The Argentina-China Relations: A Peripheral Realist Analysis

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Abstract

In 2004, and after several years of continuous improvement, the political relations between Argentina and the People’s Republic of China reached a peak of tension that has not yet been overcome and which has caused them to remain strained ever since. However, and in spite of political tensions, bilateral commercial ties have continued to be steady and trade has consistently been on the rise – at least until recently. This paper argues that the remarkable high level of economic complementariness between the two countries constitutes an economic fact that could lead to a political rapprochement between them. In order to do so, it analyzes the positive effects that –for a host of reasons– the adoption of the foreign policy profile of a trading state by the Argentine government –as suggested by Peripheral Realism– would have on its relations with China –Argentina’s largest trading partner in Asia. Furthermore, it would counter the increasing state of isolation in which the country has been steadily sliding into for the last few years. Moreover, this study attempts to examine the effects that the existing political stagnation has had and could continue to have on the bilateral trade relation –negatively affecting it and potentially provoking a decrease on the commercial exchanges between the two countries if the political and economic relevance of China were to remain underrated by the Fernández de Kirchner administration and the possibility of adopting the foreign policy profile of a trading state were to continue to be ignored by it.

I. Introduction

It is well known that the People’s Republic of China has one of the fastest growing economies in the world and that –“powered by the world’s most rapidly changing economy” –its truly remarkable economic success is commonly referred to as “the China miracle.” In this regard, it has been observed that “no country in the world had growth as rapid as China’s … [since the country] adopted aggressively outward-oriented economic policies in 1978,” under the leadership of Deng Xiaoping (邓小平). When figures are used to illustrate the above points, they are impressive: indeed, it has been noted that “reflecting a combination of population, growth, industrialization, and modernization, between 1978 and 2002, China’s gross domestic product grew at an average rate of 9.4 percent.” Such an achievement constitutes a particularly admirable fact, especially if we were to take into consideration that the PRC was considered as a very backward country only three decades ago.

It is also known –or, at least, firmly believed– that, if favorable conditions to Chinese economic growth were to remain as they currently are –let alone to improve– the PRC might consequently become the largest economy in the globe and a superpower in

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the near future. Indeed, it has been argued that –if not already enjoying “imminent superpower status”– “China is becoming a world power, and it will be the main economic, political and military rival of the United States by the year 2020.”6 Although it has been noted that the U.S. economy “it is likely to slip, but not significantly, in the next two decades… [and that] Most estimates suggest and in 2025 the United States’ economy will still be twice the size of China’s in terms of nominal GDP.”7 It would be convenient to recall that several predictions have been made regarding the fact that –and providing it does not happen at an earlier stage– “China’s economy is expected to catch up with and overtake that of the United States and Japan in the first half of the 21st century.”8 Therefore, it seems clear that China’s new superpower status is by no means to be considered as a matter of “if” will it be achieved, but rather one of “when” this will be completely done.

It is because of these reasons that the Chinese government –keenly aware of the fact that economic growth increases political concerns, influence and importance– has been spending considerable time and devoting a good number of its efforts trying to politically guarantee that relations with the resources-rich Third World countries –Argentina among them– are to remain in good terms, in order to be able to satisfy China’s voracious appetite by providing the natural resources that fuel the country’s economic rise. Indeed, the PRC has been characterized as being “ravenous” for such resources, and it has been observed that “Latin American economies are growing at their fastest pace in decades, thanks in large part to heavy Chinese demand for their resources.”9

This should certainly be good news for Argentina as well as for the other countries in the region, since that is to say that China demands what Latin American countries have to offer, and it does so to such an extent that “a series of reports from the World Bank, the Inter-American Development Bank and the Organization for Economic Cooperation and Development concluded that China’s emergence is beneficial”10 to the countries in the region, with “the Southern Cone and Andean nations as those who have been most positively affected.”11 As stated, the Chinese demand contributes, to a large extent, to explain “the recent export commodity boom”12 that Latin America has been experiencing in the last few years. In this regard, it has been noted that in the 2004 Asia-Pacific Economic Cooperation summit that took place in Santiago, Chile, and after

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having visited Brazil and Argentina—thus, completing the so-called ABC trilogy—
Chinese president Hu Jintao (胡锦涛) “signed 39 new cooperative agreements in a wide
variety of fields and announced $100 billion in investment commitments to the region,
including $30 billion for Chile, Argentina and Brazil alone.”12 The second largest country
in South America, Argentina has a large variety of the raw materials and natural resources
that China so desperately needs, and has traditionally been considered as “an agricultural exporting”13
country, a leader exporter of soy, wheat, corn and beef that, in addition, also
exports petroleum and a large variety of mineral resources. Therefore, it should be clear
that South American countries in general—and some of them in particular, such as Brazil
and Argentina— are in excellent position to supply the insatiable appetite for commodities
of the Asian giant and to benefit from trading with it and from eventually attracting the
investments it is planning to make in the region.14

II. A Puzzling Relationship

However, the above statement happens not to contain an accurate description of the
Argentina-China relation. This paper will argue that this is so mostly—if not exclusively—
due to political causes for which the last two Argentine administrations— that, as a matter
of fact, could be consider as one, since the current president happens to be married to the
previous one— are largely responsible.

Interestingly enough, and in spite of political tensions, it would be worthy to note
that, to this day, the PRC constitutes one of Argentina’s major trading partners and is one
of its top exports destinations—occupying the 4th position after Brazil, the United States
and the European Union, while, in 2006, Argentina ranked as China’s 4th Latin America
trading partner.15 It would be pertinent to inquire why a country that has the 2nd largest

12 R. Evan Ellis, “U.S. National Security Implications of Chinese Involvement in Latin America,” Strategic
Studies Institute (2005): 4. Interestingly, Shixue Jiang has attempted to “clear up the misimpression that
when Chinese President Hu Jintao visited Latin America in 2004, he promised 100 billion dollars of
Chinese investment by 2010,” by claiming that “the media misinterpreted the remarks, and that in fact,
President Hu had predicted that bilateral trade with the region would rise to 100 billion dollars by 2010.”
For further details in this regard, see Shixue Jiang in Enter the Dragon? China’s Presence in Latin America,
event_id=224457 (accessed April 30, 2008)
in The Political Economy of International Trade Law, ed. Kennedy, Daniel L. M. and Southwick, James D.
(Cambridge, UK: Cambridge University Press, 2002), 297.
14 Since “China’s entrance to the world stage as a net creditor has had important positive effects for Latin
America.” See Gallagher and Porzecanski, Roberto, “China Matters: China’s Economic Impact in Latin
America,” 189.
15 After Brazil, Mexico and Chile. See Jiang, Shixue. Recent Development of China’s
Relations with Latin America. Beijing: Institute of Latin American Studies, Chinese
Academy of Social Sciences.
http://ilas.cass.cn/u/jiangshixue/%7BF561CD65-E0C6-4A97-9E5B-A1B884CAA80B%
economy in South America—second only to Brazil—only ranks 4th in terms of the commercial exchange China has with Latin America. A plausible explanation for the different position Argentina occupies in the two rankings would be the inclusion of Mexico—which economic relevance can not be ignored—in the second category as well as the fact—which is much more suitable for the purposes of this study—that the relations between the PRC and Argentina can be—as stated—considered to constitute a rare case, if we were to take into consideration that, as stated, although economic exchanges between the two countries have increasingly been on the rise, it is a whole different story in political terms.

This would—at least partially—be one of the reasons that explain how Argentina has precluded itself from benefiting from the Chinese approach to Latin American nations. Two observations could be made with regard to this point: such approach has been characterized as “a win-win or non-zero sum cooperation in nature,” and the Argentine government decision to preclude itself and the country from benefiting from it can only be explained if we consider that it “may even be willing to suffer economic harm—for that is what the denial of a trade opportunity would do to oneself.”

Following this line of analysis, it could be said that the current Chinese-Argentine political relation constitutes a curious exception to what has been mentioned in previous paragraphs, and one would be certainly tempted to ask how this might be so, at a time in which China is being courted by the whole world and Chinese demand has been boosting Latin American exports for the past few years. After all, is the combination of the high prices of agricultural products in international markets and the even higher Chinese demand for Argentine products which allowed the South American country to rapidly recover from its 2001 devastating economic crisis, which—having been quite accurately characterized as “the most severe institutional and economic crisis in the history of Argentina”—will be further examined later on.

The considerably high level of Argentine exports to China is the result of the numerous political and commercial agreements that the two countries have signed since establishing relations in 1972—and even earlier, in spite of the absence of diplomatic ties,—a fact that makes the question of the warm economic but cold—if not bitter—political relation between them particularly intriguing.

16 “La República Popular China y sus proyecciones futuras,” speech delivered by the PRC Ambassador to Argentina, Mr. Ke Xiaogang, at the meeting of the American Council of Trade and Production held at the Alvear Hotel, Buenos Aires, Argentina, on March 25, 2004.
More than intriguing, the Argentina-China relation could be characterized to be confusing—even puzzling, considering the high degree of complementariness that exists between the economies of the two countries and the fact that, until 2004—as aforementioned, a particularly important year for the purposes of this study—the political bilateral relations could be regarded as good and even to have the potential to become better, closer and deeper in the near future. Indeed, reciprocal visits were regularly paid by the presidents, Foreign Ministers, provincial governors, senators and other leading political figures from both countries. As a matter of fact, the number of State visits paid by Argentine presidents to the PRC since diplomatic relations between the two countries were established amounted to six, exactly doubling the number of such visits by their Chinese counterparts. Indeed, since diplomatic relations between the People’s Republic of China and Argentina were established on February 16, 1972, six State visits have been paid to the PRC by five Argentine presidents: de facto President J.R. Videla (in 1980), President R.R. Alfonsin (in 1988), President C.S. Menem (the only Argentine president to visit China twice, in 1990 and 1995), President F. de la Rúa (in 2000) and President N. C. Kirchner (in 2004). On the Chinese side, the three PRC Presidents who have paid State visits to Argentina are President Yang Shangkun (杨尚昆, in 1990), President Jiang Zemin (江泽民, in 2001) and President Hu Jintao (胡锦涛, in 2004).

As it has already been stated in this paper—and as it can be seen in the above paragraph—2004 was a crucial year in terms of the bilateral relations, due to the fact that it was then that the last reciprocal State visits took place. Indeed, it was that year when the political relations between Argentina and China reached a peak of tension that has not yet been overcome and that have caused them to remain strained, preventing further State visits from taking place. And it is precisely because of such tensions that the adoption of the foreign policy profile of a trading state by the Argentine government—as suggested by the Peripheral Realist theory, which will be analyzed ut infra—has become an urgent need and would immediately ameliorate the relationships with China, in particular, as well as with other countries, in more general terms. To illustrate this point, two major events—one of them belonging to the international arena, the second constituting a clear example of the international repercussions that certain domestic decisions might have—will be examined, in this paper—briefly now and in a more detailed fashion later on—due to the relevance they have had in recent Argentina-China relations and the way in which they contradict the basic postulates of Peripheral Realism (such as the one according to which a peripheral state should have economic growth and development as primary interests and should abstain from unproductive political confrontations with great powers):

- The “leak” incident: for the purposes of this study, this expression will be used to make reference to the leak of information from Argentine president N. Kirchner’s Presidential Office to the media—regarding the figures of
the US$ 20 billion”\textsuperscript{20} trade agreement and/or investments that the Chinese
government was supposed to be considering to conclude with its Argentine
counterpart and which, just to make things even worse, was not even
accurate— that took place during the 2004 State visit to Argentina of
Chinese President Hu Jintao (胡锦涛), This study considers that such a
leak represents a turning point in the political relations between the two
countries, due to the strong reactions it provoked among the members of
the Chinese delegation and later on also in the Kirchner administration,
which was suspecting, but not fully aware, of the magnitude of the damage
it had inflicted to the bilateral relation, which has remained strained ever
since the incident.

- And, with regard to the economic relation, the regulations that the
Fernández de Kirchner administration attempted to enact early in 2008 in
order to raise taxes on grain exports, which seriously affected the
commercial exchanges with the PRC. The Argentine farmers blocked the
exports in protests, and such blocks forced the Chinese authorities to start
looking for alternative sources to satisfy the PRC grain needs, which
eventually led to the qualification of Argentina—by one of its largest trade
partners— as nothing less than a “unreliable supplier”\textsuperscript{21}, resulting in the
loss of market niches that will be extremely hard to recover, due to the fact
that they have been occupied by the agricultural products of Brazilian,
American and Australian farmers, among others.

These two events will be analyzed at the light of the postulates of the Peripheral Realist
theory, which will be presented in the following section.

\textbf{III. Peripheral Realism}

Developed by the Argentine scholar Carlos Escudé, this theory makes reference to the
concept of “trading state” proposed by Richard Rosecrance in the 1980s\textsuperscript{22} and,
consequently, analyzes the advantages that the adoption of the foreign policy profile of a
trading state will offer to a peripheral state in its relations with other states. As Escudé
points out, Peripheral Realism could be considered to be “an ideal foreign policy for an
ideal type of state,” since it “corresponds, in terms of its ideal foreign policy,
Rosecrance’s trading state, in itself an ideal type of state.”\textsuperscript{23}

Originally, Escudé developed the Peripheral Realist theory having in mind the political

\textsuperscript{20} “La culpa la tuvo el cartero,” (It was the post-man’s fault) Página 12, November 11, 2004.
\textsuperscript{22} Richard Rosecrance, The Rise of the Trading State: Commerce and Conquest in the Modern World (New
\textsuperscript{23} Ibid.
rapprochement that took place between Argentina and the United States during the 1990s, under the Menem administration. Predictably, this study will follow the postulates of Peripheral Realism in order to examine the possibility of using them to bring about an improvement on the Argentina-China relations. This section will be divided in several sub-sections:

- “The juridical inequality of states”
- “Hierarchy of Issues”
- “The “Normative Character of Peripheral Realism”
- “Alignment and bandwagoning,” and
- “An uncertain future”

With regard to the distinction between “central” and “peripheral” states, it would be convenient to recall that, according to Escudé, the interstate system is composed of states that are juridically “unequal” and happens to be structured in the following way: central states—powerful states, the great powers—are to be found at the core of it, while in the outer parts of the system are the peripheral states, which—being weak, vulnerable and power-less—are assumed by Peripheral Realism to have economic growth and development as their primary interest. Therefore, and in order to serve such interest, the Peripheral Realist theory suggests the governments of these states to adopt the foreign policy profile of a trading state. Our author notes that his theory could be well regarded as a “developmentalist paradigm,” since it would also indicate peripheral states “what are the most functional foreign policies for the growth and development.”

Following this line of analysis, our author explains that “for the periphery, there is a hierarchy of policy preferences in which the economy takes precedence above politico-military-resources.” Indeed, “the hierarchy of issues is led by trade and finance, by economic growth and development. Peripheral Realism is, in a way (as has been stated), a return to a mercantilism of sorts,” due to the fact that it emphasizes, promotes and encourages trade and economic growth, while it “rates the category of military security last or second to last.”

On this regard, it has been observed by Escudé that “a peripheral government should abstain from interstate power politics and devote itself to promoting local economic development instead… today’s world makes it possible, in varying degrees, for

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24 Carlos Escudé, Foreign Policy Theory in Menem’s Argentina (Florida: University Press of Florida, 1997), 8.
25 Ibid., 127.
26 Ibid., 3.
28 Escudé, Foreign Policy Theory in Menem’s Argentina, 104.
29 Ibid., 104.
most states to adopt the foreign policy profile of a trading state.”30 It would be convenient to remember that “even though states have traded extensively with one another (with and without restrictions) since before the sixteenth century, the theory of international relations has largely proceeded as if trading was unimportant. Boundaries, territory, sovereignty, independence, and military power have remained key concept.”31

In this regard, it has also been astutely noted that “the theory of international exchange and trade gives a basis for mutual cooperation and mutual benefit, and it applies to the essence of what states do day by day. When noticed, trading is dismissed as “low politics”, pejoratively contrasting it with the “high politics” of sovereignty, national interest, power and military force. However, it is possible for relationships among states to be entirely transformed or even reversed by the low politics of trade.”32 It is precisely this “low politics of trade” what this study argues could break the political stagnation in which the relations between the Chinese and Argentine governments have been immersed in for the last few years and that persists at present.

Following this line of analysis, the positive influence that a deep engagement in trading activities would have had in the political relations between China and Argentina becomes clear, as well as the need for both governments –and especially for the Argentine one, since it is the weaker party in this relation– to protect and to promote trade and commerce between the two countries.

Escudé further characterizes “central” and “peripheral” states by arguing that among the first type are “the states of countries in which the economies share significantly in the generation of cycles of expansion and contraction of the world economy… [and] their political predominance in the interstate system gives them a major role in the establishment of the written and unwritten rules of the system.”33 China seems to fulfill the criteria to be considered as such.

On the other hand, “peripheral” states are “all states that are neither permanent members of the UN Security Council nor economic superpowers such as Germany or Japan [or China, for the purposes of this study]. The ‘periphery’ includes both developed and underdeveloped countries.”34 Among the “developed peripheral countries,” Escudé includes what he calls “prosperous weak states” such as “Canada, Australia, the Netherlands, South Korea, Taiwan and Hong Kong,”35 while he claims that “‘Third World’ is used for the underdeveloped periphery.”36 Thus, peripheral states are further

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30 Ibid., 88.
32 Ibid., xi
33 Ibid., 18.
34 Escudé, “An introduction to Peripheral Realism and Its Implications for the Interstate System: Argentina and the Condor II Missile Project,” 70.
35 Escudé, Foreign Policy Theory in Menem’s Argentina, 65.
36 See note 35 above.
characterized as “the states of countries whose economies are, contrariwise, deeply affected by cycles of expansion and contraction of the world economy without sharing significantly in their generation.”

Taking into consideration the above remarks, and applying them to the bilateral relation being examined here, we would find that on the one hand will be China, which will play the role of a central state, not only “driven by the quest for power” but which has been defined as a state that “in many ways is already a great power,” since it “possesses a large economy, territory, population and military, and also sits on United Nations Security Council as a permanent member.” However, it should be noted that not everybody seems to be so enthusiastic about the role China is playing in world affairs, and even though it has been pointed out that “the Western press is full of stories these days on China’s arrival as a superpower,” it has also been noted that “the West’s tendency to misread China dates back to the seventeenth century.” It has already been pointed out that some authors consider that “China is still some distance from qualifying as a superpower, but its potential to do so is nevertheless a serious and valid consideration in how it gets treated in the present.”

On the other hand, and regardless the different views about China above mentioned, we will find Argentina, “not a leading state but a distinctly peripheral one,” since it is a state “relatively devoid of power resources” and, as such, characterized by the “relative absence of power.” As aforementioned –and considering that states of this category have the perspective of the powerless– peripheral states should make “economic growth and development” their primary interest and adopt a “citizen-centric-perspective.” Once Escudé has argued that “there are three kinds of states: those that command, those that obey and rebel states,” it becomes clear that what has been just mentioned in the above paragraph applies to “obedient” peripheral states –those which obey the commands of central states, since the former “tend to abide a citizen-centric

37 Escudé, Foreign Policy Theory in Menem’s Argentina, 18.
40 Ibid., 46.
42 See note 42 above.
44 Escudé, “An introduction to Peripheral Realism and Its Implications for the Interstate System: Argentina and the Condor II Missile Project,” 56.
45 Ibid.
46 See note 46 above.
47 Escudé, Foreign Policy Theory in Menem’s Argentina, 105.
48 Ibid., 127
49 Ibid., 78.
rationality—that is, avoiding high costs or high risk foreign and defense policies in favor of the welfare of its citizens.”

The juridical inequality of states

Escudé bases his classification of states in “central” and “peripheral” in the fact that states are not equal. To emphasize this point, our author claims that “the juridical equality of states was a juridical fiction until the signature and ratification of the United Nations Charter. Since that event, it is not even a fiction; with the inception of the Security Council, made up of five permanent members endowed with veto power, the charter establishes (for security matters) the principle of juridical inequality of the states.” It is clear, then, that Peripheral Realism does not and could not consider states as “like units,” but it rather claims that unequal states are precisely so because they do not only have different capabilities but also different functions. Consequently, Escudé distinguishes between states that command—the great powers—and states that do not—the peripheral ones. In this regard, it would be convenient to recall that “trade has long been understood to create the potential for political influence,” which would make the provocative attitude President Kirchner assumed in the 2004 incident with Argentina’s largest trading partner in Asia even more pointless, if that would be possible.

Hierarchy of Issues

It could be said that Peripheral Realism “converges with the realist insofar as it assumes a clear hierarchy of issues in which economic power replaces military force as the ultimate desideratum of the interstate politics of a peripheral state.” According to Escudé, this hierarchy exists not only with regard to issues—“led by trade and finance, by economic growth and development”—but also in the interstate system, since “it is more appropriate to say that the structure of the international system is characterized by an incipient and imperfect hierarchy than to say that it is characterized by anarchy”—understanding by “anarchy” the absence of centralized authority—although “the structure of the interstate system is obviously neither a complete anarchy nor a fully developed hierarchy.”

Normative Character of Peripheral Realism

51 Ibid., 79.
52 Ibid., 8.
54 Ibid., 105.
55 Ibid., 78.
56 Wendt, Alexander, Social Theory of International Politics (Cambridge, UK: Cambridge University Press 1999), 247.
57 Escudé, Foreign Policy Theory in Menem’s Argentina, 61.
The normative character of Peripheral Realism becomes evident not only because of the prescription it makes up about the adoption of the foreign policy profile of a trading state by a peripheral state, but also for the conducts it suggests such state should refrain from adopting. In short, Escudé’s approach might best be summed up as follows: a peripheral state –such as Argentina– should:

- “abstain from interstate power politics and devote itself to promoting local economic development”

- it should also refrain from “costly idealistic interstate politics”

- it would be specially important for the peripheral state to avoid “risky confrontations with great powers when they engage in policies that are detrimental to universal good causes but do not affect the peripheral government’s material interests”

- a peripheral state should also “abstain from unproductive political confrontations with great powers.” This point happens to be of crucial relevance for the purposes of this study, considering as an example of such confrontation the 2004 incident provoked by the aforementioned leak of –not even accurate– information from the Presidential Office of the Argentine government to the media, a regrettablly illustrative example of what should not be done.

- finally, a peripheral state should study “the possibility of alignment or bandwagoning with a dominant of hegemonic power or power coalition, which should be ‘the product of careful calculations of costs, benefits, and risks.’”

With regard to this last point, Escudé claims that “decisions on alignment should be based on a set of considerations that include the following questions. Does the dominant power with which alignment is considered have competition in the weak state’s region? Will alignment generate costs or risks stemming from competing great powers? If so, can alignment be avoided without even greater costs or risks? Finally, can alignment produce benefits?”

As it will be analyzed in the following chapters, the current Argentine administration should review the historical lessons of Argentina’s refusal, during the Cold War and almost until it ended, to align with the United States -by then one of the two

58 Ibid., 87.
59 Ibid., 88.
60 Ibid.
61 Ibid., 89
62 Escudé, Foreign Policy Theory in Menem’s Argentina, 89.
63 Ibid.
great powers of the bipolar world- and the consequences such antagonism and challenge of the U.S. had for the country, which costs that were far too high for Argentina. Indeed, this was such a costly policy that, eventually, and although “the typical Argentine view towards the North Americans was a mixture of jealousy, suspicion and enmity,” Argentina “dropped its posture of defiance of the international order and adopted the foreign policy of a trading state.”

At this point, the advantages and benefits for a peripheral state –such as Argentina- of adopting the foreign policy profile of a trading state should be already evident. By so doing, the peripheral state would be able to prioritize its economic development and the welfare of its citizenry, a policy that Argentina should combine with its alignment with China, since “foreign policy can facilitate or jeopardize a country’s path to development but cannot generate development itself.” Therefore, and in order to achieve development, bandwagoning would be a tactic that would be ‘beneficial to the weaker states that adopt it.”

Alignment and bandwagoning

When, after decades of behaving in the opposite way, Argentina finally decided to drop its defiant posture and align with the U.S., alignment became “the policy that the Menem government… adopted, abandoning a long history of Argentine confrontations with the United States in intergovernmental forums. The collapse of the Soviet Union removed the chance of retaliation from a competing great power. Furthermore, Argentina was coming out of hyperinflation and was sorely in need of confidence building and financial cooperation. The emergence of a new world order gave the weaker state the opportunity to make significative political favors to the regionally dominant power through alignment, thus increasing the probability of obtaining the latter’s cooperation for restoring the weaker state’s monetary stability and eventually its economic growth.” In the same line of analysis, this paper will attempt to demonstrate that the rise of China – and in spite of the fact that the PRC is not the regionally dominant power– could be considered as the “emergent new world order” that would provide Argentina the possibility of aligning with it and, through cooperation with it, benefiting from it.

On this regard, and in broader political terms, it is important to note that it has been said that Latin America can contribute to China’s development with regard to the

66 Escudé, Foreign Policy Theory in Menem’s Argentina, 21.
67 Ibid., 121.
68 Escudé, Foreign Policy Theory in Menem’s Argentina, 90.
“struggle to fight against hegemony and build a new world order or a ‘harmonious world’.”

It has already been stated that peripheral states are characterized, by definition, by weaknesses and vulnerabilities, and it should now be recalled that it has been observed that “weak states are more likely to bandwagon than strong states for two reasons: they are more vulnerable to pressure and they can do little to determine their own fates”.

Escudé explains that the use of an alignment strategy by a peripheral state has a “protective objective”, since it seeks “to put a weaker state under the umbrella of a stronger one by siding with the stronger on certain specific issues that will not affect adversely the material interests of the weaker state and will not alienate it from significant segments of world public opinion. Such bandwagoning tactics, used with prudence and a careful calculation of costs and benefits, can be beneficial to the weaker states that adopt them, but the benefits that can thus accrue to them fall outside the logic of intergovernmental organization per se and are instead a part of the logic of alignment. It is almost inevitable that such bandwagoning tactics will be more attractive to leaders of relatively democratic countries with large middle classes. Such countries are politically more vulnerable to the domestic consequences of foreign policy confrontations, and they face greater domestic demands for development and welfare, than does the typical Third World country with a highly skewed income distribution and a limited citizen participation in politics.”

IV. The “Leak Incident”

It has already been mentioned in this paper that the political relations between Argentina and China were increasingly good until 2004, when they became sour following the “leak incident.” In spite of this, commercial exchanges were to remain good until 2008, when the Fernández de Kirchner administration overstepped the mark in its attempts to raise taxes on grain exports, a measure that eventually backfired and led to the qualification of Argentina as an “unreliable partner” of the PRC. In order to proceed according to the pace at which the facts happened, this section will examine the reasons that allowed the “leak incident” to happen and the consequences it has had on the bilateral relation.

After several years of continuous improvement of the Argentina-China relations, boosted by the several reciprocal visits of State that presidents of both countries paid during the 1990s and the first years of the 21st century, they eventually reached a turning point when president President Hu Jintao (胡锦涛) visited Argentina in November 2004.

71 Escudé, Foreign Policy Theory in Menem’s Argentina, 121.
It can be argued that such a shift in the relations took place in the most unexpected way, when taking into consideration that both countries had successfully weathered and got through comparatively much more difficult times (such as the aftermath of the Tiananmen Square crackdown of 1989, the 2001 Argentine crisis, the SARS outbreak, among others). Auspicious signs had been sent by the visits to Argentina of Vice-Chairman Tian Jiyun (田纪云) of NPC Standing Committee and, Foreign Minister Tang Jiaxuan (唐家璇) in October 2002. Indeed, it could be argued that the “leak incident” caught everybody by surprise, especially due to the fact that it took place during a visit that was expected to be a motive for celebration and not for grief. Indeed, Chinese President Hu Jintao (胡锦涛) had just became such in March 2003, about a year and a half before he was to visit Argentina. Argentine President N. Kirchner had also been sworn-in as such in 2003 –after he “was inaugurated with the smallest percentage ever,”72 after he had “won the elections by default.”73 2003 is a particularly important here since both countries –after undergoing several problems, such as the SARS outbreak in the PRC and the Argentine economic crisis- were to have new presidents –a vital issue for the purposes of this study, which will be analyzed in detail- and, in September that year, the PRC government would propose Free Trade Agreements (FTA) to MERCOSUR.74 The particular relevance the aforementioned events have for the purposes of this study can be explained by the considerations regarding President-to-be Hu Jintao as “the most widely travelled… having visited nearly 23 countries”75 as well as “the only member of the incoming leadership group to have visited the United States”.76

On this regard, it has been observed that “preparatory foreign travel and exposure reveal a self-conscious recognition that the highest levels of China’s new leadership cohort need direct, experiential awareness of the outside world. Indeed, some cosmopolitan exposure and experience may now be a prerequisite for senior leadership”.77

In the same line of analysis, it has been noted that “China’s new leaders defy conventional assumptions that they are insular bureaucrats who rose to top by staying at home”.78 On the other hand, it has been astutely observed that Hu Jintao’s Argentine counterpart, Néstor C. Kirchner, “did not speak any foreign languages”79 and “had hardly

73 Ibid.
76 Ibid., 160.
77 Ibid., 161.
78 Ibid., 156.
79 Oppenheimer, Cuentos Chinos: el engaño de Washington, la mentira populista y la esperanza de América Latina, 172. (translation by the author).
travelled abroad,”\textsuperscript{80} due to the “aversion for the rest of the world”\textsuperscript{81} that Mr. Kirchner has, as well as the fact that he was born, lived in and governed Santa Cruz, a Patagonian province that happens to be further away from the main link Argentina has with the world –the capital city of Buenos Aires– than it is from Antarctica.

Needless to say, the above observations will allow the reader to understand –or at least not to be clueless about- the underlying reasons that the two governments might have –or might be lacking of- when making decisions about and adopting different positions with regard to issues such as political and economic integration, as well as the international role of their countries in the global stage.

Argentina had recovered from its 2001 crisis due, to a large extent, to the Chinese demand of Argentine products. Indeed, 2003 had been a year in which Argentine exports to the PRC had increased 125.3 \%, and its economy grown 9\%. Despite the relatively short period of time that both presidents had been occupying their positions, but they had already met in Beijing in June 2004, when President Kirchner –accompanied by about a hundred Argentine businessmen- paid his only State visit to China. Interestingly enough, the same month the PRC Minister of Commerce, Bo Xilai (薄熙来), had visited Argentina. The frequency of the visits and the status of the visitors had just made evident the fact that, in following years, China was to become “Argentina’s fourth largest trade partner since 2004… the first destination of the Argentine exports to Asia and… the most important buyer of soybeans and soybean sub-products (56\% of the Argentine sales have China as it destination).”\textsuperscript{82}

Interestingly enough, when taking into consideration what was about to happen a few months later on occasion of President Hu’s visit to Argentina, Mr. Kirchner’s visit to China was described by Foreign Minister Rafael Bielsa as “having the goal of strengthening the solid ties that we have with the PRC”\textsuperscript{83} –with which “Argentina was the first Latin American country to have commercial ties with”\textsuperscript{84}, according to Mr. Bielsa-, and defined it as “a clear signal of the value the Kirchner administration gives to the opening and development of non-traditional markets for the Argentine exports”\textsuperscript{85} –which is somewhat contradictory with his previously quoted statement claiming that Argentina had been the first Latin American country to be commercially tied to China, as well as an indicator of the “importance that the positioning of the country in the international stage

\textsuperscript{80} Ibid.
\textsuperscript{81} Oppenheimer, Cuentos Chinos: el engaño de Washington, la mentira populista y la esperanza de América Latina, 172.
\textsuperscript{82} Cesarín, China se avecina: el Ying y el Yang de una potencia emergente, 117. (translation by the author)
\textsuperscript{83} “Un viaje de aproximación,” La Nación, June 1, 2004, 7.
\textsuperscript{84} Ibid.
\textsuperscript{85} Ibid.
has for the Argentine government.” Using more or less words, what the Argentine Foreign Minister was acknowledging was the fact that the “Argentine economy had already recovered of its collapse thanks to the growth of the global economy and –above all- to China’s purchases” of Argentine commodities. During Kirchner’s visit, both presidents signed a number of agreements regarding cooperation on civil aviation, health issues, cultural exchanges, investment and agriculture. A compromise to commit themselves to give a more significant impulse to the development of bilateral relations was also assumed by both sides.

Interestingly, the Argentine media referred to this visit as “the opening of a new chapter in Argentina’s trade policy”. But what actually was going to have a new chapter was the bilateral relation, a few months later, when Hu Jintao (胡锦涛) was to visit Argentina. It is important to mention that, in between President Kirchner’s visit of June 2004 to China and President Hu’s first State visit to Argentina—a country where he had been for the first time in 1994- that was going to take place in November, President Hu had already achieved absolute power in the PRC, becoming Chairman of the Central Military Commission in September of that year and, therefore, becoming the key figure with regard to the Party, the State and the People’s Liberation Army.

Roughly speaking, it could be said that what happened was that the Kirchner administration intentionally leaked inaccurate information to the press regarding the figures that it supposed the Chinese government was considering to invest in Argentina. As a matter of fact, several rumors were being spread regarding President Kirchner’s unfortunate phrase stating that, if the “US$ 20 billion” trade agreement with China was to be reached, his picture—meaning, perhaps, portrait—“should be hanged above the one belonging to San Martin”, a heroic Argentine general considered as “the Father” of Argentina, as well as the liberator of Chile and Perú. Such was the impact Mr. Kirchner thought his announcement regarding the supposed-to-be Chinese investments would have.

Naturally, Kirchner’s phrase was quoted in several Argentine newspapers, having being taken, in this case, from popular leftist Página 12. It is only fair to point out the affinity between this newspaper and the Kirchner administration, which was a left-leaning government itself.

86 Ibid.
87 Oppenheimer, Cuentos Chinos: el engaño de Washington, la mentira populista y la esperanza de América Latina, 175. (translation by the author).
91 Ibid.
It goes without saying that, when knowing that their reputation was on display in Argentina while the Chinese delegation lead by Hu Jintao was still in Brazil, the Chinese government was forced to react rapidly and to deny any figures that were being attributed to them by the Kirchner administration in a disrespectful, dishonoring gesture in the antipodes of the impeccable manners that were to be expected from a fellow head of state. A tactless remark, inexcusable in Chinese culture, in which honor, reputation and good name have always been object of the highest appreciation. And things just get worse when the advice of Chinese consultant Marcus Lee is heard: “when dealing with Chinese people, be very careful of their feelings. Never embarrass them in public, nor make a fool of them in front of other people, not even if they are wrong.” But it was the Argentine government the one that was wrong indeed, and here lies the first seed which, in time, grew into the present strained relation between the governments of the two countries.

Furthermore, what must be remember here is that, up to a point, the Kirchner administration made the provoked his Chinese counterpart to “loose face”, which “has to do with self-respect, dignity, reputation.” Following the same line of analysis, it should be taken into consideration the fact that it has been said that “you can cause your counterparts to lose face by expressing sharp disagreement, embarrassing them, criticizing them in public or by showing disrespect. Causing serious loss of face can completely disrupt a promising business negotiation.”

When realizing—or, perhaps, when suspecting— the magnitude of what it had done, and unwilling to face the consequences, the Kirchner administration decided to blame the media, denying any wrongdoing on its part. Indeed Mr. Kirchner argued that “the whole issue was just a “novel” created by the media.” Needless to say, such a contention can hardly be accepted as a sound and valid argument for explaining the unanimous reaction that all major Argentine newspapers—from the complete ideological spectrum, conservative, liberal, center, right or left-oriented- had by publishing the information as directly obtained from the Presidential Office and as Kirchner’s own words.

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95 Ibid.
97 In a literal translation, it was reported that the leak had filtered to the media from ‘Kirchner’s mouth,” in “La culpa la tuvo el cartero,” Página 12, November 11, 2004. http://www.pagina12.com.ar/diario/elpais/l-43456-2004-11-11.html (accessed November 11, 2004).
In Beijing, the spokesman of the Chinese Ministry of Foreign Affairs Zhang Qiyue issued a statement noting that “officials of the Argentine government itself had already denied” the supposed amount of the Chinese investments in the country.

At the same line, and after a meeting with Press Secretary Enrique Albistur that took place at the so-called “Pink House” –the Argentine presidential palace– the Vice Minister of Information of the PRC, Li Bing, found himself in the need to diplomatically state that, when knowing about the remarks of Mr. Kirchner while part of the Chinese delegation was still in Brazilian soil and part had already starting his visit to Argentina, that “before leaving my country, I did not hear this information”. It is noteworthy that Hu Jintao (胡锦涛) was still in Brazil, and that Li Bing was part of a Chinese delegation that had arrived to Argentina in advanced and that was headed by the General Director of the Information Office of the State Council, Yang Yang, who said that, although China was still analyzing the investments to be made in Argentina, the figures that were being mention “did not correspond to very reasonable expectations”.

It was in such a context that Mr. Kirchner received President Hu on November 16 in the Argentine Presidential Palace. President Kirchner welcomed him with a speech that had been modified and properly adapted to the circumstances –since it was quite similar to the one that had been recently offered to two other Asian presidents, in which great emphasis had been made on human rights. The Chinese President made several remarks regarding the need to strengthen mutual trust –a particularly curious comment, given the circumstances– and to intensify the contacts between the executive and legislative branches, as well as the ones between political parties. The advantages of cooperating in a larger extent regarding economic and commercial issues –as well as scientific and technological exchange– were highlighted. The benefits that an increase in mutual cooperation and coordination would have in the immediate future were emphasized by Mr.Hu, who, on behalf of the Chinese people and government, congratulated Argentina for having been elected as a non-permanent member of the UN Security Council for the 2005-2006 period.

Finally, the Chinese President stressed the identical notions that China and Argentina have with regard to national sovereignty and territorial integrity –a clear reference to both the Falklands/Malvinas and Taiwan– as well as the need to stimulate and support bilateral cooperation on agriculture –soy beans, wheat, corn and other grains, industry –aviation, locomotives, telecommunications, energy –particularly nuclear energy, mining –including uranium in Salta province, as well as other mineral

98 “Para Kirchner, fue una novela,” Página 12, November 10, 2004.
99 Ibid.
100 Ibid.
101 It must be pointed out that “China plans to build thirty-two nuclear power plants over the next twenty years, and France, the United States, and other governments of countries with nuclear power industries
resources mostly located in North-Western and South-Western provinces— and, specially, infrastructure— such as railways, harbors, and roads.  

Following the comments and remarks made by the Chinese President, Mr. Kirchner underlined the importance than China has for Argentina as a “strategic cooperation partner”. It could not have really been any different, since, reportedly, “Hu Jintao offered $18 billion to Argentina to help forgive its national debt in exchange for Buenos Aires recognition of China as a “market economy”. “

Once the meeting was over, several agreements of bilateral cooperation were signed by the two governments, including several Memorandums of Understanding — such as the program regarding the approval for groups of Chinese tourist to visit Argentina — in its new character of “approved Chinese group travelers destination”, the memorandum establishing bilateral cooperation in railways projects — which was equally welcomed by prominent local businessmen and several provincial governors, since it would be highly beneficial for the remote North-Western provinces— education programs and technological cooperation on the peaceful use of outer space.

The following day, on his speech at the Argentine Congress, President Hu underlined the reciprocal benefits of establishing and developing a “strategic partnership” between the two countries, and highlighted the mutual compromise to promote a healthy and stable friendship and cooperation relation between them. On this regard, and in spite of the incident, it had been noted that the character of the Chinese-Argentine partnership was being strengthened and heightened from “a “full-range cooperative” one to a "strategic" one”. 

have moved into high gear to capture part of the business. The Chinese, no doubt, will pit all against each other and end up with the best technology mix possible and a strong Chinese nuclear power plant industry as well”, See Fishman, China, Inc.: How the Rise of the Next Superpower Challenges America and the World, 286.


103 Hsiang, “China Challenges US in Latin America”, 137.


105 On this regard, it should be taken into consideration that it has been noted that Chinese government negotiators sometimes may flatter their counterparts by referring to them as “an “old friend”. Be aware that “friends” are expected to help China by offering better terms.” See Gesteland, Cross-Cultural Business Behaviour: Marketing, Negotiating and Managing Across Cultures, 155.


Having being in Argentina for two days –less than half the time it had spent in Brazil, where it was for 5 days\(^\text{108}\), the Chinese delegation continued its way to Santiago, Chile, where a much more serious trade-partner –so reliable that Chile was the first Latin American country to have a Free Trade Agreement with the PRC– and the 12\(^{th}\) APEC Meeting were waiting for him. The delegation led by Hu stayed for two days in Santiago, and, after attending the APEC meeting, a series of negotiations with the Chilean government –which would eventually lead to the signing of the 2006 FTA between the two countries– were started.

The underlying reasons behind the Kirchner administration’s decision of leaking the inaccurate news to the press were never made public and remain unclear at the time of writing. What –unfortunately– was crystal clear then –and has become even clearer with each passing day– is the fact that, as could have been predicted, such a leak provoked unnecessary discomfort and gratuitous uneasiness among the Chinese delegation, as well as it caused a reaction that, understandably, was far from being good. Not surprisingly, it stirred up severe criticism from common people, scholars, businessmen and opposition parties as well.

It is important to point out that such a regrettable incident is largely responsible for the bitterness that affected the political relation between the two governments to such an extent that, until today, it has not been possible to normalize it. Interestingly, and in spite of the fact that it happened more than three and a half years ago, it is the last event to be mentioned in the “Main Events in the China-Argentina Relations” listed in the website of the PRC Embassy in Argentina.\(^\text{109}\) A clear sign on itself.

As stated, the damage that Mr. Kirchner had inflicted to the bilateral relation was considerable and, although both President Hu Jintao (胡锦涛) and Vice-President Zeng Qinghong (曾庆红) travelled to the region during this year, there where –predictably- no Chinese visits to Argentina in 2005, the year in which “China became the world’s fourth largest economy, after the United States, Japan, and Germany, as well as the world’s third largest importer/exporter, after the United States and Germany”.\(^\text{110}\)

As aforementioned, there was a growing sentiment of discomfort and uneasiness among Argentine provincial governors and other local authorities with the incident President Kirchner had provoked the year before –and that was the main cause of no

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Chinese visits taking place in 2005. However, there was a group of three Argentine governors who visited Beijing and Shanghai that year: José Manuel de la Sota (Governor of Córdoba), Jorge Obeid (Governor of Santa Fé) and Jorge Busti (Governor of Entre Ríos). In addition to that, and by the end of the year, Argentine Foreign Minister R. Bielsa travelled to the PRC and visited his Chinese counterpart, LiZhaoxing (李肇星), in what might have considered an initial contribution of the Argentine federal government to relieve some of the existing tension it had created the previous year. The gesture was far from being considered as a sign of regret, but just as an attempt to relieve the strained relation. Both ministers exchanged views “on bilateral relations and international and regional issues of common interest”\(^\text{112}\), as well as “indicated that they will further implement important consensus reached between leaders of the two countries on establishing and developing bilateral strategic partnership in a bid to jointly advance bilateral friendly cooperation in various areas”.\(^\text{113}\) Another event that may help improve the relation took place a month later, when “the Shanghai Academy of Social Sciences organized the first “Shanghai Forum on Latin America” on December 19, 2005”.\(^\text{114}\)

In October 2006, a quite weak attempt to bring the bilateral relation to better terms was made by Argentina national government, when Vice President Daniel O. Scioli travelled to the PRC upon an invitation of Vice-President Zeng Qinghong (曾庆红), who pointed out that “to enhance cooperation between China and Argentina… complies with the fundamental interests of the two countries”\(^\text{115}\), as well as hoped “the two countries will make joint efforts to lift China-Argentina strategic partnership to a new height”.\(^\text{116}\) The following month, the Vice-Foreign Minister Yang Jiechi (杨洁篪) was going to receive a delegation of Argentine deputies headed by the Chair of the Chamber of Deputies’ Foreign Affairs Committee. By late November, Argentine Foreign Minister Jorge Taiana would also pay an official visit to the PRC.

But political contacts were not the only ones to be held, and -considering that academic issues are always less thorny than political ones- in June, 2007, a Memorandum of Cooperation was signed between the Center for Latin American Studies (CLAS) of Nanjing University and the Argentine Foreign Service Institute (ISEN).

The effects of Vice-President Scioli’s visit –in which he reiterated Argentina’s adherence to the one-China policy- were to be felt several months after taking place. Indeed, it was in 2007 that the Governor-to-be started taking into serious consideration

\(^\text{111}\) “Busti, De la Sota y Obeid parten hacia China,” Crónica Rural, April 7, 2005.

\(^\text{112}\) “Bilateral Relations”- People’s Republic of China Ministry of Foreign Affairs Website-

\(^\text{113}\) Ibid.

\(^\text{114}\) Hsiang, “China Challenges US in Latin America,” 125.

\(^\text{115}\) “Chinese, Argentine Vice Presidents hold Talks,” People’s Daily, October 26, 2006.

\(^\text{116}\) Ibid.
the advantages and benefits that commercial exchanges with the PRC could have for his future personal plans. In spite of the fact that it exceeds the period of time analyzed by this study, it is important to mention that, later that year, Mr. Scioli became the governor of the biggest and richest –in agricultural as well as in industrial terms- Argentine province, Buenos Aires. And, in spite of having being in office for less than four months, in March 2008, Governor Scioli – realizing the ‘enormous potential that it represented for bilateral trade’ 117- visited the PRC and signed a cooperation agreement -on tourism, academic exchanges, production of agricultural machinery and other issues- with his Chinese counterpart in Shandong province.

In January, 2008 –and as part of the Memorandum Of Understanding that both countries signed in 2004– President Fernández de Kirchner met the PRC Ambassador Gang Zeng in Argentina, to sign the decree by which the Argentine state acquired railway-related materials from China. In April, Buenos Aires City was selected by the Chinese Olympic authorities as the only Latin American stop to be included on the relay of the Olympic torch –being also the only Spanish-speaking city visited by it. It could be said that the Chinese central government had a symbolical gesture of significant political connotations. Aware of the political implications of the torch’s arrival –and unwilling to undergo a situation similar to the protests that had taken place in London, Paris and San Francisco– the Argentine federal government responded by redoubling its efforts in preventing pro-Tibet demonstrations from taking place during the torch’s visit. It succeeded. In June and July 2008, the Governor of Buenos Aires province, Daniel Scioli, and Mauricio Macri, the Chief of Government of the Autonomous City of Buenos Aires visited China, 118 which is another sign that not only provincial leaders will show the way, but also that other local non-provincial authorities will follow. Mr. Macri was attempting to attract Chinese investment in two main fields: infrastructure and new technologies, which, if he were to succeed, would be beneficial for Buenos Aires City in the present and for Argentina in the foreseeable future, if both Mr Macri and Mr Scioli –who has presidential ambitions– decides to run as candidates in the elections of 2011. Could this be considered –along with the visits and other efforts undertaken- as an initial sign of incipient normalization in the bilateral relations? Would it be possible to argue that it represents the return to a stage in which the relation had not been so severely damaged as it currently is?

In short, there have been efforts being made in order to overcome the “leak incident,” but so far it could be said that only provincial and local governments have been involved on them, with a conspicuous absence of the Argentine federal government. This absence becomes particularly notorious if we were to consider that it was the federal government itself the one who provoked the incident, and it should be the one expected to

try to take the initiative in restoring the dialogue, to say the least. Therefore, the Argentine government—which, logically, is in the weaker position and has much less bargaining power that its Chinese counterpart—will have to work much harder in trying to solve the problem it created, since isolated efforts can not, in any ways, considered to be enough.

**The (eventually-failed) attempt to raise the taxes on grain exports**

The aforementioned points—regarding the need for the Argentine federal government to become more actively involved in restoring the damaged political relationship with China becomes only more evident when taking into consideration that the last export-taxing decisions it attempted to impose on the first half of 2008 backfired and turned out to have highly counterproductive consequences in both the domestic and the international arenas.

Argentine farmers and large sectors of the society were mobilized against the unpopular measures. The Minister of Economy that had the idea had to step down six months after having come up with it. The country was forced to witness a draw in the Senate after the project was approved by the Chamber of Deputies.

As the natural President of the Senate, Vice-President Julio Cobos was forced to vote to break the tie. He voted against the project President Fernández de Kirchner had presented and become one of the most popular politicians from that day forward. Such a vote is generally considered to have mortally wounded the government, and one of the reasons why it is unlikely that the foreign policy profile of a trading state is to be adopted by it is that it is just too busy trying to secure its survival in this year’s June legislative elections as to be thinking about anything but domestic politics.

**VI. Conclusion**

The Argentine government seems to have become lost in thought about its own survival in the coming legislative elections to be held in June. It would not be realistic to expect it to become, out of the blue, aware of the benefits and advantages offered by deeper political and economic integration with China—or with the world, as a matter of fact, and the aforementioned tax rises—even if they failed to be imposed—only strained the relation even more. Furthermore, Mrs. Kirchner—just like her husband—seems not to be aware of the basic postulates of Peripheral Realism: it would not be reasonable to expect the current administration to adopt the foreign policy profile of a trading state, nor to prioritize the welfare of its citizens by prioritizing the economic development of the country, nor to create the conditions that would allow it to benefit from the rise of China by reestablishing the political relations with it, nor to break the increasing state of isolation in which Argentina has been steadily sliding into for the last five years.
The main difference between the PRC and Argentine governments seems to be the presence of a clear long-term strategic vision and country-project -in the first case- and the conspicuous absence of it -in the second one.

The existing tensions between the federal and local governments, the lack of interest in attracting Chinese investments and, specially, the lack of a plan of promotions, marketing campaigns or cultural events to promote the country in the PRC –where Argentina is unknown to the large majority of people- and to attract Chinese tourists, together with the isolation in which the Kirchners have led the country into, are all factors that indicate that there are not signs of any changes in the current state of affairs.

It is noteworthy that Argentina can not afford to remain in bad political terms with China, being the latter one of its most important trade partners, and specially taking into consideration that the commercial exchanges have steadily been on the rise. Needless to say, the Argentine government should refrain from irritating its Chinese counterpart, since it would be convenient for it to keep in mind that, as it has been astutely observed, “the powerful… have an awesome capacity to discriminate among states, bestow favor on some, and let others fall out of grace.” 119 Could the Argentine government led by the Kirchners afford to put Argentina –that is to say, themselves– in such a hazardous situation?

In the specific case being analyzed here, the consequences of the bilateral relations turning sour could be reflected in several facts that will be examined later on, among which it could be mentioned the conspicuous absence of State visits in the presidential agendas, as well as in the lack of meetings of high ranking officials. On this regard, an important signal about how things are going to be between the two governments will be provided by the agenda that the current Argentine president is to adopt with regard to the setting of her State visit to China. However, it could be argued that such a visit is not likely to take place nor this year nor anytime soon, since this happens to be an election year and the Argentine government cannot afford to include foreign policy issues in its agenda, completely devoted to its attempts to assure domestic survival –an endeavor in which, it seems, success is far from being achieved at the time being.

As regards China, the lack of response of its Argentine counterpart has only encouraged the government to keep looking for alternative sources and suppliers, sporadically showing a good-will gesture (such as the 70 billion yuan120 [ US$ 10.24

119 Escudé, Foreign Policy Theory in Menem’s Argentina, 118.
120 “China, Argentina to settle trade in yuan: Xinhua,” Marketwatch, March 30, 2009
billions] swap agreement concluded last April, which is supposed to strengthen the Argentine foreign reserves) and devoting most of its efforts to negotiate FTA with other countries in the region (such as Chile, in 2005; Perú, in 2008, and, since January 2009, discussing the newest one with Costa Rica) and to receive those South American leaders that – unlike the Fernández de Kirchner administration – manage to find the time to pay a State visit to China, such as Chile’s Michelle Bachelet (on April 2008) and Lula da Silva (on May 2009).

Indeed, it is absolutely stunning to witness that, while the previous administration of N. Kirchner could be charged of straining the political relations with its Chinese counterpart- the current one – instead of trying to benefit from the enormously attractive opportunities the PRC offers to Argentina – could indeed be accused of doing its best to also ruin the economic ties the country still has with China.

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