

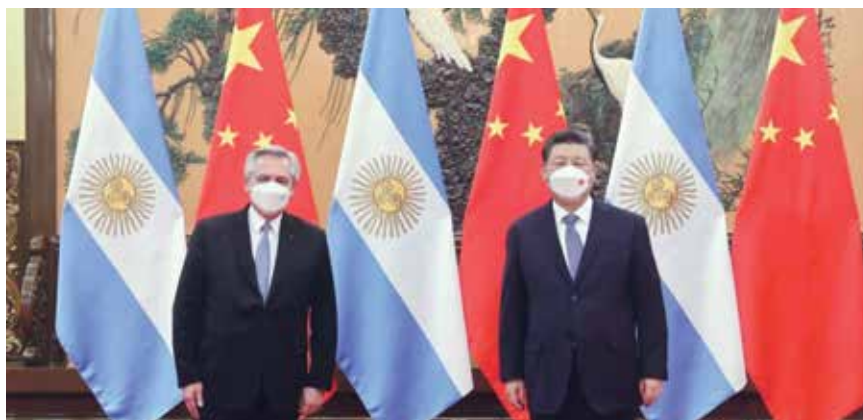
III. Economics—Development

Argentina Joins China's Belt and Road, London and Wall Street Rattled

by Cynthia R. Rush

Feb. 8—During a meeting at the Great Hall of the People on the morning of Feb. 6, Argentine President Alberto Fernández and Chinese President Xi Jinping signed a 22-point joint statement announcing Argentina's joining the Belt and Road Initiative, the 20th nation of the Ibero-American/Caribbean region and the 146th in the world to do so.

During what was described as a “relaxed, friendly, and fruitful meeting” that went on for almost an hour, much longer than the originally scheduled 20 minutes, Foreign Minister Santiago Cafiero and He Lifeng, chairman of China's National Development and Reform Commission (NDRC), signed the “Memorandum of Understanding for Cooperation in the Framework of the Economic Belt of the Silk Road and the 21st Century Maritime Silk Road Initiative,”



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In the midst of contentious negotiations with the IMF over rescheduling a mammoth \$44 billion standby agreement, Argentine President Alberto Fernández traveled to Beijing and, with President Xi Jinping, signed a joint statement on February 6 announcing that Argentina has joined the Belt and Road Initiative.

which outlined an extensive agenda of cooperation involving \$23.7 billion in projected Chinese investments across an impressive range of areas: rail and energy infrastructure, science and technology, agriculture, COVID-19 response, trade and investment and coordination in the international arena to promote multilateralism.

Both parties expressed how much they valued their sustained and profound relationship and committed themselves to “deepening the Comprehensive Argentine-China Strategic Association between the Argentine Republic and the People's Republic of China.”

Of the \$23.7 billion, \$14 billion are for infrastructure projects already approved at the meeting of the Fifth Strategic Dialogue for Economic Cooperation and Coordination (DECCE)—some of that approved as far back as 2014 but delayed or halted altogether by the 2015-2019 government of the neoliberal Mauricio



kremlin.ru

Prior to meeting with Xi Jinping, Fernández met with Russian President Putin on February 3 to discuss strengthening their strategic partnership.

Macri—and another \$9.7 billion are for projects to be determined by the Ad Hoc Working Group made up of representatives from both countries. The four governors who accompanied the President on his trip, from the provinces of Buenos Aires, Rio Negro, Catamarca, and San Juan, also signed \$2 billion worth of contracts for infrastructure projects in their provinces.

Fernández was especially appreciative of China’s commitment to “firmly support Argentina’s efforts to preserve the economic and financial stability of the country,” and to renew and expand the \$18 billion currency swap arrangement between their central banks. The latter is particularly important given the Fernández government’s current contentious negotiations with the IMF over rescheduling the mammoth \$44 billion standby agreement contracted in 2018 by Macri, which left Fernández with an unsustainable debt burden.

On foreign policy, the joint statement highlighted that Argentina reaffirmed its support for the One China principle, which the U.S. and the UK constantly challenge with their provocative courtship of Taiwan, while China expressed its support for “Argentina’s demands for the full exercise of sovereignty” over the Malvinas (Falkland) Islands, disputed since 1833 when Britain illegally seized them. (This provoked a furious tweet from British Foreign Secretary Liz Truss, who is always ranting about China’s alleged human rights abuses in Hong Kong, Tibet, and Xinjiang, but shrieked that China had no right to assert that the Malvinas didn’t belong to the “British family” or challenge its right to “self-determination.”)

Fernández also reported that he had raised with both Putin and Xi his desire to have Argentina join the BRICS, the five-nation alliance which in addition to Russia and China, includes Brazil, India, and South Africa. Both parties committed to also advancing the cause of the Global Development Initiative announced by Xi Jinping last September before the UN General Assembly.

The Feb. 6 meeting was the high point of Fernández’s three-day visit to Beijing, accompanied by an 18-person delegation, during which he attended the opening of the Winter Olympics together with 20 other heads of State, held other key meetings, and celebrated the fact that Feb. 19 of this year marks 50 years of diplomatic relations with China. In observing that, Xi an-



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The Feb. 6 Argentina-China joint statement also expresses China’s support for “Argentina’s demands for the full exercise of sovereignty” over the Malvinas (Falkland) Islands. Shown: Argentine cruiser ARA General Belgrano sinks after being torpedoed by the British in the Malvinas War, May 1, 1982.

nounced that China “is willing to advance exchanges and cooperation in various fields and usher in another brilliant 50 years under the comprehensive strategic partnership with Argentina.” He declared 2022 to be the year of “Friendship and Cooperation” between the two nations.

Videos of the two leaders meeting show Fernández and Xi engaged in friendly conversation, during which Fernández had time to tell Xi something about the warm relationship between Argentina’s nationalist leader and former President, Gen. Juan Perón, and Mao Zedong, adding, “If you were an Argentine, you’d be a Perónist.”

A Strategic Issue

Prior to arriving in Beijing Feb. 4, Fernández made a 36-hour stopover in Moscow to hold a very cordial and productive three-hour meeting with Russian President Vladimir Putin Feb. 3, during which they discussed further strengthening their strategic partnership and cooperating on both bilateral and international matters.

Among other things, the two discussed cooperation in oil and gas infrastructure, railroad construction, nuclear energy, aerospace, vaccine production, and expansion of trade and investment. In their joint press conference afterward, Putin made a point of noting that Russia and Argentina hold “similar or identical positions on many issues,” such as the “supremacy of international law, sovereignty, independence, and non-interference in the domestic affairs of foreign states.” For

this reason, he said, “we agreed to continue coordinating our efforts on key multilateral issues at international venues, including the UN.” Argentina, he said, “is one of our key partners in Latin America.”

Fernández thanked Putin effusively for Russia’s role in providing Argentina with the Sputnik V vaccine—“the rest of the world did not help us with vaccines”—and providing the country with the technology transfer which allows it to now produce Sputnik V domestically. Having just announced a preliminary agreement with the IMF prior to leaving for Moscow, Fernández caused some astonishment in Washington and London when he told Putin he wanted to lessen Argentina’s dependence on the IMF and the United States, which he described as a “corset” restricting the country’s ability to operate freely. He stressed the need to “open the path to other locations.” He suggested that his country could also serve as a “gateway” to Russia’s entry into the rest of Ibero-America, noting that in this context, “Russia holds a very important place.”

For U.S. and Western financial and geopolitical circles, Fernández’s visit to Putin was bad enough. As Brazil’s Establishment daily *Folha de São Paulo* revealed Jan. 31, Secretary of State Tony Blinken attempted to convince both Fernández and Brazilian President Jair Bolsonaro, who is planning to visit Moscow Feb. 14-17, to stay away from the Russian leader. Postulating the lie that Russia is planning to invade Ukraine “at any moment,” Blinken argued that meeting with Putin at a time when he should be “isolated internationally,” would send the “wrong signals,” and suggest that both nations (Argentina and Brazil) were siding with Russia in the conflict. Despite the warnings, Fernández left for Moscow on Feb. 1 and Bolsonaro says he still plans to travel.

But it’s Argentina’s enthusiastic embrace of the Belt and Road Initiative (BRI), and all that this implies strategically and economically, that has London and Washington really bent out of shape. They know that Argentina’s joining the BRI is not just a domestic issue but opens the door for the two other large Ibero-American economies, Brazil and Mexico, to follow suit, and likely encourage other countries in the region to join as well.

As the rotating president of the 32-member Com-



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Chile’s outgoing neo-liberal President Sebastián Piñera, who describes himself as a staunch U.S. ally, has also maintained a solid economic and strategic partnership with China. Chile is a member of the Belt and Road Initiative and the Asian Infrastructure Investment Bank.

munity of Latin American and Caribbean States (CELAC), with which China works closely through the China-CELAC Forum, Fernández is situated to “deepen and expand cooperation between China and Latin America,” as China’s *Global Times* described it in its Feb. 6 edition. The China-CELAC Joint Action Plan for 2022-2024 includes an ambitious agenda for economic, political and development cooperation across an array of sectors. The Xi-Fernández joint statement underscores that China especially “appreciates Argentina’s role in regional matters as well as its efforts to promote regional integration and to connect the cooperation of the countries in the region with the rest of the world.”

The Emperor Has No Clothes

Alberto Fernández’s trip to Russia and China also reveals a broader phenomenon, in which a growing number of nations in Ibero-America and other parts of the developing sector are recognizing that the trans-Atlantic “emperor” truly “has no clothes.” In response to Ibero-America’s severe COVID-triggered economic crisis, with growing poverty, hyperinflation and inequality, America’s policies toward its so-called “backyard” have been an abject failure, offering no options for urgently needed real physical economic or infrastructural development. President Joe Biden’s “Build Back Better World,” which purports to be an alternative to the Belt and Road Initiative, is a joke whose primary focus is “combating corruption.”

That Fernández made his trip in the midst of a dangerous international strategic crisis, in which the United States and the UK are allied in threatening war against Russia and China, using accusations of human rights violations and sanctions as weapons to bring down their economies or their governments, reflects something new. A global policy shift is sweeping nations into a new correlation of forces that defies the “rules” laid down by the proponents of empire and geopolitics, even at the risk of incurring vengeful Anglo-American reprisals and destabilizations. This has nothing to do with “left-wing” or “right-wing” ideology or the domestic politics of individual governments, but rather the realization that relying on the unipolar “rules-based international order” offers only economic destruction, depopulation, cultural degradation, and hopelessness—not a future.

Take the case of Ecuador’s President Guillermo Lasso, a neoliberal banker, who came into office proclaiming his loyalty to Washington. Lasso attended the Winter Olympics opening ceremony and met with officials to discuss not only how to resolve his government’s foreign debt with China, but also his desire to sign a free trade agreement, turning his back on a deal offered by the International Development Finance Corporation intended to limit Ecuador’s trade relations with and oil exports to China. Chile’s outgoing neoliberal President Sebastián Piñera, who always described himself as a staunch U.S. ally, has nonetheless maintained a solid economic and strategic partnership with China for years, belonging to the BRI and to the Asia Infrastructure Investment Bank.

It is precisely this emerging coalition of forces that creates the potential for implementing the policy proposal made by the Schiller Institute on April 10, 2021, when it was thought that Fernández would be traveling to Beijing a month later to sign a Memorandum of Understanding to join the BRI. Fernández didn’t make the trip, in part due to COVID-19, but also because the Biden Administration exerted enormous pressures on him, sending National Security Adviser Jake Sullivan and the National Security Council’s Western Hemisphere expert Juan González to warn against associating with China.

A New Space Paradigm for Cooperation

Less than a year later, the Schiller Institute policy statement, “President Fernández to China; Ibero-America to Mars!” is timelier than ever. Fernández’s

trip, it said at the time, presented Ibero-America and the Caribbean with a “unique strategic opportunity” to free itself from the “straitjacket of the financial looting by the dying London/Wall Street system and join instead with the Belt and Road ... and its high-tech, science-driver approach to development.” A Mexico-Argentina axis could emerge, the statement read, “to propose a game-changing policy in the Western Hemisphere: that China and the United States jointly work on developing the Mexican-Central American region in particular and also all of Ibero-America, by cooperative efforts around extending the BRI into the region.”

These policies would be possible, the statement went on, were America “to return to its senses and to the policies of its greatest sons, Washington, Lincoln, Franklin Roosevelt and Lyndon LaRouche.” The Schiller Institute proposed that in addition to the infrastructure projects he planned to discuss with Xi Jinping, including nuclear energy, Fernández should also be “entrusted with a mission on behalf of all of Ibero-America,” which would be to propose “regional great development projects as well, especially in the field of space.” This would entail proposing to establish two polytechnic institutes, or institutes for space science educational activity, one in Argentina and one in Mexico—possibly in the city of Querétaro.

The two new institutions would serve as centers of international scientific cooperation and as poles of educational and technological progress required “to bring the entire continent into this kind of high-technology space development. They will be centers of the emerging New Space Silk Road.” Thus, the statement concluded, Fernández’s trip to China could become “the first step in Ibero-America’s participation in mankind’s mission to Mars.”

While there has been discussion about the importance of regional integration and scientific cooperation, especially during Mexico’s 2020-2021 presidency of CELAC during which it cooperated closely with the Fernández government, there has been little real progress to date on implementing specific proposals, aside from Mexican-Argentine collaboration on COVID vaccine production, Argentina’s production of the Sputnik V vaccine, and Cuba’s beginning to export its COVID vaccines to a few countries in the region. But given the scientific and technological capabilities and human resources that Mexico, Argentina and Brazil possess in the areas of nuclear energy, aerospace, rocketry, satel-



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cooperation in the area of space and reaffirm their determination to continue strengthening cooperation in the framework of the Action Plan for Space Cooperation 2021-2025, between Argentina's National Space Activities Commission (CONAE) AND China's National Space Administration (CNSA)." The declaration specifically mentions the inauguration this year of the China-Argentine Radio Telescope (CART), the largest in Ibero-America, located at the El Leoncito Astronomical Complex in the province of San Juan and built through an agreement between the National University of San Juan and the Chinese Academy of Sciences.

The declaration also underscores "the importance of scientific-technological cooperation to

According to the joint Argentina-China statement, both parties "highly value the excellent bilateral cooperation in the area of space." Shown: the Espacio Lejano Station, a radio station in Neuquén province operated by the China National Space Administration as part of the China Deep Space Network, in collaboration with Argentina's National Space Activities Commission.

lite construction and other high-tech areas, the 2021 mission posed by the Schiller Institute is absolutely feasible.

As one example, in October of 2020 in the middle of the COVID pandemic, the foreign ministers of Argentina and Mexico, Felipe Solá and Marcelo Ebrard respectively, signed a Declaration on the Constitution of a Regional Mechanism for Cooperation in Space, leading to the creation of a Latin American-Caribbean Space Agency (ALCE). Signed virtually during the celebration of the United Nations' World Space Week Oct. 4-10 of that year, the declaration states the intention to create a platform "to invite the rest of the membership of CELAC" to become a part of this effort. This bold proposal sparked great enthusiasm, and the hope among governments, scientific sectors, and academic institutions that this new platform could serve as a science driver for the region's economic and scientific development, especially for young people who are inspired by the idea of space exploration.

As scientific cooperation is a key component of Sino-Argentine cooperation in the context of the Belt and Road Initiative, real progress can be made on these and other initiatives. The joint declaration underscores that both parties "highly value the excellent bilateral

guarantee development models that combine productive development and social inclusion." The two governments highlighted the "fundamental role that science has had in the rapid response to the COVID-19 pandemic and expressed their desire to continue promoting mutual learning to permit binational collaboration in this important strategic area."

In Beijing, Fernández met with the directors of the Institute of Biological Products-People's Republic of China, which produces the Sinopharm vaccine, to discuss ongoing negotiations to allow Argentina to produce Sinopharm domestically, with the goal of producing one million doses a week.

In Beijing, Arabela Carreras, the Governor of Rio Negro province—home to the internationally-renowned high-tech firm INVAP—met with directors of Jiangxi Nuclear Power to confirm a \$450 million agreement by which INVAP will build a reactor in the city of Jiujiang to produce isotopes for use in nuclear medicine.

Infrastructure Is the Key

The array of infrastructure projects for which Chinese financing is already committed, or will be soon, is impressive: among others, nuclear energy, railroad construction, gas pipelines, highways, agriculture, and

the huge Nestor Kirchner-Jorge Cepernic hydroelectric project in the Patagonian province of Santa Cruz, which when complete will cover the electricity needs of 1.5 million households. Prior to Fernández's trip, Argentina's state-run Nucleoeléctrica firm and the China National Nuclear Corporation (CNNC) signed an \$8 billion contract for the construction of Argentina's fourth nuclear reactor, the 1,200 MW HPR-100 Atucha III, construction on which will begin by the end of this year.

China Railway Construction Corporation Limited (CRCC) has already signed a contract with Argentina's Transportation Minister to upgrade and modernize the important General San Martín rail line (FCGSM), and three MOUs to refurbish and modernize the Belgrano Norte, Sarmiento and Urquiza commuter rail lines.

In addition to projects already approved for \$14 billion during the meeting of the Strategic Dialogue for Economic Cooperation and Coordination, other projects are being discussed which specify greater local participation by Argentine suppliers and producers to identify priority areas for investment aimed at increasing the production of exportable goods. China is committed to advancing with negotiations in the areas of sanitation and animal health regulations, to be able to build slaughterhouses and fish farms to increase products to be exported to China and Asia.

The focus is on projects that will enhance connectivity within Argentina, and between Argentina and China. For example, the Argentine subsidiary of the China Electric Power Equipment and Technology Co. Ltd (CET)—CET Argentina—has been contracted to upgrade the National 500 kV Grid for the Metropolitan Area of Buenos Aires, which has a population of 15.1 million people, and is being financed by Chinese banks for \$1.1 billion. In addition to what's outlined in the Memorandum of Understanding, an additional 13 documents were signed describing cooperation in such areas as green development, the digital economy, aerospace, technology and innovation, education, agriculture, earth sciences, media and communications, and nuclear energy.

Fernández: The Unipolar World Is Dead

In a Feb. 7 press conference in Barbados, the last stop on his foreign tour, President Fernández reported that he was "very happy" with the results of

the meetings he had with the Russian and Chinese presidents, adding that both "were very necessary for Argentina." Of particular importance, he said, both those governments said they were also pleased with the preliminary agreement that his government had reached with the IMF, because "this has to do with possibilities for advancing in the area of investments."

As for those pro-U.S. domestic sectors and leading members of the U.S. Establishment that have attacked him for his remarks in Russia about wanting to lessen his country's dependence on the IMF and the United States, he replied:

I simply said something we all know. I emphasize more than ever the need for multilateralism. There are some who still believe there is a bipolar world in which the communists are in the East and the capitalists are in the West. That world no longer exists, and it would be good for us to look at how things work today. I had a chance to see this during my trip, and I am increasingly convinced of the need for multilateral relations. There must be respectful, serious, and responsible relations such as those we maintain with all nations in the world.

Fernández then observed that many Argentines don't understand the world has changed. "Neither the politicians nor the media understand this."

The Argentine President also elaborated on why he wants Argentina to join the BRICS, which he discussed with both Putin and Xi Jinping:

This is something that interests us very much because the BRICS have a Development Bank which finances investments of member nations. I raised with Presidents Putin and Xi our intention to join and they both said they agreed with me. Now, they'll have to decide on this together, along with the other member nations, and see if they agree on our joining.

Argentina's ambassador in Beijing, Sabino Vaca Narvaja, also reported that Fernández has invited Xi to visit Argentina, COVID-19 permitting, and described the country's joining the Belt and Road Initiative as "an historic milestone."