

Washington's Decision to "Normalize" Relations with Cuba: Impede China's Growing Influence in Latin America?

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In December 2014, US President Barack Obama shocked the world by announcing his intention to re-establish normal diplomatic relations with Cuba. After the initial shock of his announcement wore off, widespread speculation began about the timing and motives behind the US decision to re-engage Cuba after nearly six decades of actively trying to topple its socialist government.

Some viewed the decision as little more than a change in tactics, effectively amounting to an admission that the long standing policy of trying to isolate and destabilize the island has failed; others were convinced that Obama had good intentions and that his decision was based on purely humanitarian and ethical values. However, the idea that American benevolence was the motivating factor is difficult to accept given that one would be hard-pressed to find a single instance of genuine humanitarian intervention on the part of the US in its entire history, despite the lofty rhetoric of its leaders. If history serves as an indication, this move likely fits into a larger geopolitical strategy aimed at advancing American interests and business opportunities.

One possible explanation that has been largely absent from the mainstream media is that the ultimate objective of the decision actually has little to do with American benevolence or the desire to alleviate the disastrous consequences of the trade embargo on Cuba's economy and the daily lives of its people; rather, it is directed at China with the intent of impeding its growing presence and influence in Latin America and the Caribbean.

In recent years, while US foreign policy was focused on the Middle East, North Africa, the Asia-Pacific, and Russia, China has quietly intensified its economic and financial cooperation with many countries in the Caribbean and South and Central America, including Cuba. Washington likely views this increasing Chinese presence in "America's backyard" as a threat to US diplomatic, political and economic influence on a global scale. Thus, normalizing US-Cuban relations could represent one step in a process intended to constrain China's investment and influence in the region.

Cuba, China sign new accords to boost economic cooperation

(Xinhua)

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HAVANA - Cuba and China on Friday signed new agreements aimed at deepening bilateral cooperation in a number of fields.

Zhang Xiangchen, deputy international trade representative with China's Ministry of Commerce, and Rodrigo Malmierca, Cuba's Minister of Foreign Trade and Investment, signed the conclusive documents for joint projects in the sectors of telecommunications, industry and water resources.

Washington is fearful that China could emerge as the dominant power in Latin America and the Caribbean in the near future on its way to becoming a legitimate global economic, political, and military rival to the US. This is evidenced by a number of statements made by President Obama, where he emphasized the point that “we can’t let countries like China write the rules of the global economy”. He also stated that, “China is negotiating a trade deal that would carve up some of the fastest-growing markets in the world at our expense, putting American jobs, businesses and goods at risk”, which was likely referencing the 16-member Regional Comprehensive Economic Partnership (RCEP) that China is working to finalize by the end of 2016.

The US is likely hoping that the Trans-Pacific Partnership agreement^[1] (TPP) and reengagement with Cuba will play significant roles in enhancing the influence of the US in Latin America, the Caribbean, and the Asia-Pacific, while simultaneously limiting Chinese leadership in these regions. President Obama believes that “the TPP would let America, not China, lead the way on global trade^[2]” because it is “a trade deal that puts American workers first and makes sure...[that Americans] write the rules of the road for trade in the 21st century”. Furthermore, his belief in American exceptionalism is on full display when he states, “America should write the rules. America should call the shots. Other countries should play by the rules that America and our partners set, and not the other way around”. Such statements are reminiscent of the Cold War era, when Washington was concerned that close ties between Cuba and the Soviet Union could threaten American interests.

The strategic importance of Latin America and the Caribbean to the United States is clearly reflected in the Monroe Doctrine, which was established by the administration of President James Monroe in 1823 and stated “that further efforts by European nations to colonize land or interfere with states in North or South America would be viewed as acts of aggression, requiring U.S. intervention^[3]”. Based on the spirit of the Monroe Doctrine, which essentially regards the Caribbean, and Central and South America as the “backyard” of the U.S., the Soviet Union’s close economic and diplomatic relationship with Cuba^[4] was regarded as an act of aggression during the Cold War era. Similarly, the recent Chinese economic and diplomatic advances in these regions^[5] could be viewed as acts of aggression depending on how Washington chooses to interpret the Monroe Doctrine.

Historically, Cuba and China have enjoyed friendly diplomatic relations. In fact, Havana’s Barrio China was founded in 1870 with arrival of over 40,000 Chinese people, who have

resided in the city ever since. Furthermore, Cuba was the first country in Latin America to establish a diplomatic relationship and enter into trade agreements with China after an official visit by Ernesto Che Guevara in 1961. Since then, China has been a consistent trading partner that Cuba has come to rely on, particularly in difficult times. In recent years, economic ties between these two nations have expanded considerably despite their geographic distance. As of 2005,

China has become Cuba's largest creditor and second largest foreign trade partner after Venezuela. Meanwhile, Cuba represents China's largest trading partner in the Caribbean due to significant contracts in a number of different sectors and industries. For instance, in the tourism industry, Chinese firms are currently working on the construction of 13 new Cuban resorts to honor contracts totalling \$460 million. Also, the national petroleum companies of both nations, SINOPEC of China and CUPET of Cuba, are cooperating on the development of Cuba's oil reserves and infrastructure in accordance with an agreement signed in 2008.

In July 2014, only a few months before President Obama announced his intention to re-establish diplomatic relations with the island, Chinese President Xi Jinping embarked on an official visit to Cuba along with a delegation that included 50 businessmen and investors. This resulted in 29 business agreements being signed that further expanded the extensive economic and commercial ties between the two countries. Among them were agreements for Chinese funding for a variety of construction projects, investment in oil exploration, financing for the Cuban acquisition of telecommunications equipment, and cooperation on projects in the areas of healthcare, biotechnology, and renewable energy.

Specific contracts included the Cuban-Chinese Biotechnology Working Group ratifying 11 new agreements to cooperate on biotechnology projects over the period of 2015-2017. Also, Cuba recently entered into business agreements to obtain internet services and communications equipment from Chinese companies like Huawei, ZTE and TP Link instead of their American competitors. China also began regular weekly flights from Beijing to Havana in early 2016. All of these agreements indicate a recent deepening of business and economic ties between Cuba and China, building on their history of friendly relations based on cooperation and mutual respect for sovereignty and national interests.

Chinese loans and large-scale investment projects^[6] in Latin American and Caribbean countries have significantly increased since 2003. During that time, while China was building important economic and diplomatic relationships in that region, Washington was largely preoccupied with strategies that resulted in the destabilization and destruction of many countries, primarily in the Middle East and North Africa.

To help facilitate its investments and development projects around the world, China created its own financial institution in 2015, the Asian Infrastructure Investment Bank (AIIB), which currently counts 37 countries as members. The AIIB fits into China's broader strategy of transitioning away from its traditional manufacturing base to a more services-oriented economy. More countries, particularly developing nations^[7], are turning to the AIIB as an alternative to the Bretton Woods Institutions (the IMF and World Bank) when in need of financial assistance, because loans and credit are provided on more favourable terms and with fewer conditions attached. China has also proven to be a popular trade partner and source of investment, because its strict business-oriented approach is mutually beneficial, often leads to a reduction in poverty levels^[8], and involves no interference in the internal affairs of its partners.

The AIIB effectively changes the rules of international trade, which has been dominated by the Bretton Woods Institutions^[9] since WWII. Predictably, Washington is concerned that China will use the AIIB to set the terms and rules of the global economic agenda and threaten the US's status as the world's dominant economic power. This is evidenced by a recent interview with The Wall Street Journal, where President Obama stated that: "If we don't write the rules, China will write the rules". Clearly, the US regards China as its key economic rival and is seeking measures to prevent it from becoming too strong and independent.

In order to forestall China's emergence as an economic rival and re-establish US economic dominance, the Obama administration is engaging with regional multilateral institutions, in addition to intensifying trade and investment with individual countries through bilateral agreements. This calls into question Washington's stated motives for reconciling its diplomatic relations with Cuba. It is more likely that the decision to normalize relations with Cuba is part of a larger project aimed at limiting China's growing role in "America's backyard".

Cuba has experienced both the American and Chinese approaches to diplomatic and economic relations. The Cuban experience with China has generally been one of mutual benefit and respect for one another's sovereignty. This is because China does not behave like a traditional military, colonial or imperial power; instead, it focuses on peaceful economic development, mutual gains, and cooperative relationships. The Cuban experience with the US was vastly different, as the US exercised imperial control over the island, which included exploiting its people and resources, and dictating its foreign policy, effectively transforming Cuba into a US neo-colony from the conclusion of the Spanish-American War in 1898 right up until the Socialist Revolution in 1959.

The two-year anniversary of President Obama's announcement of his intention to re-establish normal diplomatic relations with Cuba is fast approaching. It is noteworthy that, with only a few months left in his Presidency, the trade embargo has not yet been lifted, nor has President Obama exercised his "executive power will" to bypass Congress and force its elimination. It could be that the US administration is having second thoughts on the prospect of fully lifting the embargo after weighing the potential drawbacks against the perceived gains. For example, eliminating the embargo will result in a massive influx of American tourists and dollars into Cuba that would largely benefit non-US companies, including the Spanish firms that often manage Cuban resorts and the Chinese companies that build infrastructure and export consumer goods to the island.

Furthermore, it is also likely too late for the US to build an economic relationship with Cuba that could realistically rival that of China, given the long history of the Cuba-China economic relationship that respects the sovereignty and socialist principles of the island. Washington would certainly like to avoid any actions that could profit Chinese companies and enhance China's influence in the region, given their view of China as a major economic competitor with the potential to shape the future global economy according to their own designs.

For these reasons, it is reasonable to expect that Washington will establish relationships and enact policies aimed at countering China's growing economic influence. Recent examples of this approach include the TTIP and TTP agreements, which explicitly exclude both China and Russia. Obama's efforts to re-establish a diplomatic relationship with Cuba must be understood in this context. This decision was not motivated by American virtues or good intentions; rather, it was a response to the fear that China has the potential to design and

control the rules of the global economy in the foreseeable future. This is clearly evidenced in a Hilary Clinton speech that appeared in Foreign Policy Magazine in 2010, where she stated the following: “As the war in Iraq winds down and America begins to withdraw its forces from Afghanistan, the United States stands at a pivot point. Over the last 10 years, we have allocated immense resources to those two theaters. In the next 10 years, we need to be smart and systematic about where we invest time and energy, so that we put ourselves in the best position to sustain our leadership, secure our interests, and advance our values. One of the most important tasks of American statecraft over the next decade will therefore be to lock in a substantially increased investment — diplomatic, economic, strategic, and otherwise — in the Asia-Pacific region”^[10]. This excerpt demonstrates that the ideal of a peaceful community of nations will never be achieved as long as dominant military, economic, and political powers like the United States continue to advance their own interests at the expense of the economic well-being, security, and welfare of other countries.

Notes

[1] In a bid to contain China’s economic growth and political influence, the US drafted the Trans-Pacific Partnership (TPP) trade agreement on October 5, 2015. Subsequently, on February 4, 2016, it was signed by 11 other countries: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam. The signatories of the TPP, including the US, represent a combined share of approximately 40% of the global economy. China was explicitly excluded from the TPP on the pretext of violating human rights. The TPP aims to reverse China’s dominance and return the US to its status as the global economic power. On August 25, 2016, Senate Majority Leader Mitch McConnell stated that “[t]he current agreement, the Trans-Pacific [Partnership], which has some serious flaws, will not be acted upon this year” (<https://www.rt.com/usa/357333-mcconnell-tpp-senate-vote/>).

[2] https://www.washingtonpost.com/opinions/president-obama-the-tpp-would-let-america-not-china-lead-the-way-on-global-trade/2016/05/02/680540e4-0fd0-11e6-93ae-50921721165d_story.html

[3] http://en.wikipedia.org/wiki/Monroe_Doctrine

[4] US policy has consistently sought to reverse the Cuban Revolution and overthrow the country’s socialist regime. Specific tactics included the planning and support of the 1961 Bay of Pigs invasion, many instances of sabotage and terrorism, hundreds of CIA attempts to assassinate Fidel Castro, and the imposition of economic and political sanctions in order to destabilize the regime by creating disenchantment, disaffection, hardship, hunger, and desperation among the Cuban population. In all likelihood, successive US administrations believed that it was only a matter of time before this strategy would lead to the collapse of the socialist system, which would allow Americans to reclaim their preferential status and exercise imperial control over the island.

[5] Over the course of the last decade, China has also made significant progress in building important economic and diplomatic relationships with many nations in addition to Cuba. This is evidenced by the fact that China is now the top trading partner of more than 120 nations. It has also provided loans and investments for a variety of projects in many countries, including the construction and modernisation of infrastructure such as highways, bridges, railroads, canals,

hospitals, and energy infrastructure like oil refineries, power plants, and pipelines.

[6] Based on a report by the Organisation for Economic Co-operation and Development (OECD), China is now the largest trading partner of the African continent, with over 2,000 Chinese companies investing in 49 African countries. China continues to expand its investments on the continent.

[7] Australia, Saudi Arabia, South Korea, and many European, African and South American nations are already members of AIIB. Although Washington declined China's offer for AIIB membership, it was supported by a number of close US allies like France, Germany and the United Kingdom.

[8] In December 2015, the Chinese government offered \$60 billion in loans and aid to help African countries build and improve their infrastructure. Generally speaking, Chinese involvement has been beneficial for the economy of the entire African continent.

[9] The IMF and World Bank are well-known for imposing policy changes and structural reforms on borrower nations in exchange for loans. Many of these structural adjustment programs were highly detrimental to these countries and solely served the interests of donors.

[10]

<http://www.counterpunch.org/2016/08/25/the-broken-chessboard-brzezinski-gives-up-on-empire/>

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