China’s Messages: In search of wider and stronger networking with Chile

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Established in January 2010, the Center for Latin American and Latino Studies (CLALS) at American University is a campus-wide initiative advancing and disseminating state-of-the-art research. The Center’s faculty affiliates and partners are at the forefront of efforts to understand economic development, democratic governance, cultural diversity and change, peace and diplomacy, health, education and environmental well-being. CLALS generates high-quality, timely analysis on these and other issues in partnership with researchers and practitioners from AU and beyond.

Image created by: Alexandra Flinn-Palcic
Since its outbreak, the Covid-19 pandemic that is still punishing humanity has not only had a significant negative impact on global growth patterns and exacerbated inequality, but has also intensified conflicts in contemporary international relations. The first infections in Wuhan and the bitter controversy between the United States and China over the origin of the virus, took the dispute to the WHO and tinged a global campaign over the responsibilities for the origin of the pandemic, the ways to combat it, and the cooperation needed to solve it, issues that still engage the attention of world leaders who have yet to find effective tools to overcome it.

In this context, China’s much more proactive international presence in Latin America is noteworthy, in line with a change from a low profile and accommodation within the international system – following Deng’s directives – to an increasingly active presence characterized by a planned expansion of its interests and a participation in the global system in accordance with the respect demanded of a main actor that also seeks to bring the international system closer to its own criteria and parameters.

The purpose of this paper is to analyze how these trends have affected the relations between China and Chile in recent times. All in all, it will be essential to trace the development of some of the historical elements that set the foundation, as well as the links, agreements, procedures, and norms of the bilateral relationship between the People’s Republic of China and Chile established in December 1970, more than 51 years ago.¹

Diplomatic relations between Chile and the People’s Republic of China

In fact, the Chilean recognition of the Beijing government as the sole legitimate representative of the Chinese people occurred prior to the acceptance of the PRC in the United Nations (1971) and before Nixon’s visit to Beijing (1972), which sets it aside from

the rest of Latin America (except Cuba). This relationship was maintained after the 1973 military coup,\textsuperscript{2} thereby consolidating the State-to-State relationship.

For the next 17 years, relations were low-key – the Cultural Revolution kept China closed off from the world until the late 1970s, followed by Deng’s reforms, while Chile’s government navigated through a hostile foreign environment. There were attempts by the military government to seek official ties, private sector relations with China were promoted, and joint ventures were even carried out in the copper industry in China, but without success.

After the return of democracy in Chile, government-to-government relations were strengthened with exchanges of visits by presidents and high-ranking dignitaries. From 1990 to date, all Chilean presidents have made at least one state visit to the People’s Republic of China. The progressive incorporation of China into the international economic system since the late 1970s and Chile’s economic policy of multilateral participation and free trade agreements since 1990, gradually generated convergences between the public and private visions of both countries. Especially notable was the effect of the incorporation of both China and Chile into the trans-Pacific organizations that provided an Asia-Pacific interregional framework for the growing relations between China and Chile.\textsuperscript{3} Participation in APEC (China in 1991 and Chile in 1994) created linkages that promoted understanding between the international economic authorities of both countries as they interacted in this area and proceeded to reach important agreements between the two governments.

**Bilateral trade.**

Bilateral trade relations began to develop rapidly: in 1988 total trade amounted to 150 million dollars (when the PRC was Chile’s 16th trading partner); in 1995 it had risen to 678 million dollars; by 1998 it was 1,212 million; in 2001 it was 2,126 million; and in 2004 it reached 5,200 million dollars. Bilateral trade had grown more than 34 times in 16 years. A network of importers and exporters, both public and private, had been established between the two countries. The role of the Chilean private sector should be underlined, since the creation of the Mixed Binational Commission of 1980 and the establishment of a Chile-China Demonstrative Agricultural Farm in China in 1990, in addition to accompanying president Aylwin to the Shenzhen Special Economic Zone in 1992,

\textsuperscript{2} It should be noted that in 1973 the Military Junta considered breaking off relations with all socialist regimes but the Ministry of Foreign Affairs persuaded the military to do so only with Cuba, Vietnam and the Democratic Republic of Korea. In any event, the Soviet and Eastern European governments broke off relations with Chile. Only Romania and the People’s Republic of China maintained diplomatic links with Chile under Pinochet’s government.

\textsuperscript{3} The political participation in multilateral organizations of the Asia Pacific region had been an objective of the Ministry of Foreign Affairs of Chile since the 1980s but due to the international context could only become a reality in the 1990s. China was an integral part of that policy.
supporting the formation of the Chile-China Binational Business Council in 2005, and participating in the 2010 Shanghai World Expo, all of which contributed to strengthen Sino-Chilean ties. Mention should also be made of the Chilean-Chinese Chamber of Commerce, Industry and Tourism (CHICIT), founded in 1997.

All along, Chile had supported China’s entry into the WTO, which became effective in December 2001. A global framework had been set up but several additional steps were needed to finalize a bilateral agreement.

**The FTA: a solid regulatory framework and its results**

The Chinese proposal of June 2002 led to a seminar held in Beijing in January 2004 involving international economic teams from both countries. China had just begun to experience international trade negotiations while Chile already belonged to a network of FTAs and others then under negotiation with the countries of the region and the main world markets. For the larger actor there would be learning, for the smaller partner a strengthening of its plan to link up with global markets. The agreement on how to negotiate was an important achievement, including formulas to bridge cultural distances and international practices of such different worlds. A joint study was commissioned to provide a detailed picture of existing Sino-Chilean ties. This set the basis for negotiations to begin in November 2004, during the APEC meeting in Santiago, together with Chile recognizing China as a "market economy" as required by the WTO. After five rounds of talks, the FTA was signed in Busan (Korea) at a later APEC summit and took effect in October 2006. The agreement was comprehensive but activated in stages. The first stage referred to trade in goods and services (with a list of those included) and only guaranteed already existing investments between the parties.

The second stage was completed in April 2008 when the Complementary Services Agreement was signed, which grants Chileans equal conditions to Chinese nationals. This agreement is in force as of August 2010.

The third stage ended with the Supplementary Investment Agreement, signed during the APEC Summit in Vladivostok (Russia) in September 2012 and in force since February 2014, which updates the bilateral Investment Protection and Promotion Agreement (APPI) of 1995 by protecting investments established in the territory of the other party’s country.

Finally, a fourth stage involved new negotiations to strengthen the bilateral agreement and culminated in the signing of the Protocol for the Deepening of the FTA between Chile and China on November 17, 2017 during the APEC Leaders Summit in Vietnam. This text contains the renegotiation of the sections on Market Access, Rules of Origin, Customs Procedures and Trade Facilitation, Competition Policy, Economic and Technical Cooperation, and Trade in Services. New sections on Electronic Commerce and Environment and Trade were also incorporated, together with a new institutional framework for Trade Facilitation.
The agreement between Chile and the Hong Kong Special Administrative Region must also be taken into account. This Free Trade Agreement was signed in Vladivostok, Russia, on September 7, 2012 in the context of the APEC Leaders Summit, and entered into force on November 29, 2014.

An additional key aspect for the commercial relationship has been the progressive opening for Chilean plant and animal products into the Chinese market, which has resulted in more than 200 agricultural and livestock export items available to Chinese consumers.

The commercial impact of these bilateral regulations have been significant: in 2005, commerce with China represented 11% of Chile’s trade with the outside world (US$8,073 million dollars) and in 2020 it rose to 34%. China is today Chile’s main trading partner. In the first fifteen years of the FTA, exports to China grew at an annual rate of 12.47% and imports from China at a rate of 11.59% per year. Since 2015, all of the products included in the agreement were subject to no tariff. This has allowed Chile to become the largest supplier to China of more than 20 product lines. The number of Chilean companies that export to China rose from 429 in 2005 to 1,259 in 2020 and the number of tariff items from 290 to 528. Chile has been the main supplier of fresh fruit to the Chinese market, with more than 90% of its total annual cherry production exported there. Finally, China is the main destination for exports from 11 of the 16 regions of the country.\(^4\) The growth and diversification of Chilean-Chinese interests is thus very important, by expanding contacts, mutual knowledge, and bilateral networks. After Brazil, Chile is the country that has the largest network of interactions involving twinning of its regions and cities with provinces and localities in the People’s Republic of China.

Before analyzing other facets of the bilateral economic relationship, mention should be made of the international context between the end of the Cold War (1989) and the economic crisis of 2008, and which has changed especially since the rise of Xi Jinping and Donald Trump: the positive nature of Sino-American relations, the assumption by US policy that economic liberalization in China would lead to political liberalization, the low profile that Deng Xiaoping and his successors had kept regarding China’s international presence, and mutual acceptance between the two countries as players in the world at large. An example, albeit minor, that is revealing is that bilateral consultations were established between those in charge of Latin America at the State Department and their counterparts at the Chinese Ministry of Foreign Affairs.

The foregoing underscores that the construction of Sino-Chilean economic relations – mostly commercial at the beginning – did not provoke concerns by other international

\(^4\) “15 años del TLC CHILE-CHINA.” A document prepared by the office of the Undersecretary for International Economic Relations of the Ministry of Foreign Affairs of Chile (see the web page of SUBREI Chile).
actors during a period in which cooperation and construction of regional and trans-regional integration was paramount.\(^5\)

**Chinese investment: a slow learning curve**

The economic interrelationship in terms of investments has developed along more complex lines and grew slowly for a long time. Investing in another country requires, first of all, a basic cultural understanding between the actors and their ways of thinking and reasoning, as well as their habits and manners.

The differences between institutional systems and the value assigned to law and its role in each society require not only translation in the idiomatic sense, but also a more complete understanding of rules and their context. The difference between the considerable progress in commercial interactions and the slow process of increased investment was a “puzzle” for diplomacy, especially for the Chilean side.\(^6\)

This “misunderstanding” on the part of Chinese investors was palpable in the use of “public works tenders” with which the Chilean State awards investments under long-term contracts with concessionaire companies. These tenders are advertised by high-level government agencies. On occasions, the presence of a minister or high authority in prior meetings or interviews seems to have been interpreted by Chinese investors as a sign that the contract would be awarded to them, without considering the differences in the Chilean system between advertising contracts and the bidding and award process itself, which is based on independent technical criteria and regulated decisions, open to all bidders. In some cases, Chinese companies lost interest when they realized that there were other participants involved in a tender.

But there were not only problems on the Chinese side: an important Chinese investment in Chilean mining was included in an agreement between the Chinese state-owned company MINMETALS and the Chilean state-owned mining company CODELCO for the sale of 100,000 tons of copper with an option by the Chinese company to purchase shares in the

\(^{5}\) Asia Pacific cooperation has been an integral component of United States strategy in the region. It participated in APEC from its beginnings (1989), joined by China (and Taiwan as an “economy”) in 1991. Barely 20 years later and in the face of absence of agreements within the global economic system (WTO) to promote liberalization and greater economic integration, proposals were advanced for plurilateral agreements to move forward and thereby avoid the lack consensus within the WTO. The negotiations for a Trans Pacific Partnership aimed to achieve this and were signed before the end of the Obama administration. At that moment, the president of the United States said that it was a matter of creating international rules before other did so, for example China. In any event, his successor Trump withdrew the United States from the TPP process. Its revival and the signing of the CPTTP is another story.

Gaby mine. When the Chinese company decided to exercise this option, an all-party opposition in the Chilean Congress to the sale led to a complicated situation that was resolved with an agreement between the parties under which they undertook to carry out joint operations in a third country that ultimately did not yield the expected fruits.

Until 2018, as pointed out, Asian investment in Chile trails behind that of America and Europe. And of Asian investment, Chinese investment (including the Hong Kong Administrative Region) represents only 9% of registered investment. It is a fact that Chinese investment reached 180 million dollars in 2015 (plus 25 million from Hong Kong), but it fell to 106 million in 2015, 56 million in 2016, and 23 million in 2018. The total stock of registered Chinese foreign investment in 2018 in Chile had a value of 338 million dollars and that of Hong Kong stood at 842 million, compared to 12,373 million from the rest of Asia.7

**Importance of Chinese investment and new topics**

All in all, Chinese direct investment has increased significantly in recent years, rising to 99 million dollars in 2019 and 248 million dollars in 2020, becoming the main source of foreign investment in Chile in the latter year. Furthermore, the government agency Invest Chile announced that in 2021 the total foreign investment portfolio increased by 27,775 million dollars, centered on energy (45.4%), global and financial services (20%), and mining (17.5%), of which capitals from China (27.8%), United States (19.8%), Canada (9.5%), and Brazil (5.6%) stand out.8 If this trend continues, the period of “learning” by Chinese investors about Chilean rules and practices will be achieved.

What are the characteristics of Chinese investment in Chile?

In the first place, investment has been channeled into different sectors: mining, agriculture, salmon farming, energy, the financial sector, infrastructure construction, medical laboratories, and technology.

Secondly, the purchase of assets of companies – national or foreign – is the most frequent form of investment in Chile, although banks are opening offices, and there are some technological projects and participation in construction under public works concessions.

Finally, while until a few years ago Chile was intensely seeking Chinese investment, in the last years controversies have emerged about the dangers that this could represent.

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7 Data extracted from Invest Chile and SUBREI.

8 [https://investchile.gob.cl/es/cartera-de-investchile-cerro-2021-con-cifra-record-y-crecimiento-de-un-251/](https://investchile.gob.cl/es/cartera-de-investchile-cerro-2021-con-cifra-record-y-crecimiento-de-un-251/)
Minerals – Chile’s main export product – have been and are at the center of Chinese interest, and China is the main purchaser of Chilean copper. But as pointed out, the joint venture experience between MINMETALS and Codelco did not turn out well. On the other hand, a Chinese company (Tianqi Lithium Industries) is a minority partner of the Chilean lithium mining company SQM. The recent tender for two lithium projects by the Chilean government in 2021/2022 granted new concessions to the BYD Chile SpA company (a subsidiary of the Chinese company BYD Company Ltd.) and the Chilean-owned Operaciones Mineras del Norte S.A. The importance of lithium in the electric car industry, particularly its use in the manufacture of batteries, became an issue in the media and a lawsuit was even brought before the office of the National Economic Attorney to prevent the purchase because of the risk of a monopoly in lithium mining; however, the lawsuit was rejected. Other Chinese investments in mining include Hebei Wenfeng Industrial Group Co. Ltd. in Minera San Fierro Chile Ltda. and Sinotech Mineral Exploration Co. Ltd. in Sinotech Mineral Exploration Chile. The purchase of important energy companies in Chile by Chinese interests has become another topic of debate, for example, the Three Gorges Corporation in Atiaia Energía, the State Grid International Development Ltd. in Chilquinta and CGE, the Southern Power Grid International of 27% of the electricity distributor Transelec, and the State Power Investments Overseas Co. Ltd. in Pacific Hidra Chile S.A. To these can be added investments in solar cell energy by JASolar in a joint venture with Soventix Chile SA and by Yingli Green Energy Holding Co. Ltd. in Yingli Green Energy Chile SpA, as well as wind energy investments by Envision Energy in Envision Energy Chile SpA. The considerable Chinese participation in the Chilean electricity market has been much talked about, in some cases negatively.

Chinese investments in agribusiness include Gold Anda Agriculture in Gold Anda Chile (Curicó); in the wine industry, Changyu Pioneer Wine in Viñas Indómita, Santa Alicia, and Dos Andes, and the Edible Oils and Cereals Corporation in Viña Santa Andrea Ltda.; in the salmon industry Joyvio Group in Australis Seafoods S.A.; and in the fishing industry China Agrobusiness Development Trust & Investment Corporation in Inversiones Cadtic Ltda. In the field of financial services, the China Construction Bank Corporation (CCB) as well as the Bank of China and the China Development Bank have offices in Chile. The investment that has caused the most controversy is in the field of information technology: that of Huawei in Huawei (Chile) S.A.

The belated participation of Chinese investors in public works tenders in Chile has been overcome recently in different projects. One of the first was the construction of the port of San Vicente in which China Harbor Engineering Company Ltd. participated through its subsidiary Chec Chile SpA. Subsequently, Chinese investment has begun in highway

9 Press reports about this project mentioned problems with the work force: during 2014, eighty Chinese workers were found to be living in shipping containers (La Tercera, Pulso, 2 December 2018).
concessions (such as the Talca-Chillán road segment to China Railway Construction Corporation); in the construction of the Coquimbo Hospital and hospitals in Maule (China Road and Bridge Corporation with the Spanish firm Puentes y Calzadas); in the construction of the southern optical fiber project; and China Railway 16th Bureau Group Co. has been awarded the work of excavation of shafts, galleries, and tunnels for line 7 of the Santiago metro, with other contracts currently being awarded. This latter company is also interested in the subsequent bidding for the railway cars and the engineering and construction of the line 7 tunnel and in a possible new Santiago-Valparaíso railway link, a project that has been long discussed but not yet implemented by the Chilean State.

The foregoing has been expressed by the Chamber of Chinese Companies in Chile (CECC), which since 2020 has brought together the main Chinese companies that invest in Chile.

The new dynamic of Chinese investment has coincided with a period of change in contemporary international relations characterized by a worsening of the Sino-American confrontation. This was first expressed as a “trade war” and has led to an open strategic controversy in which the component of technological rivalry is fundamentally important, together with a segmentation of scientific progress in order to avoid illicitly acquired advantages in an extremely intense zero-sum competition.

In the Chilean case, this has been publicly expressed through the debate on projects related to 5G technology and data usage.

Indeed, the bilateral technological collaboration agreement, signed by the respective cabinet undersecretaries, had considered undertaking a study to evaluate the feasibility of joining Chile with China through a transpacific fiber optic cable. Speculation about that project and President Piñera’s imminent visit to China resulted in a visit by U.S. Secretary of State Pompeo to Chile on April 13, 2019, where he warned about the dangers of using Huawei technology. Months later, citing issues of cost, it was decided to continue working on a transpacific project via Australia.

A more complex situation arose in 2021. The renewal of Chile’s passport manufacturing system was being considered and there was some public exchange on the nationality of manufacturing firms and data security. As a backdrop was the “visa waiver” program that Chilean citizens can enjoy when entering the United States with their passport. The government tendered the manufacturing process and awarded the contract to a Sino-German consortium. A few days later – in what has been described as a completely unusual decision – the Civil Registry announced that the contract had been rescinded due to the problems it might cause for the continuation of the “visa waiver” program with the United States.

This issue has provoked a broader discussion about the possibility of introducing more comprehensive scrutiny procedures when authorizing foreign investment (a screening mechanism) by introducing “national security” concerns, at least in strategic sectors. It has
been pointed out that this category is included in the guidelines of the OECD, which also speak about non-discrimination, predictability and transparency, regulatory proportionality, and accountability.  However, there is no common definition of “national security” in the OECD system. The internal discussions about the subject have not yet concluded.

We have not referred to the other side of the equation: there are also Chilean companies and investments with corporations in China, generally engaged in purchasing and handling commercial chains for retail by Chileans in Chile or other countries in the region. There are also three Chilean banks with offices in China: Banco de Chile (Beijing, 2006), Banco Security (Hong Kong, 2014), and Banco BCI (Shanghai, 2015).

The new international context: strategic struggle and nationalist claims

In the current international situation, the issue of foreign investment has ceased to be merely a matter of international economy, but instead acquires characteristics that, on occasion, can become strategic concerns, not only bilaterally but also globally.

Another element that can complicate foreign investment (and not only Chinese) is the debate about the type of investment that a country requires, such as protection for the environment and the effects on indigenous communities and populations, in short, issues that could result in a more exhaustive evaluation of the projects in question.

But China’s presence today also occurs in another context: that of an international participation that reaffirms its presence as a central actor in the system and that seeks not only parity but also the revision or reinterpretation of international rules. It seeks to open up spaces in which to introduce concepts “with Chinese characteristics” and often scrutinizes the preference accorded to international principles by questioning their universal application.

This has given rise not only to the search for a conceptual change, but also to alter diplomatic practices themselves, setting aside completely a low profile and acting affirmatively and proactively in a way that has been called “wolf warrior” diplomacy.  

Diplomatic practice in Chile since 1990 has entailed a reserved public presence of foreign ambassadors, who have avoided confrontational statements and exercised their activities with due discretion. That style was consistent with the low-key diplomacy that the Chinese had maintained.


Already in 2020, the controversy between the French analyst Guy Sorman and the Chinese ambassador Xu Bu about China and the pandemic occupied the pages of El Mercurio in Santiago.¹²

In April 2019, the Chinese ambassador publicly criticized the United States Secretary of State, Mike Pompeo, who during his visit to Santiago de Chile had accused the Chinese technology company Huawei of being controlled by the Chinese government, adding that if Chile used its “not trustworthy systems within its network, it will force the United States to make decisions about where we put our information as well.” The Chinese ambassador replied saying that Pompeo “has lost his mind, he has gone too far” and that his statements were “a malicious lie... They are nothing more than an attempt to stifle the legitimate operation of China’s high-tech companies under the pretext of security.”

In August 2019, the Chinese ambassador joined the fray again by publishing an opinion column in the El Mercurio newspaper in which he criticized a legislator of a party in government, Jaime Bellolio, for having met in Hong Kong with Joshua Wong, a leader of the protests against Beijing in that territory, claiming that he had been “with the wrong person.” Bellolio responded that he celebrated the fact that “in our country one has the opportunity to say what he thinks and participate in a controversy that neither he nor anyone else could do in China without serious personal consequences.” A few months later, Bellolio was named the spokesman for the government. The Chinese ambassador was replaced a few months later. His successor, Niu Qingbao, former vice mayor of Chengdu city, has refrained to date from speaking out with this level of publicity.

**Covid and Chinese diplomacy**

The effect of the Covid-19 outbreak in Wuhan, the Chinese reaction to it, and the controversy over its origins, transparency and the scope of international research have engaged Chinese public diplomacy since the beginning of 2020.

In Latin America, several countries received support and/or supplies from China that are necessary to combat Covid-19. In the case of Chile, various interesting aspects of Chilean strategy should be highlighted. First, a broad approach to all possible sources of necessary inputs was adopted, not only by the government office entrusted with the task, the Undersecretary of International Economic Relations, but especially by the President and several Ministers of State.¹³ In the case of China, there were early contacts at the highest level and a joint declaration was signed between the Chinese Ministry of Commerce and the

¹² El Mercurio, interview with Guy Sorman (27 March 2020) and reply by the Chinese ambassador (3 April 2020).

¹³ As part of the response to the Covid-19 pandemic contingency, an executive order was signed on 26 March 2020 that allowed for preferential and unlimited imports of medical supplies by the customs and the Public Health Institute for the prevention and control of Covid-19, which included 101 public health items.
Chilean Ministry of Foreign Affairs in July 2020 to strengthen cooperation within the framework of the FTA and combat Covid-19 jointly.

Secondly, it should be pointed out that, in contrast to the centralization of foreign actions relating to Covid-19, Chile set up a fund with monies provided by the main business organization, the Confederation of Production and Commerce to purchase inputs. This ad hoc organization provided great flexibility in a situation in which large numbers of buyers from all over the world arrived in the few supplying countries. It has been reported that the purchase of these supplies in China was characterized by this flexibility, together with the help of Chilean diplomatic agents, including the use of diplomatic facilities for the storage of supplies and money for payments in cash. On the other hand, airplanes were available that flew 24 times directly from Chile to Beijing, Shanghai, Guangdong, and Fujian. Those flights only had 5 or 6 hours on the ground in China to complete loading. These operations were carried out in the midst of uncertainties in obtaining the supplies, of threats in several countries en route to seize the medical contents in the airplanes, and the need to ensure the quality of the products.

The breadth of countries from which Chile acquired supplies to fight Covid-19 is noteworthy. Of the US$1,882.4 million spent on Covid-19 supplies in 2020, 32.1% went to China, 12.7% to the United States, 10.4% to Germany, 3.3% to Brazil, 2.9% to France, 2.7% to Ireland, 2.3% to India, 2.1% to Argentina, 1.1% to South Korea, 1% to Malaysia, and 29.4% to other countries. Of the US$2,377.4 million spent in 2021, 31% went to China, 13.9% to the United States, 8.4% to Germany, 3.1% to India, 2.7% to France, 2.7% to South Korea, 2.6% to Ireland, 2.5% to Argentina, 2.4% to Malaysia, 2.4% to Brazil, and 28.3% to other providers.14

However, the importance of the Chinese supplies is much greater if we look only at the value of imported vaccines in 2020 and 2021: China had a 65% share, the US 11.8%, Belgium 8.4%, France 4.6%, and the Netherlands 4.4%. These purchases have allowed for a very high level of vaccination of the country’s population, thanks in part to important amounts of doses of the Chinese Sinovac vaccine.15

During the first period there were several Chinese donations, some channeled through the Embassy, others directly from regional governments and local authorities in China, and still others by private companies. The obvious interest in broadcasting a message of Chinese cooperation resulted in a publicly aired difference between the Chinese ambassador and the Minister of Health.

14 Author’s figures based on data from the National Customs Service [Servicio Nacional de Aduanas] of Chile and the office of the Under Secretary of International Foreign Relations [Subsecretaría de Relaciones Económicas Internacionales] (SUBREI).

15 Source: SUBREI and Aduanas de Chile.
The need to project the Chinese version of the situation created by the pandemic as opposed to the explanations emanating from Washington was evident. Interestingly, a few months after the start of the pandemic, in September 2020, the book *Pandemic: effects in Latin America and interaction with China [Pandemia: efectos en América Latina y la interacción con China]* was published in Chile, with contents in line with Beijing’s points of view.\(^{16}\)

Even more important has been the official installation in Chile of the Chinese Sinovac laboratory, a product of an old academic relationship that it maintains with the Catholic University of Chile. The Catholic University and Sinovac have already carried out joint clinical studies on the CoronaVac vaccine and have signed a cooperation agreement.\(^{17}\)

Sinovac will invest 60 million dollars, a sum that will allow for continued research along three paths: establishment of a vaccine development plant in the Metropolitan Region (Santiago), installing an R&D center in Antofagasta, and providing office spaces for scientists at the Universidad Católica’s Anacleto Angelini Innovation Center.

At the plant to be installed in Santiago, priority will be assigned to the manufacture of vaccines for coronavirus. The process to prepare the CoronaVac vaccine for shipment will be carried out there initially. Later, that facility will also be able to work on other vaccines such as those for hepatitis and influenza.

The R&D center in the Antofagasta region will be built on land provided by the Ministry of National Assets. This center will focus on the earlier stages of vaccine development, that is, on the production of vaccines from initial research onwards to deal with virus variants that might arise in Chile.

The Chilean-Chinese relationship vis-à-vis the pandemic not only involved cooperation as expressed during the intense moments of the initial vaccine supply operations, but also gave rise to the most important flow of vaccines used in the country which, together with those obtained in other parts of the world, have been accepted by a population that is now largely inoculated. The operation of the vaccine production projects in the country will be an element of cooperation in health that might still be extended to other parts of Latin America.


\(^{17}\) On 2 November 2021, the Center for Innovation (Centro de Innovación) of the Catholic University and Sinovac Laboratories signed an agreement to cooperate for the development of vaccines and the promotion of a culture of innovation in Chile.
Beyond diplomacy: the media

Beyond diplomacy, it is important to take a look at the concept from the Chinese point of view. Diplomatic persuasion, information management, and propaganda are viewed as parts of a continuum, the latter not having necessarily a negative connotation. And they are all subject to the leadership of the Party.

As reported by the Xinhua Agency, on April 19, 2018, in a meeting chaired by Huang Kunming, a member of the Political Bureau of the Central Committee of the Chinese Communist Party (CCP) and Director of the Publicity Department of the Central Committee, the China Media Group (CMG) was created as a broadcast platform for China Central Television (CCTV) and its international branch (CGTN), China National Radio (CNR) and China Radio International (CRI). All of these follow the line for foreign propaganda set down by the Publicity Department of the Central Committee “to keep the correct political course and guide the public according to the correct values.”

The CMG supervises paid advertisements in foreign media that may be financed by the media organizations that make up the CMG itself. In addition, the contents can be broadcast on social networks (such as Facebook, Twitter, or Instagram), even though they cannot be seen or heard within the territory of the PRC. The topic of the superiority of the Chinese system and its better handling of Covid-19, in comparison to the United States, has been at the center of its operation.

Another method used is sending opinion articles by diplomats or relevant officials and granting interviews to big media outlets (There is nothing new in this from a diplomatic perspective.), as well as the technique of “borrowing foreign newspapers” (jieyong haiwai baokan) and censorship (internally for content deemed unsuitable for publication in China), as well as smearing those who have attacked Beijing’s policies. Finally, mention must be made of the expansion of media platforms designed for external audiences and the use of social networks.\(^{18}\)

Paid advertisements are used by the CMG in Chile and refer to specific topics or the central themes of China’s policy, to its process of social and economic development, to events such as the Olympic Games, bilateral trade relations, and attacks on the United States for its handling of the pandemic.

On January 1, 2020, the “China Connection” project began to appear in La Tercera, a Santiago morning newspaper, as a channel of internet content that is part of an alliance

with the China Media Group. Its objective is to offer relevant stories that show an updated version of various aspects of Chinese culture and its relationship with Chile. Up to now it has run 63 articles written by officials of the CMG itself, by like-minded personalities, or by public figures from the Chilean world.\(^{19}\) The stories cover a wide range of topics, such as trade, scientific and technological advances, transport, environment, dance, gastronomy, tourism, and culture.

Editorial articles have also appeared containing opinions by ambassadors Li Baorong (seven in 2015, four in 2016, seven in 2017), one by Li Wuji (2017), and one by Xu Bu (2018).

With these actions China is addressing its concerns about its image in its strategic rivalry with the United States and particularly after the outbreak of the Covid-19 pandemic. However, as is the case in any communications offensive, we must consider the recipients, the masses of people that receive information and their ability to process the campaign contents, as well as the bonds they may or may not have with those who send the messages. That is why it has seemed so important to begin with the networks, links, and connections that have been developing between these two countries on opposite sides of the world, but which have been working for more than half a century to provide content for their relations. We described how these channels for exchange have been built when referring to trade between the two countries, and also the direct involvement of private actors from one country in the other. There are personal and institutional stakeholders involved who will be the first to harmonize their interests in order to increase the levels of exchange. These will also be the first recipients of the messages that emerge from the respective States.

But this survey of actors that can exert an influence on the relationship is still incomplete. Even though a partial list is beyond the bounds of this paper, it seems appropriate to identify which groups to observe, to analyze how they are taking shape, and finally to inquire how they can be recipients of messages and actors in the bilateral relationship.

In the first place, there is the academic world, that of interrelated universities and institutes of both countries and of the policies that are being enacted on both sides of the ocean to develop that exchange. China has a policy in this regard. On the one hand, it seeks the widest possible dissemination of Chinese culture, channeled through the Confucius Institutes which are mainly dedicated to the teaching of the Mandarin Chinese language. In Chile, universities from both ends of the spectrum are involved in this relationship. The university that today stands out in all academic rankings, the Catholic University, has a Confucius Institute, and has developed other important academic ties with Chinese institutions (such as research and vaccines that were mentioned previously), including involvement with Chinese studies. The other, a small and unremarkable private university,

the Universidad Santo Tomás, has a Confucius Center in Viña del Mar, another in Puerto Montt, and offers courses in La Serena and, since 2022, on-line language courses. It also houses the Chinese institution that coordinates the Confucius Centers in Latin America and the Caribbean.20

Other universities, such as the University of Chile, the University of Santiago, and the Andrés Bello University, have centers involved in Chinese studies that face the challenge of developing independent perspectives with which to analyze China’s reality. There are also exchanges in the field of economics and other disciplines. A complete survey of these links will shed more light on the potential reception of these messages. Mention should also be made of the support that important Chilean businessmen are providing to very prestigious universities in China such as Tsinghua.

The university dimension, however, brings us back to the economic actors, since several Chinese universities also are active directly in businesses and some have offices Chile. These are different models that are intertwined in complex ways.

Conclusions

The changes in Chinese foreign policy, especially its global assertiveness and the intensified conflict with the United States, set the stage for diplomacy and messaging that have had global coverage. The Covid-19 pandemic exacerbated this trend in light of the conflicting explanations that have been put forth regarding China’s role in its origins.

In the case of Chile, however, this increase in messages – which has achieved a certain notoriety – has had a relative impact on bilateral relations. These involve important actors interlinked by commercial and investment flows that have developed over time and by the still incipient, but growing, ties of cultural and educational exchanges. Their greatest media impact has occurred when they refer to information about the situation in China, especially events in Hong Kong since 2019 or the human rights situation of the Uyghur population in Xinjiang.21 The issue of investments in cutting-edge technology sectors certainly appears to be a very sensitive matter that can continue to produce complex situations.

20 The Confucius Centers in foreign countries are part of the Ministry of Education of China.

21 All in all, there are other areas that have not been a subject of bilateral public controversies but which, as part of the policy agenda of both sides, have at present – or can develop in the future – more contradictory characteristics. We refer, for example, to policies regarding the environment and exploitation of maritime resources (such as the activities of Chinese fishing fleets in seas adjacent to those in which Chile claims certain rights, as well as the lack of Chinese agreement with a proposal to preserve the resources in seas adjacent to the Antarctic that has been presented by Chile and Argentina to the Commission for the Conservation of Antarctic Marine Living Resource (CCMLAR); to the future of the Antarctic itself (including the scope of the Sino-Argentine projects in Ushuaia); and to the existence and operation of a Chinese
The effect of these messages in an open information system such as the Chilean one is relative: it will depend on the quality of the messages that can be replicated through the various networks that have developed, as well as on the influence of the internal messengers whose views are more in line with China’s.

Its impact on decisions that may involve alternative strategic options for the country, mainly in terms of production and information/knowledge chains and data management, will probably be more notorious.
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