Introduction

Argentina has tried to take advantage of opportunities for diversification created by the rise of East Asia and India, and particularly the re-emergence of China in order to gear its recovery, and, eventually, its proper re-emergence. Most Argentines earnestly believe that the country has overcome the enormous economic crisis of 2001-2002 thanks to the exports to China, and that also greatly mitigate the global crisis of 2008-2009, which has had mild effect on Argentina. China is now the second most important trade partner of Argentina, surpassing traditional ones like Europe and the United States, and is the most important market for the agribusiness sector. After more than a half century period of relative economic decline, in recent years some Argentines even believe that restoration of dreams of at least a modest dose of *grandeur* might be achievable again. For many domestic observers there is a certain *déjà vu* in the current situation with China that resembles the close relationship that Argentina has with the British Empire at the beginning of the 20th century. However, others mistrust China’s intentions. This article will examine Argentina’s relations with Asia (China, Japan, Korea and SE Asia and India)
and specifically the impact of China’s re-emergence on Argentina’s own recovery after the crisis of twelve years ago, and map some trends for the coming years.

Few countries in Latin America, if any, have been under a process of transformation like that of Argentina due in great part to its relationships with East Asia and preeminently China in last decade. This impact is also geophysical; it is quite visible, both in the countryside and also –but to less extend- in urban areas. The soya complex (complejo sojero) is a new, advanced, technologically sophisticated and dynamic economic sector that is at the core of Argentina’s relation with China, India and SE Asia.

A major difference between Argentina (and also Brazil) and other Latin American countries exporters of other raw materials to China (iron ore, copper, oil, nickel) is that soya is not an endowed or inherited resource, and non-renewable. In fact, as a significant economic sector, it was not there fifteen years ago or so. This point is crucial. It has been argue that the countries in Latin America and Caribbean that have done well in their economic relationship with China in recent years (the “winners”), were the ones benefited with the “commodity lottery”. In this regard, soya is not like copper, nickel, iron or oil. Soya is not a given, it is an acquired, highly developed and advanced substitutable biocommodity. Although certainly is based on available soil, sun and water, Argentina was able to transform itself to take advantage at least in part of the rise of East Asia.

Diversification, in the case of Argentina, is not only finding new markets for the same old products, but more impressive, developing a totally new product. The soya complex is a new economic sector that has developed almost from draft. Of course, it is not diversification in the sense that the exports of Argentina, in fact, have become more concentrated, but it is in the sense that is a shift to a new type of product. In the case of China, overarching shared political goals (full respect to sovereignty and national integrity, agreements on one-China/Taiwan/Tibet and Malvinas/Falkland, promotion of multipolarity), and spectacularly growing trade forms the backbone of the relationship that has been declared as a “strategic relationship” since 2004. However, the relationship has not been without increased trade friction, dashed hopes in the investment sector and even some political difficulties and misunderstandings.
**Brief Historical Background**

Among East Asian countries, Argentina has had a long relation with Japan. Diplomatic relations with Japan were established in 1898 with the signing of the Treaty of Amity, Commerce, and Navigation. This treaty, as well as others signed with Latin American countries, was highly appreciated in Japan because it was done on equal footing, as full sovereignty polities. As I have mention in other occasions, Latin America has been historically an important “recognition” exporter. Argentina helped Japan in the Russian-Japan war in 1905, selling two powerful warships, the “Rivadavia” (“Kasuga”) and “Moreno” (Nisshin), which defeated the Russian in the major naval battle of Tsushima (May 27-28, 1905). Because of this, during Argentina’s several military governments between 1930 and 1983 usually the Argentine ambassador in Tokyo was a naval officer. The first Japanese immigrant arrived to current Argentine soil in the 17th century, to Córdoba. The Japanese community, however, expanded during the 20th century. 11,675 Japanese live in Argentina (2011) and there are approximately 23,000 descendants, many of them from Okinawa. They were engaged in laundry, flower production and martial arts, but now most of them are professionals and at least one politician (Mario Kishi). Many Argentines have received training in Japan through the Japan Foundation, JICA and other cooperation organizations. Cultural cooperation and sympathy has always been important, martial arts (judo, karate-do) being quite appreciated in Argentina and tango have take roots in Japan (Ranko Fujisawa, etc). The most important Japanese investment in Argentina is the Toyota truck factory. Usually excellent bilateral relations were severely affected by the economic crisis of 2001 in Argentina and the default of the external debt. Many Japanese citizens have been sold bonds of Argentina and were hurt by the default. Minister of Foreign Affairs Bielsa traveled to Japan in 2003 to mend relations, but was not successful. Seven years latter (2010) Minister Jorge Taiana visited Japan, and in 2011 Minister Héctor Timerman traveled to Tokyo after the earthquake, and the relations have been improving slowly. Trade has been stable in recent years. In 2012 bilateral trade was $2,197 million dollars, with surplus for Japan. Argentina is Japan No. 6 trade partner in Latin America (Japan’s Ministry of Finance, *Latin Trade Chronicle*). Trade pattern is classic raw materials for manufactured goods. The G-20 meetings also provide opportunity for the leaders to met and cooperate, as well as FEALAC.
Relations with Korea (South Korea) started after World War Two, when Argentina begun to receive Korean immigration. At the peak there were probably 35,000 Koreans living in Argentina, but many have immigrated to third countries, such as United States, Canada and Australia, and some of them went back to Korea. Probably 8,000 went to Mexico after the 2001 crisis. Originally they went send to different provinces but most of them ended up in Buenos Aires, and many of them working in the textile sector which was controlled before by the Jewish community in Once and other areas. There is a Korean School in Buenos Aires. Several hundred of Argentines have received training in Korea with the support of the Korea Foundation, KOTRA and other organizations. During most of the Cold War, Argentina recognized South Korea. Both countries established diplomatic relations in February 1962. In 1973 the wife of Perón María Estela Martínez de Perón (Isabelita) and López Rega visited Pyongyang. When Peronism recovered the government in Argentina in 1973, the new government established relations with North Korea on June 1, 1973, but the North Koreans leaved the country in a confuse event on June 5, 1977, during Argentina’s military government (See a detailed report in Paz, 2001). Trade with South Korea in 2012 was $2,401 million dollars, and Argentina was South Korea’s No. 6 partner in Latin America. Trade pattern is classic raw materials for manufactured goods. Investment is quite limited (fisheries, etc.).

Argentina’s relations with India are modest, although growing. Historically the relationship between writers Victoria Ocampo and Rabindranath Tagore was very important, and the Indian writer visited Argentina in 1924. Indian culture and Yoga has always been appreciated and respected in Argentina. There is a quite small Indian community in Buenos Aires. As China, India also support Argentina’s position on Malvinas/Falkland, according to a report following Minister Timerman visit to India on June 19, 2013. Trade is still low, but growing quickly in recent years (less than $2,000 million dollars annually). Argentina is an important exporter of edible oils (from soya and sunflower). However, India played an important role during the period of Chinese sanctions (see ut infra). Due mostly that many Indians are vegetarian, soy pellets/flour are not demanded by India (a major difference with China and SE Asian countries). India investment in Argentina is small but quite interesting, particularly in IT industry, pharmaceutical, chemistry, and services (telemarketing). There are eleven Indian companies investing in Argentina: United Phosphorus Limited (UPL); Punjab Chemicals & Crop Protection
Limited (agrochemicals); Godrej (cosmetics); Glenmark (pharmaceuticals); Havells Sylvania (lighting). TCS, Cognizant, Copal Partners, Irevna, Cellent and Aegis all six are in IT

Argentina’s companies in natural gas (CNG) has offered the Argentina’s advanced technology in the area, and a major engineering & hydroelectric company, IMPSA established an office in Gurgaon (investments source: R. Viswanathan, former ambassador of India in Argentina, interview in June 2011 with author). An Argentine company will also build a $30 million dollars nuclear medicine (radioisotope) facility in India. In Argentina’s agribusiness sector, some have forecasted that India might well become the “new China” for Argentina in 5 to 10 years, if a revolution similar to the soybeans occurs in Argentina with the production of pulses like chickpeas, lentils, according to Ing. Gustavo Grobocopatel, the leading figure of Argentina’s agribusiness, “the soy king”, in personal interview with the author in October 11, 2011.

Argentina and the Republic of China (ROC) established diplomatic relations after negotiations that took place on the sidelines of the San Francisco conference of 1945. However the relationship was not very active. In February 1972, just after the historic visit of President Nixon to Beijing in 1971, Argentina and the People’s Republic of China (PRC) negotiated the “normalization” of the diplomatic relations, in Bucharest. It is important to note that Argentina was under military rule, and the president was General Agustín Lanusse. The militaries were clearly alienated with West in the Cold war, however, in typical Argentine style, at the same time they also wanted to pursue diversification of foreign relations and international economic policy. After the military coup of March 24, 1976 against the civil Peronist government, diplomatic relations continued with normalcy, in the same way that it happened between China and Chile after Pinochet’s coup d’état on September 11,1973, but in stark difference with the Argentine Junta’s approach towards another Asian communist country, North Korea (relations were severe in 1977, as mentioned).

This pragmatism was an attempt to keep an adequate diversity of external links notwithstanding the remarkable regime differences, which were important then, and are relevant today. During this time, despite ideologic opposite views, there were other common interests, such mutual support in international fora on human rights issues, trade, etc. In June 1980 the de facto President Videla was the first president of Argentina to visit Beijing. China has always supported Argentina in international fora regarding to Malvinas/Falkland, and it didn’t support Great
Britain (it was a Beijing abstention) in the United Nations Security Council during the Malvinas/Falkland war in 1982.

After democracy was restored in Argentina in 1983, Chancellor Caputo visited Beijing in 1985 and President Alfonsín was the first democratic president of Argentina to visit China, in 1988. After Tiananmen, Argentina refused to join the Western sanctions to Beijing, and President Yang Shangkun visited Buenos Aires in 1990, as part of a Latin American tour designated to break the diplomatic isolation of the regime. Soon, President Menem, who had promoted “carnal relations” with the United States, and was a fervent supporter of the “Washington Consensus”, was the first president in the world to visit China after Tiananmen, in November of 1990, and visited China again, in 1995. When President De la Rúa, visited Beijing in September 2000, it was the first capital out of the hemisphere he visited. The negotiation for China’s accession to the World Trade Organization (WTO) was accelerated and the agreement was finally signed. Mirroring the progress of economic ties and preparing for growth, Argentina opened a Consulate and Trade Promotion Center in Shanghai in May 2000. In 2001, Argentina’s exports to China surpassed the $1 billion dollar mark, an important milestone. In 2012 trade was $17.1 billion dollars.

A Milestone: 2004

An important chapter of recent evolution in China-Argentina relations was written in 2004, where the visit of President Kirchner took place from June 28 to July 2 and in occasion of the visit of President Hu Jintao to Argentina, from November 16 to 18. President Kirchner visit to Beijing, barely one year after taking office, was important in several ways. Firstly he began to develop the idea of seeking Chinese help to lessen the pressure on external financial sector of Argentina, which was on default of its external debt since December 2001. Kirchner’s trip opened several channels of negotiation between both countries. Argentina’s Secretary of Transport, Ricardo Jaime, was particularly active. In the months and weeks before Hu’s visit, calculated leaking of information from high governmental circles created great expectations about the visit. Several media attributed the president Nestor Kirchner saying that if what was being negotiating with the Chinese was signed, his portrait must be hanged over that of General San Martin, the liberator of Argentina, Chile, Peru and Ecuador and Argentina’s maxim historical hero. Other media attributed the president standing on his office table and saying that
he would be considered as more important than Maradona and Gardel (the mythic soccer and tango idols) together. Besides the colorful but true anecdote, what the Argentine government believed was being negotiating was a $20 billion dollars investment package, and in a parallel way it was exploring the possibility to received a Chinese loan to fully repay the debt with the International Monetary Fund (IMF). It is easy to dismiss the importance of the mentioned investment, however, but for a country that in 2004 was just three years after the economic collapse and external debt default of December 2001, and that still was out of the international financial markets, the possibility of this external aid was of utmost importance. All these leaks, rumors and speculation, the following visit of Hu Jintao and the outcome were constantly reported by different media, the full political range from the left to the right. However, substantial aspects still remain unknown for the citizens. In recent years I have conducted dozens of elite interviews with former members of the Presidential cabinet, Argentine and Chinese diplomats and other high sources to reconstruct the events, and a partial account is presented here.

A crucial objective for the Chinese was to obtain an Argentina’s declaring China to be a Market Economy (ME). Carrots were offered in the form of a $20 billion dollars package, particularly loans and investments in the railway sector. The government of Kirchner had made the protection of national industry and the internal market as an important economic priority and a political banner, so it resisted the move, at the beginning. Brazil’s declaration of China as a ME in the days before leaved Argentina with almost no room of maneuver. Even when Hu Jintao reached Argentina the agreement was still not accepted by Argentina, but after a night of feverish negotiations at the Palacio San Martín, the headquarters of the Ministry of Foreign Affairs of Argentina, Argentina accepted the following day. About the $20 billion package, just five memorandum of understanding (MOU) were signed. As the coming years demonstrated, little was executed, far from the high initial expectations and limited final promises of 2004.

A very important parallel issue was the secret request of the Argentine government of Chinese support to pay the external debt that the country had with the International Monetary Fund (IMF), around $10 billion dollars. This was one of the most explicit attempts of Argentina for diversification of its external financial sources, taking advantage of the new strength of China, and to overcome the perceived “dependency” on the IMF. This was an important objective for
the government, because the IMF was considered by the government and important sectors in the society to be culprit in great part of the 2001 financial meltdown, and an instrument to pressure Argentina to implement and enforce the ideas of the “Washington Consensus”. The “liberation” of Argentina of the IMF diktat would also be shown as an important international political and strategic victory. President Kirchner sent a secret personal letter to Hu Jintao through the Chinese embassy in Buenos Aires. The move was done in total secrecy. Apparently neither the Minister of Foreign Affairs nor the embassy of Argentina in Beijing were informed or copied. Two then-members of the Cabinet that I interviewed independently in Buenos Aires confirmed the presidential letter, although the text has never been released. Kirchner gave Hu Jintao the most impressive state welcome ever to a foreign dignitary. However, despite the government’s high expectations, the Chinese showed sympathy with the idea but at the end Beijing decided not to help Argentina. Kirchner also become aware that Hu Jintao and himself viewed the strategic element of “strategic relationship’ in a very different way. Thus, this is the case in which the political limits of the financial strategy of diversification become evident, at least for the moment. In November of 2005, the Minister of Foreign Affairs of Argentina Rafael Bielsa visited Beijing, trying to sell bonds of the Argentine debt, but with limited success (my interview with him in Buenos Aires confirmed this; see also Oliva, 2010). Despite Kirchner’s disillusion with Hu Jintao, the President kept exploring the idea of full payment to the IMF, as a mean of achieving “independence”. When Brazil announced that it will use reserves to pay to the IMF at the end of 2005, Argentina immediately announced the same, skillfully playing with timing and taking advantage of the mild international reaction to the Brazil move.

The Pampas: A Transformed Biogeophysical Space

The most obvious and visible physical transformation of Argentina has been that of the countryside. The production of soya or soybean (Glycine max), a plant of Asiatic origin, almost unknown fifteen or twenty years ago in the country, is now roughly half of the total production of grains (about 50 million tons of 100 million tons of total grain production). 2013/2014 production is forecasted by USDA in 54.5 million tons (June 2013). Thus, Argentina has become one of the most important producers of soybeans and derivates (oil, pellet/flour and biodiesel) in the world. Just a little of this massive production is used domestically, and so, most of it is exported in some form. Because of it, in many years in last decade Argentina has been the most
important exporter of soybeans and/or soy oil and (soy) biodiesel in the world. The impact of Argentina production and export is huge in a sensitive and crucial market. According to USDA (2013) “processed soybeans are the world largest source of animal protein feed and the largest source of vegetable oil”.

This transformation is mirrored by the rise of East Asia and particularly China’s strategic need to achieve food security. Demand of food is increasing exponentially in China. Sheer economic progress in China in the last three decades means a growing middle class that can devote more resources to food, in particular to proteins of animal origin (fish, chicken, pork, and cow). China’s domestic production of grains that are used to be transformed in animal protein is under stress for several structural trends. One is the displacement of population from the countryside to the cities and the parallel reduction of rural labor force; another one is the expansion of urban surface over the fertile land previously available for agriculture. Several millennia of farming have also take a toll on the productivity of the land, and water scarcity and/or growing pollution is an increasing problem. With a population of 1.3 billion and a surface of arable land of 121.7 million hectares, China has 21 per cent of the world’s population, 8.5 per cent of the world’s total arable land and 6.5 per cent of the world’s water reserves and since 1997, China has lost 8.2 million hectares of arable land due to urbanization and forest and grassland replanting programmes, as well as damage caused by natural disasters (De Schutter 2010; Hofman & Ho 2011). Furthermore, political legitimacy in China historically has been associated with food availability (in quantity, quality) and price (inflation means basically food price inflation), so food security is of crucial importance for the regime sustainability.

The transformation of Argentina’s countryside is also connected to a new phenomenon that is again correlated with China and India extraordinary rates of economic growth. In the last decade or so there has also been a rapidly developing new process of production of liquid bioenergy, from biomass, particularly biofuel and bioethanol. The demand of energy and especially of fossil fuels has skyrocketed in the last decades in China, particularly after it becomes a net importer of oil in 1993, and so energy security is of concern. Due to the growing demand of energy and the rapidly decreasing availability of fossil combustible (oil and gas) in China, India, and Japan and around the world, sustainable liquid bioenergy has been one of the areas that have been exponentially expanding to cope with the international demand. Soya is an excellent source of
vegetal oil that is produced for human, animal and industrial consumption but that is also a biofuel. This combine use for food security and energy security keeps demand strong.

A massive industrial and transport infrastructure has been and is being developed in Argentina (specifically deployed on the shores of the mighty Paraná River, in the provinces of Santa Fe and Buenos Aires) to produce biofuel from soya and soy oil. On October 18, 2007 the first export of biofuel was done. In 2012 roughly 2.5 million tons of biofuel was produced in Argentina, and half of it was exported, generating an income of $1.7 billion dollars. At the end of the decade Argentina was already one of the major producers of biofuel the world, and the biggest exporter. At the beginning of 2011 a forecast of INTA (Argentina’s governmental agency of research in agriculture, forestry and livestock) posit that the production of biofuel will increase to 3 million tons soon, and about 60% would be exported. Evonik, a German company, is building a factory in Terminal 6 to produce 60,000 annual metric tons of sodium methylate, a key component in the biofuels production process. In a mission to Beijing in September 2011, the Ministry of Foreign Affairs of Argentina started conversations to export biofuels to China.

The resilience of soya to drought and excellent sanity has produced an expansion of the agriculture boundaries in Argentina. Soil under agricultural production expanded 50% in few years, from 20 million hectares in 1996 to 30 million in 2007. Productivity also increased sharply due to genetically modified seed (“Roundup Ready soya seed”, or “RR soya”, created in 1996 by Monsanto and adopted in Argentina), change in the productive system (“siembra directa”- no-till farming or direct planting-) and use of an intensive technology package (BASF and Bayer are also important players in this sector). Additionally, in January 14, 2010 it was announce that soya genome was sequenced for first time, opening the door for more biotech engineering (Schmutz et al 2010).

The environmental movement in Argentina and abroad (particularly in Europe) has been very critical of the introduction of genetically modified seeds, because of the potentially unknown risks of this kind of seeds. In 2008 Brazil approved eight new genetic events, and voices in Argentina are claiming that the approval process in Argentina be shortened (from 42 months to 24, as is usually in Brazil). Soya was the culprit of increasing erosion because of the removal of
native forest, reducing availability grains that are consumed in Argentina, such as corn and wheat, and so, increasing the prices of food available to people, in particular, to poor people).

However soya reinforced “siembra directa” productive system, which drastically reduces erosion of soil already in production. Siembra directa also means reducing expensive laboring in the summer (very intensive in the use of non-renewable fossil energy) and reducing fall weds chemical control just to glyphosate (Monsanto’s Roundup, the most used herbicide in the United States, U.S. patent expired in 2000). In 2013 China approve the import of Argentina’s and Brazil new soy events: RR2 Intacta Pro (Monsanto), CV127 (Basf), and Liberty Link (Bayer).

Corn (maize), a classic production of Argentina for more than one hundred years, is one of the crops that have initially suffered the competition from soya. It made a comeback in recent years due to soy’s sustainable productive system requirements, although, compared with soya, it requires more fossil energy-consuming laboring and expensive chemical herbicides, and more water that many times is necessary to pump and spray. Producing soya cycle after cycle might exhaust the soil in the long term, impoverishing an invaluable resource. However, corn and soya complement each other very well. Soya adds nitrogen to soil (because of the rizhobia bacteria), and corn and wheat takes it. Soon the rotation between soy and corn (and to less extend, wheat) become the typical rotation in production in Argentina. Corn is also increasingly used for the production of ethanol, another form of bioenergy. China also accepted in 2012 to import corn of Argentina, and exported 60,000 tons through Bunge, a private company. China also accepted the 1161 corn event, a new type of GMO, in June 2013, during the visit of Argentina’s Minister of Agriculture Yahuar to Beijing.

The expansion of soya has produced profound economic and political effects, as well as social impacts. A closely associated phenomenon is the expansion of a dynamic and sophisticated biocommodity production system and agri-industrial sector, regionally decentralized, in a country that have cherished a federal view of development but nevertheless has historically become extremely concentrated around the city of Buenos Aires. During most of the 20th century there was cleavage between agriculture and industry, or between campo (the countryside, the agricultural sector) and ciudad (the cities, mainly the city of Buenos Aires). Argentina is the 8th largest country in the world, and has a population of 40 million inhabitants. Roughly 40% of the
total population is located in and around Buenos Aires. Soya cultivation has produced an emergence of multiples highly developed industries in many cities and towns of the Pampa, and generating jobs. López & Ramos’ technical analysis is skeptical of any positive impact of trade with China. They also posited that “trade with China has been, on average, a destroyer of employment” (López & Ramos 2009). On the contrary, Lucio Castro et al suggested that “trade with China and India only had a small negative effect on industrial employment” (Castro et al 2007).

This transformation of the countryside, the expansion of soya production, the decentralization of new industries and location of them close to soya production, in a word, the empowerment of a vast area of the interior, reach visibility and front-page headlines in March 2008. On this date, the cash-strapped government of President Cristina Fernández de Kirchner approved Resolution No. 125/2008, issued on March 10, 2008, increasing a tax (retenciones) on soya and other grains exports to 45%, which has already been in place after the economic crisis of December 2001 (The tax was increased from 20% to 27%, and Pres. Kirchner increased it to 35% at the end of his mandate). Retenciones are important because, according to López & Ramos, “almost 20% of withholding taxes originated directly from exports to China, but the total impact is probably greater due to the price effect” (López & Ramos 2009: 151. See also 110-114). The government decision caused an uprising of the producers and their new citadins allies in the towns on the interior in the Pampa, the internationally competitive industries located there and the political opposition to the government. The government was caught by surprise, and it responded trying to frame the highly politicized debate in terms of classic Peronist slogans against oligarchy, typical of the 1940s, missing the deep changes happening in the countryside of the last decade or so.

The debate was crossed by various crucial questions: first, the legality of the unilateral decision of the government (several experts content that constitutionally, only congress can create new taxes; government answer was that retenciones were not a tax but just a tariff or duty), and so, not under control of congress but of the executive branch. Second, an important consequence of this position was that, because retenciones were considered not a tax, then the federal government was also not obliged to share them with the provinces (coparticipación). This in turn, made most governors to tactically join the opposition (even Peronist or government leaning and allied governors as well as numerous representatives and senators did so). The opposition
was then successful in framing the conflict as one of the port or the capital versus the provinces or the interior, and thus the nation and state building historical cleavage between *Federales* and *Unitarios* of the 19th century resuscitated once again.

Because the government persisted saying that the *retenciones* were not taxes, the government kept saying that the measure have not to be approved by the congress, although it have a majority in both chambers. Producers of soya and other grains were represented by four very different (and most of the time, competing organizations, with very different ideological background), but the unexpected crisis created by the government pushed them to coordinate the struggle against the 125. Many producers blocked the roads (*piquetes*), a know-how about political pressure that was very effective on the political authorities and was already available in society, very popular in the last fifteen years or so, however frequently used by social and leftist picketer groups that generally supported the government (*piqueteros*). The government lost physical control of the public space (*la calle*), which was always crucial in Peronist governments. Despite the government was desperate to increase control of these economic resources, it made an opening to provinces and towns proposing to share some of them, and trying to gain the political initiative it also proposed to built hospitals and the like with these resources and other distributive policies. It was too little, too late.

After several weeks of tension, the government bow to the pressure and sent the measure to be discussed by the congress. The government was confident because it had a majority in both chambers, so it assumed it can take the risk. The project was approved by the lower chamber, although by a thin majority, less significant than what the government was expecting. Still the government feels secure to pass the measure in the Senate, in which it has historically enjoyed the majority. In one of the most dramatic sessions of the congress history, the result of the voting was a draw. In this situation, Julio Cobos, the vice-president of the nation, which is also the head of the Senate (like in the United States), was forced to vote. Cobos’ “not positive” vote, as he famously put it, killed the government’s resolution and created a political earthquake. The voting took place on July 17, 2008, 128 days after it was issued by the government. Another consequence of the vote of the vice-President was that he was not allowed to attend the inauguration of the 2008 Olympics Games in China, as was originally scheduled.
This was the first major political defeat of Kirchnerism since 2003, and it took three years for the government to recover electoral power. In the coming midterm elections in 2009, the government was again defeated, this time electorally, including former President Kirchner, who took the risk to be himself the head of the list of candidates for representatives in the powerful Province of Buenos Aires and his list lost. An important number of new representatives were elected with an agenda of supporting the “campo” sector. After this election, the President change the tone with the campo, former president Kirchner died on October 27, 2010, and in the Presidential elections of October 28, 2011, President Cristina Fernández de Kirchner won the election with 54% of the vote.

**A Transformed Urban Setting**

There has been a lot of speculation in academy about the potential role that ethnic Japanese, Korean, Indian and Chinese communities located in some Latin American countries and the Caribbean can play, in particular as middleman. The Japanese community (25-30,000) and the Korean community (15,000) have been well established for several decades, particularly in Buenos Aires. The history of the Chinese communities in Argentina is more recent and so it is completely different from that of the Chinese experience in Cuba, Perú and even Mexico (see Hu-DeHart 2010). They are located particularly in Buenos Aires and in the great Buenos Aires, which is of course also the place where most Argentines live. The number of ethnic Chinese living in Argentina has been estimated in 100,000 (the total population of Argentina, according the 2010 census, is roughly 40,000,000). Before the PRC-Argentina agreement of 1972, there were around 700 Chinese living in Argentina. During the 1970s people coming from Taiwan settle in Argentina; during the 1980s most Chinese come from Fujian, Shanghai and Guangdong; and during the 1990s and 200s, from Fujian and also urban areas like Shanghai and Shandong. By most part, the Taiwanese and the Chinese communities have lived jointly without major problems. They have created a Chinatown (*Barrio Chino*) in the southern part of the beautiful Belgrano residential area in Buenos Aires, but its presence spread all over the city. In recent years, however there has been an expansion in many cities in the interior of Argentina, especially in the capital cities of the provinces and other middle size towns, like Pilar, La Plata, Mar del Plata, Córdoba, Rosario, and Mendoza. The current ambassador of China in Argentina Yin Hengmin, have asked for less visa restrictions for Chinese citizens (Carolina Guerra Zamponi
The Chinese communities are organized in more than 30 active associations (Jorgelina do Rosario 2011).

At the center of this development is the proliferation of supermarkets of Chinese family property and management. This is a phenomenon not unknown in the rest of the continent and there has been even some few historic cases in the region in the past, such as those of Sonora in Mexico circa 1911 or in Jamaica circa 1925, (Hu-DeHart 2010) however the sheer scale and modernity of the process of expansion and deployment of Chinese supermarkets (*supermercado chino*) in Argentina is probably unparalleled. Currently, in the city of Buenos Aires and its surroundings, probably more than 30% of the total supermarkets are Chinese’ owned shops. Most of these shops have formed a close-knit group, that has also been institutionalized in a legal entity, the Cámara de Supermercados de Propiedad de Residentes Chinos (CASRECH, in English, Chamber of Supermarkets of Chinese Residents Ownership). Casrech was created on April 27, 2004, in Buenos Aires. Currently they have more than 3,180 associated shops in Buenos Aires and Great Buenos Aires, and around 1,500 in the rest of the country. Casrech posits that it represents 80% of the total amount of Chinese supermarkets in Argentina. Thus, in total, there are approximately more than 7,000 Chinese supermarkets in Argentina, although other estimates put the number above 10,000, in any case an astonishing figure. Although Casrech was founded in Buenos Aires, there several branches in Rosario, Mar del Plata, Córdoba, Bahía Blanca, Mendoza, San Miguel de Tucumán, Santa Fe and Paraná. The image of China for millions of Argentines is shaped by this daily contact with the Chinese communities in Argentina and its now increasingly dominant presence in the supermarket sector.

This powerful association has become a well-oiled machine to coordinate, support and defend the Chinese supermarkets, and the Chinese people working in them. The collective power bargain of the Chinese supermarkets has made them been able to keep prices lower than the competence. In a country that is suffering a growing inflationary process, the Casrech has frequently engaged with the Secretary of Commerce Guillermo Moreno in several transitory price frozen on basic products that were at the core of the government strategy to cope with inflation. Casrech has launched its own credit card, and it is increasing the number of products with own brands. An important step in this direction was the purchase of Gandara, a traditional
and respected company of the province of Buenos Aires, focused in milk, yogurt, and dulce de leche.

Although the embassy of the People’s Republic of China in Argentina denies any link with Casrech, the picture of the embassy is prominently displayed on Casrech website (http://www.caserch.com accessed on March 24, 2011, again June 13, 2013). An explicit objective of Casrech is to fight racism and discrimination of its members. Another important problem is security. Insecurity and common delinquency has been rising in Argentina in recent years (although the rates are still much better than most places in Latin America), but a particularity of the Chinese supermarkets is that they have increasingly been the target of Chinese mafia. Assassinations of Chinese owners and Chinese workers on the hands of other Chinese engaged in mafia activities are not unknown, and have created an unprecedent challenge to the authorities. Both countries, China and Argentina, have established better cooperation mechanism to deal with this problem.

**China’s Rapid Expansion in the Oil Sector**

The oil sector in Argentina was historically dominated by Yacimientos Petrolíferos Fiscales (YPF, Fiscal Petroleum Fields) for 77 years, since its creation in 1922 up to 1999, when the government of Carlos Menem, still caught in the middle of the privatization fever unleashed by the “Washington Consensus” ideas, sold this powerful symbol of nationalism for $10 billion to the Spanish company REPSOL (REPSOL YPF since then). However other players have been important, among them Shell and Esso, and other privately owned argentine companies, such as Petersen Group (of Enrique Eskenazi) and Bridas (founded in 1948, and owned by the Bulgheroni brothers, Carlos and Alejandro, currently the richest persons in Argentina).

This last company is of interest to understand the increasing Chinese penetration in Argentina’s oil sector. Amoco bought 60% of Bridas in 1997 for $550 million and later Bridas created a new oil company with British Petroleum (BP), Pan American Energy (PAE). In 2005 China National Petroleum Corporation (CNPC) bought 40% of Pan American Energy for approximately $5 billion. On May 2010, China National Offshore Corporation (CNOC) acquired 50% of the
company. Since May of 2010, Bridas acquired more actions of Pan American Energy in the hands of British Petroleum, for $7 billion dollars (although in November 2011 the deal seem to be blocked). In 2011, with the backing of CNPC, they bought all the Esso operations in Argentina, Paraguay and Uruguay, becoming the second most important oil company in Argentina, and only integrated oil company in Argentina (exploration, exploitation, refining and retailing), besides Repsol YPF.

Chinese interest in Argentina’s oil has been long, doing exploration in the Formosa province and others several years ago. Yet, the expansion of Chinese presence in Argentina’s market is more recent. There is of course a correlation between this process and the Chinese expansion in the oil sector of Venezuela, Ecuador, Cuba and Brazil. There have been rumors for several years that Chinese companies are interested in buying shares of Repsol YPF, a move that the government has signaled is opposed (latter the government nationalized YPF). In May 2011, Repsol YPF sold another block of share to Argentina’s private oil company Petersen (Eskenazi), who knows controls 25% of the company, a preferred option by the government. Besides, China’s companies have shown interest in investing associated with YPF in the Vaca Muerta shale gas field, one of the largest in the world.

Mining

Mining is an expanding sector in Argentina in last decades. Argentina has never relied too much on mining as Chile has done in the past, although sharing the same Andes mountains. However, in recent decades mining is accelerating. A treaty with Chile that allow common mining project to saddle the border in the Andes has help to create a more positive situation for investors, although most projects are entirely on national soil. Because millions of years ago the tip of Patagonia was twin with the mining superpower South Africa, there is an assumption that there is probably a similar geological structure, so a lot of exploration and new productions have started in recent years, searching for gold and diamonds. Also the lithium deposits that Argentina shares with Bolivia and Chile in the northern Puna region are attracting a lot of international attention, since lithium is a scarce yet strategic substance crucial in the production of batteries, an industry
in crazy expansion, however it has been Japan and Korea the more active in this area. The bottom line is that rise of the price of minerals in the last decade is correlated with the economic growth of China, and so the incentives for the activity have growth in last decade.

Prospecting operations have also being launched in a number of provinces, such as San Juan and Jujuy. So far, the most important Asian mining activity in Argentina is the Sierra Grande iron ore mine. Several governments of Argentina were interested in the exploitation of the iron ore deposits not in the Andes, but in Patagonia, in Sierra Grande, in the Atlantic coast of the province of Rio Negro, a mineral resource considered strategic for the state in previous decades. In 1992, during Menem’s government, the state owned HIPASAN facility was closed and following this the nearby town of Sierra Grande, situated 8km (5 miles) north, has suffered unemployment and migration for 14 years. In November 2006, the Chinese company Metallurgical Group Corporation (MCC) bought 70% of the stakes that were already in the hands of other Chinese company. Since then, the company has invested around $85 million dollars in new equipment and machinery to replace the old ones, in both areas of operation, one close to the town of Sierra Grande, and the other at 32 km (20 miles) of distance on the Atlantic shore, Punta Colorada, a mining port.

The process was complicated, and the operations have been delay by problems with the provision of water, occurrence of labor strikes and others. The provision of water has been a serious issue, particularly in the first months of 2009. The complex needs more than 2,600,000 liters of water per day, and the water provincial company (Aguas Rionegrinas S. A.) has experienced difficulties with coping with the demand. The goal is to extract 2,800,000 tons of mineral and 1,220,000 of concentrated in a period of 2 to 3 years, according to Han Yongzhi, the manager of MCC in Argentina. The cultural gap has been a problem between the Chinese and the people of the nearby town, according to a journalistic account (Maradona 2011). According to a company source, around 2000 jobs were created (400 directly, 1600 indirectly; of them, 73 are Chinese). It is believed that still there are 214 million tons of iron ore available in the mines (there are in fact three main mines, and 96 kilometers of tunnels). In the past the peak of production was in 1986, when more than 640,000 tons were extracted. The Chinese takeover and start of the operations has been slow, but in December of 2010 the first shipping of 54,000 tons was done, followed for another one in February 2011. The logistic is complex, the production of
the mine is accumulated on site, and then an iron duct transports the mineral to Punta Colorada, a mineral port on the Atlantic (/mcc-msg.com accessed 25 March 2011).

The expansion of mining in Argentina is highly dependent on international prices of minerals, and the cost of transportation. It is a sector full of potential but still underdeveloped. However is different from Chile in the sense that most mines (but not all) are generally far from cities. The major environmental concern is the closeness of potential mines to the sources of many rivers, an issue that was at the core of several parliamentary debates in recent years. China has been cautious yet, but the Chinese big projects going on in Peru and other parts of the region seem to signal that the interest is there and probably in the future China would like to increase the share in the alluring sector. This would be another diversification of Argentina’s exports, as Australia and Canada have done, as well as Chile and Peru are also doing in the region, diversifying again in the primary sector, although not based in manufactured goods, the prefer option for most Argentines.

**Railway sector cooperation**

Railways were crucial in the process of development and expansion of Argentina’s economy at the beginning of the 20th century, and the network, built with British funding, was the most important in Latin America. They were nationalized by President Perón after the Second World War in a debated decision. Since then, maintenance has been expensive and problematic and the privatization wave of Menem in the 1990s sold or close most of it. In a large country like Argentina, railways are potentially very important. Agreements on the railway sector were very important in the visit of President Fernández de Kirchner to China in July 2010 as it was in the presidential visits and negotiations of the significant year 2004, although little was implemented. During the visit several agreements for a total of $12 billion dollars were signed, covering ten projects over a period of time of two to five years.

Several Chinese companies will be benefited with the contracts. China National Machinery & Equipment Import & Export Corp. will be focused on the Belgrano Cargas, a freight railway, and it will be the major project. This is a railway that links 14 provinces and has 7347 kilometers of tracks (although in 2006 only 5069 were in use). The project with the Belgrano line will be handed by a consortium headed by Shaanxi Coal Group Investment Co. Another Chinese
company, China Northern Locomotive & Rolling Stock Industry (group) Corp. (CNR) will sell part of the materials, financed by China Citic Bank Corp. and China Development Bank Corp (Neil Denslow 2011). China Southern Railway (CSR) will also be part of the project targeting the capital of Argentina, Buenos Aires.

There was an agreement to expand subway line E (purple) in Buenos Aires and also to build a new subway for the city of Córdoba, the second largest city of Argentina. Latter in March 2011, it was also announced that China’s Eximbank will provide $1,4 billion dollars to the construction on Line G (orange). In the case of Buenos Aires, the major of the city, Mauricio Macri, from opposition party PRO, has been very supportive of the project of expanding the subway network, and his father, Franco Macri, the leader of SOCMA, have been working with China for several years. A train connecting the Airport of Ezeiza with downtown, an old project of transportation authorities, was also included. The project of Córdoba has been discussed at least for seven years, although at the beginning it was a project with a French company (with a local partner), the new one would be built by China Railways, associated with local company Roggio. It would have 18, 5 km, 4 lines and 29 stations. The cost would be $1,8 billion dollars, higher than the original project ($1,1 billion dollars), but the project is also bigger, and it will be financed by China (85%) and the Argentina’s national government (15%). The deal was signed on July 12, 2010 in Beijing by the Zhao Deyi, president of China Railways and Argentina’s Secretary of Transportation Schiavi. The City Council of Córdoba initially approved the project on December 16, 2010, and final approbation was on February 20, 2011. In the last couple of years no major announcements have been done. If this finally happened, there will be the first time that a subway line is build in city other than Buenos Aires, more than 100 years after it had it first line (which was inaugurated in 1913, the first in the Southern hemisphere and the Spanish speaking world, as authorities like to remind us).

Railways’ sector is a fast developing sector in China that is seeking to gain businesses in Latin America, as part of the ‘going out” process, already being heavily engaged in Venezuela. The record in the concrete cooperation with Argentina is still modest, despite the periodical announcements.

Financial Cooperation
Financial cooperation is one of the most recent areas of cooperation between Argentina and China. Argentina supported China’s attempt to become a member of the Inter American Development Bank (IADB), a campaign that lasted 15 years, from 1993 to 2008. In a meeting on the sidelines of the annual meeting of the Inter-America Development Bank (IADB) in Colombia, in 2009, the Governor of the People’s Bank of China, Zhou Xiaochuan and the then president of the Central Bank of Argentina (BCRA), Martín Redrado, reached a swap agreement, to potentially avoid the use of dollars in bilateral trade, on the amount of 70 billion Yuan (USD $10.25 billion). A renovation or a new agreement was discussed in early 2013. It was the first agreement ever of this kind between China and a Latin America & Caribbean country. China signed only five such agreements before, none of them in the region. In 2012 Brazil and China signed a $30bn dollars swap agreement.

The political and economic objectives of both countries were clear. It was a win-win negotiation. In the case of Argentina, tactically, the swap somehow mean an increase of the foreign reserves available in the Central Bank, an important signal to markets in the middle of the international financial meltdown and strategically, it was a step towards the diversification of the external financial sources, from outside traditional multilateral organizations based in Washington, such as the International Monetary Fund (IMF), the World Bank (WB). The U.S. Department of Treasury also proposed a swap program for emergent markets at the end of 2008, and Brazil and Mexico were invited, but not Argentina; for China, the swap with Argentina was internationally read as an important support to the Chinese position that the dollar might be substituted in the future as the main unit of currency and reserve in the international monetary system, a position advanced publicly by the Governor of the People’s Bank of China on March 23, 2009, just seven days before signing the swap with Argentina. China-Argentina’s agreement was signed on March 30, 2009, only three days before the G-20 meeting of London, April 2, 2009, where China pushed again against the dollar. The Chinese bold proposal was one of the news of 2009. At the end of the year, *Time* named Zhu Xiaochuan one of the “Person Who Mattered” 2009.

It took five years from Argentina’s request to China of support to pay to IMF in 2004, and four since the attempt to sell bonds of the external debt to China, to the currency swap of 2009 to see some financial cooperation being finally achieved between both countries. This agreement opened the way for more cooperation in the future, in a time that at the global level instability is
the normal and governance a scarce public international good. It is also possible and reasonable
to suggest that as trade keeps growing, a correlated financial coordination and more sophisticated
agreements between China and Argentina would be necessary.

In August 2011 it was announced that the Industrial and Commercial Bank of China (ICBC) will
buy 80% of the share of the Standard Bank in Argentina. The operation was confirmed by
Argentine authorities on November 10, 2012 and the bank switches the name from Standard
Bank to ICBC Argentina. The bank has 99 branches in all Argentina, 3200 employees and
911,000 individual clients. It was the biggest financial operation in Latin America.

Trade, and Trade and Political Friction

Despite (or because) the spectacular growth of trade between the two countries, and because of
the asymmetries between them, trade friction has been noisily frequent in the relations between
China and Argentina. Argentina frequently adopted protectionist measures against China (López
& Ramos 2009: 104-109). In particular, Argentina’s restrictions to Chinese manufactured
exports, to protect the domestic industrial sector, have irritated China. The lobby of labor unions
(the historical very core of Peronism in Argentina), and the industrial sectors have been able to
elicit administrative decisions that have frequently been an obstacle to the free import of Chinese
goods.

The single most important trade crisis between China and Latin American countries has been the
unilateral measures taken by China against Argentina in 2010. In April 2010, China unilaterally
suspended its buys of Argentina’s soya oil, on the technical ground of a high level of a solvent
present in the oil. Four different hypotheses have been proposed to explain Beijing decision, two
endogenous and two exogenous: first, China was promoting an indigenous crushing capacity,
now working at full speed, so it need to keep importing soybeans (which it did) but not oil;
second, overstocks of soya oil and palm oil in China made advisable to reduce them over a
period of several months; third, according to China, Argentina is one of the countries that have
imposed more restrictions to Chinese exports, before and in the middle of the global recession
that started by the end of 2008, and thus must be punished and to be taught a lesson, for
Argentina and for others that might be tempted in following the same way, although the Chinese ambassador in Argentina (who was not the ambassador at the time of the conflict in 2010), denies that it was a commercial retaliation (Rosario 2011); fourth, Argentina’s was one of the less politically engaged countries in the region with China since the fiasco of 2004, and the President’s cancellation of the first presidential trip in six years in January 2010 has added a personal insult to Hu Jintao, and thus, it must also be punished. The reason of the cancellation was the conflict between the President and the Vice-President, over the role of the Central Bank. She decided not to travel, because in her absence the Vice-President is the highest authority in the country.

President Cristina Fernández de Kirchner finally visited Beijing in July 2010, and she met with Hu Jintao, Wen Jiabao, Jia Qinglin, and Zhou Yongkang, among others, but the solution was not reached. Several months of high-level negotiations after the visit, China resumed importing Argentina’s soya oil in October 2010, six months after interrupting these imports. However, in 2011, Argentina’s exports to China of soy oil continued to be reduced.

Meanwhile, some soy oil was traded through third countries but more importantly India offered to buy the stock of soy oil un-exported to China, and (personal conversation of the author with the Ambassador of India in Argentina, R. Viswanathan, in Buenos Aires, July 2010). India double soy oil imports from Argentina during 2010 from $1bn to $2 bn. The expansion the production of biofuel in Argentina created also a diversification for the soya oil (internal market diversification), thus the general economic impact of the unwelcome China’s restrictions was relatively mild, very much to the surprise of both sides. Argentine state, however, was damaged in the tax recollection, since soy biofuel pay lower export taxes (20%) than soya for export (35%) and soy oil (32%).

On November 2010, the Chinese head of agriculture Han Changu visited Argentina. According to the Argentine authorities it was the first time at a minister level authority of China’s agriculture visited Argentina. The purpose was to launch a Joint Agriculture Commission. It was received by Argentina’s Minister of Agriculture, Livestock and Fisheries, Julián Domínguez. In a public statement he stressed that Argentina’s Strategic Plan 2010-2016 for Agrifoods and Agriindustrial Production (PEA, in Spanish) has the goal to “diversify our exports with new
products and more aggregated value” and that the timing was good due to China’s own Plan for 2011-2017 (www.minagri.gob.ar, accessed on April 28, 2011).

Due to the record of the successful internal diversification of Argentina to take advantage of the new opportunity (the first one in decades of the international economy), it is possible that Argentina might be able to find other agribusiness to further develop to create new products enticing for China, and also India. Poultry and pork industries seem already beginning to grow, although problems remain and manufacture goods are minimal in the exports to China. In fact, vis-à-vis China, only 5% of the total exports to China are manufactured goods not based on agricultural products (López & Ramos 2009: 151-152). In other words, the internal debate for an international efficient and competitive argentine industry that existed before the re-emergence of China remains and it has gained urgency. If during the second part of the 20th century it was difficult for the industries born during the world wars and the import substitution industrialization (ISI) process to survive without a fair amount of state protection, now the challenge in the 21th century is even more difficult.

Conclusions

Argentina went through an important internal transformation in recent years caused in high proportion by the re-emergence of China as an economic superpower. China is now the second trade partner of Argentina, and the first in agribusiness. SE Asia is also increasingly important. There is a perception in Argentina that the 2001 crisis was overcome thanks to the trade with China, which is also responsible of a sizeable part of state tax revenues. It is also widely shared that the 2008-2009 global financial crisis was mild in Argentina, again, thank you to China’s trade.

On the new sacred trilogy of food (soya & byproducts), energy (oil, biofuels), and minerals (iron ore, copper, nickel) (same as in Brazil, although in different order) soya has been a key component of China/SE Asia-Argentina relations and trade. Negotiations about finances have also been important, although certain amount of success has been achieved recently (the 2009 currency swap, the investment in the Standard Bank). Soya expansion is the bases of the growth
of biologically base industries that have add jobs and spread development federally to different provinces and areas. However, environmental balance is not clear yet and dependence on soya, as with any other biocommodity, might be vulnerable to commodity diseases and boost-and-bust cycles (i.e. Soluri 2011).

The G-20, the emergent and only effective global governance structure during the 2008-2009 crisis, has been very important for Argentina (as well for Brazil and Mexico), to enhance its importance and keep a saying in the policy debate at the highest level. Brazil shares also the BRIC/S forum with China, and Mexico share another important multilateral space with China, APEC, but for Argentina the G-20 has provided a formidable and unique opportunity. The Kirchners’ administrations have prioritized domestic politics in the G-20, so more can be done in this arena. In the United Nations, Argentina has been the head of G-77 plus China group during 2011, providing another opportunity for interaction and even some coordination.

In the view of President Kirchner in the seminal year of 2004, the establishment of a strategic relationship with China was a move with a very concrete meaning. Strategic mean “Grand Strategy”. Chinese financial help was viewed as crucial to “liberate” Argentina from IMF control, to break financial dependency and to gain autonomy in financial and economic decision making. In 2004 Hu Jintao decided not to risk China’s only truly strategic relationship -that with the United States-, with a distractive move in the periphery of the global game. Kirchner never returned to China during his mandate. For China, politically, the strategic relationship with Argentina was regionally-bounded. Formally both countries keep political consultations on a regular base and they analyze the development of the strategic relationship.

The déjà vu or the resemblance of Argentina-China relations with the relation that Argentina has with Great Britain is an important issue for Argentina. There is a temptation, and it is probably inevitable, to see the present with the eyes of the past. The analysis of this relationship is embedded in the political debates of most of the 20 century in Argentina, about economic development, about distribution, about the nature of the links with the world and the external alliances. This debate shaped political identities, parties, leaders’ trajectories, and opinion and public discussions. Thus the comparison or just the metaphoric use of it is fully charged of politically dense meaning.
At the centennial of independent life as a country, in 1910, Argentina enjoyed one of the highest GDP in the world, and even social justice was modest, the social indicators were much better than the majority of countries in Europe. The comprehensive system of high quality free public education and a growing middle class distinguished Argentina from most countries in Latin America. Argentina’s GDP accounted for approximately 50% of the total GDP of Latin America. So it is not surprising that the idea of the similarity of the Argentina-Great Britain relationship with the Argentina-China relationship is powerful and easy to market internally. In particular, this is an idea very attractive to the right, since during the peak of relations with London, the elite in Argentina also was at the peak of its political supremacy and economic power.

Nevertheless, the cradle of Argentina’s nationalism in the 20th century has been the struggle to overcome what was perceived as the colonial and dependency aspects of the relationship with Great Britain, in trade sector (the Roca-Runciman agreement of 1933, for example), the financial sector, and particularly in the massive railways infrastructure. In this sense, Chinese planned engagement in Argentina’s railways infrastructure projects will also be judge with the standard of this historical experience. Great Britain “informal imperialism” was just “imperialism” in political debates in Argentina. For the leftist sectors this period symbolizes the economic concentration in few hands that the close relationship reinforced, particularly of the property of land in the Sociedad Rural members (the so-called *oligarquía vacuna*). Thus, the project of limiting the acquisition of property of land in Argentina presented by President Cristina Fernández de Kirchner in April 2011, with the undeclared objective to avoid Chinese control of the land sources of food production in Argentina, part of a global process of land grabbing or acquisitions (Hofman & Ho 2011) must also be understand in the light not only of the then coming presidential elections of October 28, 2011, but of the experience of the historical relationship with Great Britain.

The idea that Argentina’s relationship with China is similar to that it used to have with Great Britain has spread easily. It recast an unknown complex present in terms of a known and reified positive version of the past and is full of hope of restoration of glory and greatness. It is also very easy to understand for many people, “things will be normal again”, and the country will return to its position in early 20th century of “breadbasket of world”. Argentina was not the only breadbasket of East Asia and China in last decade, but its role in China’s food security was
certainly important. For many in Argentina, in the first decade of the new century, China changed the nostalgia for the past into a timid hope for the future. However, the soya oil trade crisis of 2010-11 was a wake up alert for many.

The comparison is, of course, only partially correct. Yes, Argentina has again somebody interested in something that produces more efficiently than probably anybody. From the point of view of Argentina, the international trade of agriculture products is today greatly distorted by inefficient protectionism by the European Union and Japan, and the state intervention in the form of subsidies in the United States, as it has been since the end of the Second World War, a totally partial but nevertheless important explanation of Argentina’s decline in the second half of the 20th century. Thus, the emergence of China (an India) as a massive direct buyer and indirectly affecting the prices of food products on a global scale has been the most important positive external force for Argentina’s agriculture in decades.

However, the situation is very different in a number of aspects. Not only Asia and China are obviously very different compared to Great Britain, but also the Argentina of the bicentennial (2010) is very different to the Argentina of the centennial (1910). The structure of society and of production in Argentina is profoundly different, as well as the relevant political forces and parties, not to say the social movements. Just to mention a couple, two major differences are the heavy weights of the labors unions (such as the CGT) and the Peronism. Around of the time of bicentennial, the government promoted a narrative stressing that because of distributionist policies the situation in Argentina was better in 2010 compared with 1910. Also, the export structure of Argentina to Asia and China was during the decade very concentrated in the soya complex; primary production exported to Great Britain was probably more diversified.

The pervasive waves of Anti-Americanism in Argentine society reflected the strong economic position of Argentina one hundred years ago or so, and the perception that the United States, challenging Great Britain as a new hegemon in the Western Hemisphere, was a threat because it was also a powerful growing competitor in agribusiness. The continued but weakening support of Great Britain to an economically powerful Argentina was a serious problem for the emergent hegemon in the region up to the Second World War. This anti-Americanism continued in Argentina after Second World War, even the economy was not as strong as it was in 1910, and
the country lacked the support of the British Empire. Eventually the gap between foreign policy and hard resources was costly and harmful for Argentina in the second part of last century. A thorough adjustment of perception and to some extent of policy only occurred after the Malvinas war. In the 1990 decade the Menem administration tried the opposite foreign policy, which was basically the automatically aligning (alineamiento automático) of Buenos Aires with Washington. Thus, Argentina was the only Latin American country to fought the First Gulf War, and latter even become a U.S. extra-NATO allied, angering Brazil. This policy, famously depicted by the government as “carnal relations”, encountered an immense cultural and political resistance, and was abandoned by later administrations. Nevertheless, it will be a major mistake for China to assume that remaining anti-Americanism equates a pro-China attitude in Argentina. Replacing “carnal relations” with “Chinese penetration” will probably encounter huge resistance, despite the economic benefits being, at least in the short term, more robust in the second case.

The question for Argentina would be if it can diversify its exports to China beyond the soya complex, adding other kind of primary production from the countryside, and to include more mining, and, more important, to move avoid concentration in the primary sector, to move to the manufactured sector. During the past decade, exporting to China was glorious, but diversifying (and thus reducing dependency and risks), and adding value through job creation will be the real test for the coming decade.

Bibliography


