

# China-United States Geostrategic Rivalry in the Caribbean: Implications for Europe

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EU – CARIBBEAN RELATIONS REVISITED CONFERENCE  
JEAN MONNET CENTER AT FLORIDA INTERNATIONAL UNIVERSITY  
FEBRUARY 2020

# Introduction

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Since its return to the international scene, mainland China - or the People's Republic of China (PRC) - has tended to increase its presence in the world

However, it is not present everywhere in the same way or with the same intensity.

In the case of the insular Caribbean, the emergence of China is one of the most striking phenomena that we have observed in this sub-region since the start of the new millennium.

# Introduction

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China's growing diplomatic and economic presence witnessed a watershed in 2017-2018

This comes within the framework of an increase in Sino-American economic and geostrategic rivalry when Europe has always had, for obvious historical reasons, a strong presence in the Caribbean.

In this presentation we will review first the main manifestations of the economic presence of China and its main centers of interest in the Caribbean, then the different stages of the presence of China in this region, the turning point which happened with the establishment of diplomatic relations between China and several countries in the region, notably the Dominican Republic, and the reaction that this provokes from the Trump administration. Finally, we make some preliminary considerations about the implications for Europe.

# The salient features of China's economic presence in the Caribbean

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The Chinese presence in this marine area of the Americas is not new. Historically there have been several waves of migration...

As early as the 1960s, China's diplomatic presence in the Caribbean increased with the establishment of relations with Cuba, and then as part of its historic rivalry with Taiwan, has greatly increased in recent decades.

From the 2000s, this politico-diplomatic activism went hand in hand with the progression of economic flows, especially Chinese foreign direct investment (FDI) and trade.

# The salient features of China's economic presence in the Caribbean

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The upward trend in Chinese FDI in the Caribbean region is very marked, even if the weight of the Caribbean island countries, due to their small size - as well as Latin America - is very low in the total IDE (**FDI**)

The main destinations for Chinese FDI in the Caribbean region excluding tax havens (notably the British Virgin Islands and the Cayman Islands) are in the CARICOM countries

Whether we consider FDI in stocks or in annual flows, it is first of all Guyana, and then Suriname, which also happen to be the two territories richest in natural resources, and having had conflicting relations with the West since their independence

The upward trend in Chinese FDI is also marked in Jamaica

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Outside the CARICOM countries, Cuba and the Dominican Republic - where it could increase sharply in the near future - currently present levels of Chinese direct investment that are still low.

In the case of Cuba, the revitalization of economic relations between the two countries followed the creation in 2003 of a Cuba-China Entrepreneurial Committee. It has started to produce effects, although they are sharper in trade than in Chinese direct investment in Cuba

Trade between the PRC and the Caribbean countries has two general characteristics: it has grown considerably since the early 2000s and China has a large surplus

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But China has not reached a decisive position in the trade of the countries of the region, except in the cases of Cuba and the Dominican Republic where trade with China occupies a place of choice both in terms of exports and imports

In the case of CARICOM countries, exports to China experienced a strong start from very low to zero in the decade 2001–2010. But China remains an extremely marginal export market, compared to the United States, which accounts for between a quarter of imports and half of exports.

China is gradually becoming an important trading partner on the import side

# The salient features of China's economic presence in the Caribbean

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In summary, the trade of the Caribbean countries with China remains limited but the trend is a clear increase in trade with these new partners, which were almost non-existent before 2000, while the share of the former dominant powers, Europe and the States -United, shrinks quickly, while maintaining an edge for now

In this context, it is not surprising that China's aid and cooperation flows have also increased in the past decade.

It is sometimes difficult to distinguish the nature of the various types of financial flows made available to Caribbean countries by China, but we have estimated that towards the middle of the present decade the official loans granted by Chinese institutions to these countries were at an intermediate level between the annual flows made available to them by the Inter-American Development Bank (IDB) and the flows by the World Bank



# Chinese presence in the Caribbean: main areas of interest

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If the People's Republic of China logically takes an interest in the mineral and oil wealth of the countries of the region, it also looks attentively at the possibilities of obtaining agricultural and food products.

This increases the prospects of importing food products like rice from countries with relatively considerable agricultural potential like Suriname and, ultimately, countries like Cuba, whose potential in this area could be significant even if it is currently a massive importer of food. In such a scenario, it is possible to think that certain countries of the region could also become targets of the land grabbing often denounced in particular in Africa

# Chinese presence in the Caribbean: main areas of interest

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Another aspect to consider in terms of prospects for the Chinese presence in the region is the infrastructure. In fact, in recent years more than directly producing activities, most of these capital flows have been directed to the financing of infrastructure such as roads, hospitals and stadiums...

If infrastructure, especially transport, is an essential factor, energy is no less important, and here too China can play a considerable role. Indeed, after having recently become aware of the urgency to act against the deleterious environmental consequences of its accelerated economic growth, in a very short time it has specialized in renewable energies and may soon become the dominant producer in this area (solar panels and wind turbines, as well as other energy equipment, etc.)

# Chinese presence in the Caribbean: main areas of interest

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The Caribbean can interest China as a tourist destination: considerable growth is possible, but it is difficult for the Caribbean Basin to become a significant destination for the Chinese. The geographical distance -Caribbean and China are practically at the antipodes- plays against the region whereas the Chinese tourists are in particular attracted by the luxury shopping, which should certainly be developed in the region if one wants to attract them

Another crucial point is that of the environment and climate change, of which the Caribbean is one of the most affected regions, both because of the increasing frequency and the often-devastating force of hurricanes, as well as rising water.

The recent reorientation of China towards the promotion of "sustainable development", could make this country become, if it takes this turn seriously by putting into practice its more ecological discourse, an important partner of the Caribbean in this field.

# Evolution of Chinese strategy in the Caribbean and reaction of the United States

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If we analyze the evolution of Chinese presence and strategy in the Caribbean, we can distinguish different stages

Until the end of the 20th century it seemed clear that China's relations with the Caribbean were clearly dominated by purely political-diplomatic considerations, that is to say the will to oust the presence of Taiwan and win the goodwill of the many small states in the region in international forums

This factor has continued to be an important part of Sino-Caribbean ties, but economic relations have experienced significant development since the start of the 21st century and have begun to weigh, even if they are still modest and highly unbalanced.

# Evolution of Chinese strategy in the Caribbean and reaction of the United States

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Following the development of economic relations and cooperation with the Caribbean (insular Caribbean and more broadly the "Greater Caribbean") new links are established. It had become evident that, seen from the point of view of the PRC, the region interested him more and, in Beijing's view, the situation and position of certain countries interested him more and more

In addition to Jamaica, often identified as the pivot of its contacts with the English-speaking Caribbean, countries rich in natural resources like Guyana and Suriname - which has the largest Chinese community - are the subject of growing interest from the PRC

Outside the English-speaking Caribbean, Cuba and the Dominican Republic are attracting increasing attention from Chinese economic and political players, for different reasons but linked to their demographic and territorial weight.

# Evolution of Chinese strategy in the Caribbean and reaction of the United States

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On this basis, during the second decade of this century, we began to feel the effects on the Caribbean of the rise of China in the global scene

The projects launched by the Chinese authorities from 2013: first The Belt and Road Initiative (BRI), which seeks to connect Asian markets with Europe, by promoting broadband cooperation across the Eurasian region but which also includes Latin America and the Caribbean by sea. It therefore opens a new perspective of influence of the PRC and cooperation for the countries of the region

As part of this initiative, the creation of an Asian Infrastructure Investment Bank, which was proposed by the PRC to meet the needs in this area of Central and Southeast Asia (and compete with the Asian Development Bank, the World Bank ... without abandoning them ...)

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These proposals were integrated into a long-term vision which was clearly revealed in the 19th Chinese Communist Party Congress held in October 2017, which displayed a very ambitious economic and international strategy.

But, at the same time, from the point of view of official discourse, when it is addressed to the Caribbean countries, the PRC seeks to be perceived as a natural ally

China advocates that it is primarily seeking energy sources, markets and a promoter of **cooperation**. On the international political level, China advocates peaceful coexistence, non-intervention in the internal affairs of countries, multipolarity and wants to favor a balanced globalization, governed by a principle of reciprocal benefits and shared gains.

# Evolution of Chinese strategy in the Caribbean and reaction of the United States

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But in 2017-2018, a decisive turning point takes place that marks the entry into a new stage in China's relations with the Caribbean.

Based on the cumulative effects resulting from the increase in its economic establishment in the Caribbean and its growing systemic role, recent diplomatic successes China defies the influence of traditional powers, especially the United States.

Moving away from Taiwan, the establishment of diplomatic relations with China from Panama and El Salvador in 2017 should be highlighted.

Relations with Panama bring China closer to the Panama Canal, and strengthening ties with El Salvador could boost the country's role - in Central America - as an export platform to attack third markets.



# Evolution of Chinese strategy in the Caribbean and reaction of the United States

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But the establishment of diplomatic relations between the PRC and the Dominican Republic is of considerable importance

It is a country located in the heart of the region, having a considerable demographic and economic weight in the insular Caribbean and which has maintained for almost 70 years very close cooperative relations with Taiwan.

The interest of the Dominican Republic is obvious: strengthening of trade and financial exchanges, possibility of integrating into the program of construction of infrastructures and development of trade within the framework of the BIS, with which other countries of the Latin American and Caribbean region, signing of new cooperation agreements, playing a more active role in international politics...

# Evolution of Chinese strategy in the Caribbean and reaction of the United States

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For its part, the PRC is interested in strengthening ties with a country that is very much part of the global economic and financial networks, signatory among other things to free trade agreements with the United States and Central America (DR-CAFTA) and with the European Union, within the framework of the European Union / Central America association and the EU-Caribbean Economic Partnership Agreement signed in 2008...

The links with this dynamic and "pivotal" country also has a strategic importance which worries the United States

This sparked an outcry from many representatives of the intellectual and political circles of the United States, in particular from the advent of the Trump administration.

Consequently, the United States is exerting more and more open pressure to reduce the Chinese influence, going so far as to convene a mini-summit of heads of state of the Caribbean countries in March 2019 to relaunch relations with these countries and draw their attention to China's "predatory economic practices"

# Implications for Europe

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New developments in the European integration process (Brexit...) could have important effects on relations between Europe and the Caribbean

If we consider the level of the European Union, we must highlight how it can play more on the "soft power" dimension

In this perspective, the positioning of the EU in the Caribbean can be strengthened compared to China and the United States in themes such as climate change and environmental preservation - compared to which the Caribbean is particularly vulnerable- which open up avenues for cooperation and investment, regional planning...

# Implications for Europe

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On a more strictly political level, Europe can assert the singularity of its links with the region, as it has done in recent years on the political level in the case of relations with Cuba

At the level of European countries and their relations with the Caribbean there are other aspects to raise. For example, without neglecting the “competition” dimension, consider, as some national cooperation agencies in European countries are starting to analyze the possibility envisaged of setting up “triangular” cooperation between these countries, China and countries of the Caribbean

In any case, the European Union and the European countries at the national level must not lose sight of the specific role they play in an international scene dominated by the growing importance of the China / United States rivalry

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THANK YOU VERY MUCH!

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