

Huge Potential in China's Ibero-American Initiatives

by Cynthia R. Rush

Coincident with the Nov. 20-21 convening of the Asia Pacific Economic Cooperation (APEC) summit in Santiago, Chile, Chinese President Hu Jintao made an unprecedented two-week diplomatic and trade foray into South America, with high-profile state visits to Brazil, Argentina, Chile, and Cuba. Speaking before the Brazilian Congress on Nov. 12, Hu announced that China is prepared to invest \$100 billion in Ibero-America over the next ten years, and would double the current level of business over the next three.

"Mutual cooperation between China and Latin America and the Caribbean is passing through an unprecedented historic opportunity," he told Brazilian legislators. He then quoted former Chinese Prime Minister Deng Xiaoping, who "used to say that the 21st Century would be the century of Latin America and the Pacific, and therefore both sides should take advantage of the opportunity to advance together." Accompanied by a delegation of 200 businessmen, the Chinese President signed multi-billion-dollar deals for investment in trade, raw materials, infrastructural development, and cooperation in the energy and aerospace sectors, among others. The bulk of these accords were with Argentina and Brazil.

Less than a week after Hu's visit to Brazil, Russian President Vladimir Putin also made a state visit to the country, where the most prominent agreement signed involved space cooperation and transfer of rocket technology. This agreement, President Inácio Lula da Silva said, would give Brazil "renewed optimism and determination" to pursue its national space program.

Both China and Russia also strongly supported Lula's bid for Brazil to become a permanent member of the UN Security Council.

This aggressive diplomacy, which also included a trip to the region by South Korean President Roh Moo-Hyun, occurs at a moment of extraordinary international turmoil. The world financial system is spiralling out of control, reflected in the daily plummeting of the U.S. dollar. Synarchist financial and raw materials cartels are attempting to seize control of oil, strategic minerals, water, and food supplies, on a global scale. Their brutality is most visible in Africa, where gangs acting on behalf of oil and mining conglomerates have plundered entire regions and butchered their populations.

These Anglo-Dutch oligarchical interests plan the same fate for resource-rich Ibero-America. Large portions of the continent have already been "Africanized" by decades of the International Monetary Fund's (IMF) criminal free-market policies, resulting in desperate poverty, expanding narco-terrorism, and societal breakdown.

China, one of the world's largest raw material consumers, is attempting to navigate in these turbulent waters, by securing its own supply of strategic raw materials, energy resources, and food to meet the needs of its rapidly growing economy and population. The Chinese proved to be tough negotiators in extracting from Argentina and Brazil official recognition as a "market economy," which under World Trade Organization (WTO) rules, limits the protective barriers these countries can put up against Chinese imports.

In exchange, China agreed to open its economy up to previously banned beef and poultry imports from both countries, and conferred on them the status of preferred tourist destinations for millions of Chinese tourists.

Recognizing China as a "market economy" provoked alarm among Brazilian and Argentine industrialists who fear a flood of cheap imports that will unfairly compete with do-

mestic production. Argentine President Néstor Kirchner personally guaranteed his country's businessmen that every industry that needs protection "will get it" over the coming several years.

No Simple Characterizations

But the relationships China is establishing with several Ibero-American nations are considerably more complex than raw materials exchange or free trade. The "South-South" cooperation reflected in the agreements forged with Brazil and its neighbors can potentially move the region in a completely different direction from the war and devastation unleashed by financial oligarchs.

During his Nov. 11 webcast to Argentina's National Technological University (UTN), published in this edition of *EIR*, statesman Lyndon LaRouche discussed the implications of China's Ibero-American initiatives in response to an Argentine student's question about whether these represented a real benefit, or were just an "exploitation of our interests."

"Look at this from two standpoints," LaRouche said. It's true that "China is the world's greatest bidder for raw materials in the world today." But what should the attitude of Brazil and Argentina be to what China is doing? "There's nothing wrong with China and Brazil and Argentina trying to get some partnership in cooperation." If Argentina, which has been looted and destroyed by the IMF, "can get some kind of productive partnership which would get some income into the situation for you, it would be helpful," LaRouche said. "If you could have some development of natural resources of Argentina, which exist, in order to raise the level of employment to get some of your people off the streets, and into some kind of quality employment, to rebuild the families of Argentina, that would be beneficial."

What China is doing in the world context, and what that means, must be recognized, LaRouche elaborated. "At the same time," he emphasized, we must "recognize what we should do in response to that. We should not reject it." Instead, "what I think we have to do is to just take a realistic, conscious understanding of what is going on in the world . . . and react in terms of defending our honorable interests in our treaties with our new partners."

Nonlinear Potential

LaRouche noted, for example, that one development that could potentially emerge from China's current agreements to purchase raw materials and food from Brazil and Argentina would be its interest in building a second Panama Canal, to facilitate transportation of those raw materials. Years ago, LaRouche said, Japan was very interested in building a large-scale, sea-level canal. Were that project to be taken up by China, "it would be very significant," with benefits for both Brazil and China—not to mention Panama.

LaRouche also reiterated that whether global develop-

ment occurs is dependent on changing the policy direction of the U.S. government. While other countries can't initiate this, he said, they "can *contribute* to this," by working toward "a system of comprehensive agreements among sovereign nation-states about a new world economic order among nation-states. An order which is based on the best aspects of the old Bretton Woods system."

The "strategic partnerships" which China is building with Brazil, Argentina, and other Ibero-American nations, can constitute the groundwork for just such sovereign arrangements. That reality hasn't escaped the attention of U.S. Vice President Dick Cheney and his worldwide network of neo-conservative thugs.

They viewed with unease Lula da Silva's trip to China last May, where the Brazilian President urged that the partnership between Brazil and China "serve as a paradigm for cooperation between nations." In June 2003, Brazil joined with India and South Africa in forming the "Group of Three," to provide a forum for leaders of all three continents to consult on South-South cooperation. At the time, Lula made clear he wanted to see the group expand into a Group of Five, to include Russia and China. Given the results of Hu Jintao's and Putin's just-concluded visits to Brazil, that proposal may be closer to becoming a reality.

Beyond the raw materials component of its agreements with Brazil, which notably includes oil, coal, and iron ore as well as food, China will also invest billions of dollars in building steel projects, railroads, waterways, pipelines, and expanding port infrastructure in the country. China is already cooperating with Brazil on satellite and aerospace technology, which is expected to grow. Brazilian Development Minister Luiz Fernando Furlan has visited China nine times in the last 18 months.

Prior to Hu Jintao's arrival in Buenos Aires on Nov. 16, that capital had been rife with rumors that China might lend money to allow Argentina to pay off the \$15 billion it owes to the IMF. That funding didn't materialize; but the \$19.7 billion worth of "framework agreements" will channel Chinese investment into rebuilding the railroad grid, building 300,000 units of low-cost housing, expanding oil exploration, including offshore drilling, and strengthening cooperation in satellite and aerospace technology. There is also excellent potential for cooperation in the field of nuclear energy, which Hu Jintao suggested when he toured Argentina's internationally respected INVAP company, a premier producer of nuclear research reactors and technology.

Following the signing of bilateral accords Nov. 16, President Kirchner told Hu Jintao that he envisioned a relationship that goes well beyond trade. "Our central concern," he said, "is to work for the welfare of our people, and we know that through greater attention to the complementarity of our economies, there is the possibility of creating jobs and wealth in both nations."