How the U.S. Election May Influence China’s Engagement in the Americas

By Jeremy M. Martin and Teagan McGinnis
Election day in the United States is November 3, but, as news reports underscore, the election is well underway. Indeed, millions of Americans are taking advantage of COVID-19-induced early voting and increased vote-by-mail options. Turnout is on track to shatter records.

The attention of the election and possible pivot point on November 4 provides an opportunity to contemplate the international relations-impacts, but particularly with regards to U.S.-Latin America-relations. Within that space there is also an important subtext of broader U.S.-China engagement - what many call an intensifying rivalry. Nowhere is this perhaps more interesting and important to understand than with regards to the energy sector in Latin America and the Caribbean.

The Institute of the Americas and a team of UCSD and USD research interns has been analyzing and assessing the myriad issues, factors, geopolitics and commercial elements of this regional expression of the global competition between the United States and China as well as the overall Chinese engagement strategy on energy and natural resources in Latin America and why it is important. Our research and analysis will be reflected in a major policy paper we are publishing by the end of the year with the working title “China’s Latin America Engagement: Past, Present and Future.”

But with the election in the U.S. rapidly approaching and the major foreign policy debate underway between the Trump administration and Biden campaign, we are pleased to publish this policy paper as a stand-alone document to further shape and inform the current discourse. Indeed, we deem it important as the campaign draws to a close to present a
succinct evaluation of the China and Latin America issue through each prospective administration’s lens – a second term for President Trump or a Biden government.

**CHINA-LATIN AMERICA RELATIONS**

As the Sino-LAC relationship continues to expand and deepen, U.S. policymakers should remain circumspect of the threat-based narrative that centers around China’s ambition to compete with or exclude the United States in regional engagement. China’s economic growth success is a principal facet of the “China Model” and while it may appear appealing to the ruling classes of Latin America, their economic engagement has not translated into direct political influence across the globe.\(^1\) As stated by the Chinese Premiere Li Keqiang, China “has not been able even to prevent a democratic transition in its close neighbor Burma or to persuade its only formal ally, North Korea, to adopt liberalizing economic reforms.”\(^2\) China’s primary impetus involves using trade, loans, aid, and investment to protect and subsequently enhance its economic interests. During a 2009 speech in Mexico, Xi Jinping, who eventually became China’s most senior leader in 2012, stated that China “does not export revolution,” “does not export famine and poverty,” and “does not mess around with you.”\(^3\) Furthermore, Chinese numbers with respect to trade and investment only constitute a fraction of the United States’ figures, and according to experts, the United States will most likely continue to lead in the aforementioned areas for the foreseeable future\(^4\).

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In many ways, the growing Sino-LAC partnership can be viewed as a logical result of sustained economic interaction and complementarity. China’s ability to influence domestic policies and politics remains limited to a few vulnerable countries. However, even vulnerability can be overcome through domestic policy changes enacted internally. Consequently, the United States has the opportunity to emphasize policy domains where it continues to possess an edge over China. These domains include defending democratic institutions, in which voters are given the power to vote out bad policy and fostering trade and economic ties through treaties. As with many treaties and trade facilitation efforts, these actions have a more direct effect on the respective country’s domestic political economy by influencing local regulatory contexts and good governance.

What the United States cannot afford, however, is a foreign policy of negation. Opposing the Asian Infrastructure Investment Bank and Belt and Road Initiative (BRI) is a fair stance, but the United States will struggle to get other countries on board unless it proposes several compelling alternatives and reinvigorates itself as a leader in multilateralism through councils and cooperative alliances that help strengthen hemispheric relationships, and perhaps through funding mechanisms of the US government or increased capital at the Inter-American Development Bank.

US-SINO RELATIONS

With US-Sino tensions continuing to oscillate, there are camps in both nations that appear to be at times fueling the narrative that inter-state relations constitute a zero-sum game. The Trump Administration has vocally opposed BRI and Chinese-led 5G projects in the Latin American region, while also perceiving an increasingly “assertive” China navigating the South China Sea, Europe, and Africa. As this interaction is described more and more as a rivalry and compared to Cold War relations, this confrontational narrative has seemingly become a “self-fulfilling prophecy.”

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There is a distinct possibility that the upcoming 2020 United States presidential election may reverse the aforementioned perceptions between the two nations if Joe Biden is elected. Though many do note that competition will still be an “unavoidable feature” of the U.S.-China relationship at some level. Thus, it is useful as the election draws closer to evaluate the issue through each prospective administration’s lens—a second term for President Trump or a Biden government.

**HOW WOULD THIS ISSUE LOOK IN A SECOND TRUMP ADMINISTRATION?**

A starting point for the policy environment of a second Trump Administration appears to be a continued sentiment of “suspicion” regarding China’s interests in Latin America.

According to the Administration’s 2017 National Security Strategy, “China seeks to pull the region into its orbit through state-led investments and loans.” This statement was then echoed by Secretary of State Mike Pompeo’s in a 2019 speech, in which he explained that “when China does business in places like Latin America, it often injects corrosive capital into...”

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9. Ibid.
the economic bloodstream, giving life to corruption, and eroding good governance.”10 This assertion was stated about the ongoing political instability and “dictatorship” observed in Venezuela.11

The aforementioned rhetoric, coupled with emotionally charged characterizations, such as “Troika of Tyranny,”12 recalls previous periods of U.S. interventionism/exceptionalism, alienating present and prospective allies and pushing Latin American countries with poor governance indicators, along with their respective autocrats, to seek support from countries like China or Russia. Furthermore, with the Trump Administration’s tendency to shun multilateral agreements and institutions, a foreign policy doctrine some have deemed the “Withdrawal Doctrine,”13 could provide space for China’s influence in LAC to grow stronger in coming years. More specifically, the Congressional Research Service details that this disengagement, “marked by such actions as withdrawal from TPP (Trans-Pacific Partnership) and efforts to reduce U.S. foreign aid, may encourage greater PRC-Latin American cooperation.”14

However, it bears noting that the Trump Administration is on occasion able to build its own version of regional coalitions. A prime example was the coalescing of votes to elect Mauricio Claver-Carone, the administration’s former senior director for the Western Hemisphere on the National Security Council, as president of the Inter-American Development Bank.15 The State Department-led Energy Resource Governance Initiative (ERGI), while a more global effort, has also sought to provide best practices and insights as part of an implicit effort to counter


China’s critical minerals posture and increasingly focused on countries in the Western Hemisphere.¹⁶

According to more recent White House documents, the Western Hemisphere Strategic Framework has constituted an interagency effort with the following five pillars: 1) “secure the homeland,” 2) “Advance economic growth and expand free markets in the Americas,” 3) “reaffirm the region’s commitment to democracy and rule of law,” 4) “counter economic aggression and malign political influence,” 5) “expand and strengthen the regional community of like-minded partners.”¹⁷

Concern over Chinese influence in the region is also discussed in the afore mentioned Strategic Framework. Michael Kozak, the State Department’s Acting Assistant Secretary for Western Hemisphere Affairs, recently stated that the U.S. currently advises Latin American and Caribbean nations to be wary of “19-century style” Chinese financial offers that may appear attractive at first, but could eventually result in the seizing of assets and a debilitating amount of debt.¹⁸ This echoes what has come to be known as the “debt trap” associated with deepened ties to China.

With respect to the Trump Administration’s engagement in the Latin American region, little has been done concerning regional economic development plans or multilateral initiatives. Instead, the focus has been predominantly “transactional, focusing on reducing the flow of illegal immigration and/or drugs, or public relations efforts against Venezuela and Cuba.”¹⁹ The Administration’s energy initiatives in the region largely involve promoting oil and gas development, increasing coal production, and eliminating climate change-related regulations.


While on the campaign trail leading up to the 2016 presidential election, then-candidate Trump communicated support for “all forms of energy” including clean sources, such as wind and solar.20 However, he “rejected the idea of giving favorable financing or other preference to renewables over other forms of energy,” largely fossil fuels.21 Presently, any engagement observed between the U.S. and Latin America is situated at the bilateral level, such as the Trump-AMLO and Trump-Bolsonaro relationships, providing more opportunities for China to participate at the multilateral level.22

**HOW WOULD THIS ISSUE LOOK IN A BIDEN ADMINISTRATION?**

The George W. Bush and Obama Administrations recognized the apprehension surrounding China’s influence, but generally regarded China’s engagement as favorable to Latin America’s economic development and continued growth. The Congressional Research Service notes that during this time, “the overarching goal of U.S. policy was for China to contribute economically to the region in a transparent fashion, following international rules and complying with local or international labor and environmental standards.”23

Furthermore, from 2006 to 2015, China and the United States participated in seven bilateral consultations concerning engagement in the Latin American region.24 When considering a Joe Biden administration’s prospective policies on engagement in Latin America and the scope of China’s role, he will most likely revert to the status quo under Obama, which stressed policies of multilateralism and enhanced trade.25

Biden argues that Trump has “taken a wrecking ball to our hemispheric ties,” elucidating the current administration’s immigration policies and “haphazard” approach to the


21. Ibid.


24. Ibid.

humanitarian crisis in Venezuela.\textsuperscript{26} If Biden is elected in 2020, one will observe less sanctions and attempts at political change in countries, like Venezuela.\textsuperscript{27} Though, it is important to note that a Biden Administration could stress a "deprioritization" of sanctions or an incremental lift with concessions, rather than a total reversal or lifting in countries like Cuba, Nicaragua, and Venezuela.\textsuperscript{28} However, with the current context, regardless of the administration, one will see the U.S. government participating in lobbying rather than regime change. In the case of Venezuela, with U.S. companies being further punished economically due to the effects of COVID-19, despite the United States' general dislike of regime practices, the business side must continue with these companies' interests advanced.\textsuperscript{29}

Biden, more than Trump, is likely to re-commit the United States back into the climate change battle, which could likely translate to a direct and specific engagement with Brazil about deforestation in the Amazon.\textsuperscript{30}

The Biden Administration’s hemispheric plan will center around the following pillars: the expansion of foreign aid, mobilization/facilitation of private investment, anti-corruption, and poverty reduction with a specific focus on women in the region.\textsuperscript{31} With respect to Biden’s prospective Latin American energy engagement, recalling Obama era


\textsuperscript{28} Ibid.

\textsuperscript{29} Ibid.


\textsuperscript{31} Official Campaign Website of Joe Biden/Kamala Harris. “The Biden Plan to Build Security and Prosperity in Partnership with the People of Latin America.” \textit{Biden Harris}, 2020, \url{https://joebiden.com/centralamerica/}.
policies, predictions suggest increased investments in renewables, a re-entry into the Paris Agreement, and reduced investments in support of furthering fracking.\textsuperscript{32}

As a possible counterweight to China, Biden proposes an investment strategy as a facet of his current climate plan. This proposed blueprint emphasizes “clean energy and resilient and sustainable infrastructure” that will subsequently “drive an innovation boom that helps us achieve the vision of a hemisphere that is secure, middle class, and democratic from Canada to Chile.”\textsuperscript{33} Engaging in this strategy includes backing well-integrated power grids from Mexico through Central America to Colombia, generated by clean energy sources. Furthermore, Biden encourages clean energy transitions and climate change adaptations for regions that experience severe weather conditions and patterns, such as the Caribbean and Northern Triangle.\textsuperscript{34}

Engagement will occur through initiatives, like the Clean Energy Export and Climate Investment Initiative, that provide low-cost financing to small island nations in the Pacific and Caribbean regions that have emerged as prospective leaders with respect to combating the climate crisis.\textsuperscript{35} Regarding direct engagement with China, Biden will attempt to “rally a united front” to hold China “accountable to high environmental standards in its Belt and Road Initiative infrastructure projects, so that China cannot outsource pollution to other countries.”\textsuperscript{36} More concrete actions include the following: construct U.S.-China bilateral agreements on carbon mitigation, foster a G20 commitment to “end all export finance subsidies of high-carbon projects,” present countries involved in the Belt and Road Initiative with alternative sources of development financing for “lower-carbon energy investments,” and “reform the International Monetary Fund and regional development bank standards on debt repayment priorities for development projects,” with the goal being to raise the costs and risks associated with projects that generate high carbon impact and high debt costs.\textsuperscript{37}

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\item \textsuperscript{33} Official Campaign Website of Joe Biden/Kamala Harris. “The Biden Plan for a Clean Energy Revolution and Environmental Justice.” Under “Rally the Rest of the World to Address the Grave Climate Threat.” \textit{Biden Harris}, 2020, \url{https://joebiden.com/climate-plan/#}.
\item \textsuperscript{34} Ibid.
\item \textsuperscript{36} Official Campaign Website of Joe Biden/Kamala Harris. “The Biden Plan for a Clean Energy Revolution and Environmental Justice.” Under “Rally the Rest of the World to Address the Grave Climate Threat.” \textit{Biden Harris}, 2020, \url{https://joebiden.com/climate-plan/#}.
\item \textsuperscript{37} Ibid.
\end{itemize}
CONCLUSION

As with many of the key issues at the center of the political debate and campaigns in the United States this election cycle, the role of China and particularly in terms of its engagement in the Americas has two future tracks depending upon who is elected on November 3.

A second term for the Trump Administration points clearly to a deepening of the so-called sentiment of suspicion. The rhetoric will only grow in ferocity as the fallout from COVID-19 and the ongoing 5G battle continue. The accusations of what Secretary of State Pompeo called “corrosive capital” and the perniciousness of the debt trap engendered by countries of the region deepening ties with China will surely be emphasized.

Additionally, a more concerted effort through US government lending and development aid could be envisioned. But, the most recent trip by Secretary Pompeo through countries of South America also underscore clear talking points in a 2021-2025 Trump term: extolling the virtues of U.S. private companies and energy firms to further development of key energy infrastructure in Latin America, as well as the broad overarching State Department-led effort on critical minerals known as ERGI.

Election of Joe Biden to the presidency will bring a noted change of direction and tone. The obvious foreign policy change that his team will bring to re-set and re-commit the United States to international fora, treaties and centered on what may be best summarized as a belief in multilateralism. But the simmering conflict and rivalry with China and as we see it across the Americas will demand not just a return to a traditionalist international affairs, but a coherent strategy that marries institutions, financing and diplomacy in an effort to regain the role for the United States in the hemisphere as a trusted partner in the face of China.

The energy and natural resources sectors, but also climate action, will be at the forefront of his administration’s efforts. Mobilizing the capabilities of the U.S. government, the private sector, international financial institutions among others will be no small task. And a Biden administration would arrive in power on January 20 with a very full plate of health and economic challenges at home in the United States. Though investment has dropped this year, China’s involvement in Latin America will likely revert to form of the last decade and continue to grow regardless of who wins the election. But, how Chinese relations with countries progress could be affected by who resides in the White House come January 21, 2021.

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