precisely, replacement of the market is the key. Besides being one of the most open economies, China has the advantage of having created a domestic market of

Table 7: Levels of trade interdependence in the six major powers

<table>
<thead>
<tr>
<th>Country</th>
<th>X+M</th>
<th>GDP</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>3,180,161</td>
<td>13,811,200</td>
<td>23.0%</td>
</tr>
<tr>
<td>Japan</td>
<td>1,333,806</td>
<td>4,376,705</td>
<td>30.4%</td>
</tr>
<tr>
<td>Germany</td>
<td>2,385,960</td>
<td>3,297,233</td>
<td>72.4%</td>
</tr>
<tr>
<td><strong>China</strong></td>
<td><strong>2,173,784</strong></td>
<td><strong>3,280,053</strong></td>
<td><strong>66.3%</strong></td>
</tr>
<tr>
<td>United Kingdom</td>
<td>1,052,793</td>
<td>2,727,806</td>
<td>38.6%</td>
</tr>
<tr>
<td>France</td>
<td>1,165,417</td>
<td>2,562,288</td>
<td>45.5%</td>
</tr>
</tbody>
</table>

X + M = Exports plus imports.
Table 8: Levels of trade interdependence in the MERCOSUR members, Chile and South Korea

<table>
<thead>
<tr>
<th>Country</th>
<th>X+M</th>
<th>GDP</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paraguay</td>
<td>10.654</td>
<td>12.004</td>
<td>88.7%</td>
</tr>
<tr>
<td>South Korea</td>
<td>728.202</td>
<td>969.795</td>
<td>75.0%</td>
</tr>
<tr>
<td>Chile</td>
<td>114.404</td>
<td>163.915</td>
<td>69.7%</td>
</tr>
<tr>
<td>Uruguay</td>
<td>10.320</td>
<td>23.087</td>
<td>44.7%</td>
</tr>
<tr>
<td>Argentina</td>
<td>100.713</td>
<td>262.331</td>
<td>38.4%</td>
</tr>
<tr>
<td>Brazil</td>
<td>287.230</td>
<td>1.314.170</td>
<td>21.9%</td>
</tr>
</tbody>
</table>

X + M = Exports plus imports.

The New International Role of China

great scale. Perhaps, the most important construction in thirty years of reform is the formation of a market that did not exist originally or existed precariously. In several articles we have clarified that population and consumer markets are not interchangeable concepts. In other words, the unreal idea of 1.320 million consumers is installed universally. Nevertheless, the internal market has grown according to China’s economic growth rates and today it is an attraction for all exporters in the world. Therefore, the answer of the Chinese government is the application of New Keynesian policies, which means the expansion of internal demand as a driving force of reactivation, in a country with one of the highest domestic savings rates in the world.

The orthodoxy of the reforms remains under the magnifying glass, because an excessive opening to the world economy is one of the main causes of the present Chinese economic situation. Without a doubt, the way China chooses to face the current economic crisis and the impact that capital markets and international trade has on China can possibly destroy the monolithic direction of the Chinese Communist Party and lead to two possible macroeconomic orientations, one of which could reflect China’s economic experience of the past, though there is nothing certain in this matter. The leadership of Hu Jintao will be tested and it will depend on the way in which his government manages any transfer of the international crisis to the Chinese economy.

In principle, the answer appears to have two levels. Short-term, China must adopt the measures that the United States and the European countries have applied with the purpose of stabilizing markets and reviving internal demand. In the long-term, China will continue structural reforms and advances in the transformation of its agriculture, its retirement system and other areas. The success in the application of these measures depends on continuity in the current ideological views of the Politburo of the Central Committee.

Agricultural reform presents a direct challenge to the agro-industrial exports of Ar-
gentina because China’s policy of “land transaction” will lead to a greater concentration of land that will allow for greater investment and the use of modern technology which would increase land productivity. In the current situation, characterized by small farms and an impossible expansion of the agricultural territory, China’s farmers lack sufficient capital to modernize agrarian techniques. This was a policy that the government maintained in the past in order to preserve full employment and to avoid migrations of Chinese youth to the cities in pursuit of employment. Nevertheless, this did not stop the process of urbanization.

China’s agricultural reform reflects the inexorable world and local trends of land concentration, with the intent of increasing production through greater investment in technology. It also supports transference of management to capable producers who can administer larger tracts of land than those that are currently overseen. These measures will accelerate urbanization. One negative effect is that it will lead to increased unemployment, causing people to migrate to large cities in search of jobs. That surely, will reflect in the Gini index and contribute to greater social problems. Nevertheless, these can be mitigated by other policies, such as the results that can by obtained through more efficient family planning, raising the retirement age and other measures that this government has studied and probably will adopt.

In Argentina, the economic policy implemented after the crisis of 2001-2002 abruptly decreased the levels of economic openness, a policy enacted to reduce the impact of the world crisis on the domestic economy. Argentina now has less interdependence with other countries in the areas of trade and investments, although the emerging economic and political instability following policy conflicts with the rural sector adds unpredictability that will lead to complications with the international and domestic crisis in the national economy. Simultaneously, traditional factors that could mitigate the impact include crop rotations in the event that the international soybean demand is lessened. This is more easily done in Argentina versus other exporting countries, which have commodities that are less interchangeable in the domestic economy (for example, copper in Chile). The domestic demand consumes almost 50 percent of the national industrial production and the possibility of substituting current imports from China with other markets or national production exists.
Conclusion

The particular case of China challenges the thesis held by some Argentine scholars that their Ministry of Foreign Relations has minimized its attention to economic questions. This thesis originated from observing Argentina’s bilateral trade results compared to those of other Latin-American economies during the period that began with China’s entry into the WTO. Nevertheless, such comparisons are not exclusively the domain of diplomacy and the need exists for a modernization plan that can propel a “second transition”34, that will not only be political but also socio-economic that can support democracy in Argentina. Those steps are naturally particular to Argentina’s domestic policies. In the same way, a rearticulation of China’s domestic policies thirty years ago, led to reform and economic openings that resulted in high levels of internal growth and a significant expansion of foreign trade. Argentina’s Ministry executes foreign policy and uses the economic resources that it represents. The economy has been a driving factor in the formulation of Argentina’s foreign policy towards China. In the case of the constitutional governments of Frondizi and Illia, even while maintaining diplomatic relations with Taiwan, they propelled exports to the People’s Republic of China in the sixties, although the interests in the matter were not sufficient to facilitate earlier diplomatic relations. For several reasons, trade relations did not advance in the magnitude of the Argentine government’s desires until the end of seventies. In the view of diplomatic personnel, that has been central to this process since the beginning of the 21st century; relations between China and Argentina could become contentious if there is not an advance in commercial matters.

Since China’s entry into the World Trade Organization, the sales of soybeans and its by-products fluctuated between sixty and eighty-four percent of total Argentine exports to China, being the main component of its sales. However, currently these products are facing the challenges of the world economic crisis as well as agricultural reform in China. The economic crisis directly influences the policies of states that are beginning to adopt traditional protectionist policies and other New Keynesian measures as instruments of economic policy. As noted, such measures are seen as useful in contracting international trade and in interfering in the soybean business. Besides, the Chinese agricultural reform, oriented towards assuring food security, generates a new challenge to the Argentine agricultural exports. Some researchers understand that the future of Argentine grain trade and, consequently, the development of the hinterland of the port of Rosario, in the core of the Pampas region of Argentina, will be impacted and constrained by the international situation and Chinese domestic policies. On the contrary, the present paper considers the existence of domestic and international factors, with regard to the history of Argentine grain sales to China as confirming that the soybean industry will maintain, in the coming years, the major role that it has played until the present time in Argentine-Chinese trade.
No market, besides those of major qualities, is exempt from the effects of a crisis of global magnitude. China is one of the most open economies in the world and this further increases the impact, but also Beijing has the capacity to replace the international market with the internal market, even at high costs, since it has not only expanded internal demand with savings capacity, but, historically, it has been a country that has faced adverse situations with a capacity for recovery. Expectations remain focused on the international community’s behavior towards the crisis. That is to say, that it remains to be seen whether states will adopt protectionist politics themselves or they will accept the proposal of the G-20 to suspend measures of this kind for one year in order to return to the previous levels of international trade. In the case of China, the answer appears in two levels. In the present situation, the Chinese government has adopted the same measures that the United States and European countries have applied to stabilize markets and revive domestic demand. Long term, China will continue structural reforms as well as make progress in the transformation of its agriculture and its pension system.

In the past two decades, soybean production in the United States, Brazil and Argentina has continuously expanded based on the growth of Chinese demand. South American production has had a better performance than the United States. Until the present, the growth in exports of Argentine soybeans to China lacks a threat of disruption due to the world economic crisis or the contraction of Chinese demand. Any possible reduction would probably be caused by the effects of an Argentine decrease in supply due to climatic conditions or governmental measures that would discourage agricultural investments and thus affect the performance of this oilseed. Nevertheless, it is important to consider the development of the soybean in Argentina. In the 1960s and 1970s, soy was recognized as an exotic crop. It was felt that it would help to pioneer the research and development of this and other crops sought by the Asian market. It would also contribute to the diversification of Argentina’s exports and, thus, achieve a so called “ diversification of production,” admittedly, a term normally applied to the industrialization of this or other crops rather than to the export of commodities. Both China and Argentina should keep in mind the importance of the soybean if they want to maintain stabilized bilateral trade. At the same time, the Argentine government should adopt measures in order to diversify exports.
Endnotes:


3. In the English-speaking world, the Malvinas islands are known as the Falklands.


8. Argentina applies antidumping measures to air conditioners, tire, sunglasses, rolling bearing, insecticides, thermoses, steel pipes, tape measures, play cards and microwave. In Ecolatina, El boom de las importaciones chinas., p. 4.


China is the economy to which applies most quantity of antidumping measures. In the first semester
of 2008, the WTO registers 85 new cases of investigation by dumping, surpassing the 61 cases of the previous year. Turkey, United States, India, Argentina and the European Union apply 54 new measures. From 85 cases, Chinese was object of 37, followed by Thailand, the European Union and Indonesian. In República Popular China, Ministerio de Comercio, Crecimiento vertiginoso de las investigaciones antidumping global en el primer semestre del corriente año, Beijing, 10 de Noviembre de 2008, República Argentina, Presidencia de la Nación, Anuncian la compra de 279 coches nuevos para el sistema de subterráneos de Buenos Aires, 5 de Noviembre de 2008, www.casarosada.gov.ar


13. In Chinese 中国中信集团公司。


20. Eduardo Daniel Oviedo, China en América Latina ¿Influencia o be-
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21. Zhu Man Ting, Punto de inflexión diplomático de América latina desde los años setenta, en Colección de América latina, No 3, Beijing 1985, pp. 1 y ss. Another author considers that the politics of the Latin-American States in the seventies passed, of the “alignment” to “not alignment”; of the “unilateral dependence” to the “multilateral cooperation”; of the “westernization” to the reality of the “south”; of the “Pan-Americanism” to the “Latin-Americanism” and; of the debate of the problems of “security” to that of “economic development”. In Xiao Feng, Sobre el desarrollo de la política y teoría diplomática de los estados de América latina (primera parte), en Estudios Latinoamericanos, Instituto de América Latina de la Academia de Ciencias Sociales, No 2, Beijing 1989, pp. 9 y ss.


30. Ibid.

32. Ibid.

33. Ibid.


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