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# SINO-CUBAN RELATIONS IN THE 21st CENTURY

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## Abstract

Diplomatic relations were established between Cuba and the People's Republic of China in 1960, the 50th anniversary of which was celebrated in 2010. Their relationship entered a new phase after 2000, characterised by more intense political relations, strengthening trade and investment ties and new initiatives in the fields of defence, education, health and culture. This can be evaluated as a result of the wider Chinese presence in Latin America and of a new quality of relations between Cuba and Latin America.

Sino-Cuban relations form a crucial axis in Cuban foreign relations, and the Chinese connection is worth taking into consideration when analysing the island's prospects for political, economic and social reforms. From this perspective, China has a double role: first as a model or at least a promise to be followed, second as a political and economic ally supporting Cuban development from outside.

**Keywords:** Cuba, China, foreign relations, reform, model

## Introduction

The possible direction of Cuban 'transition', reforms or changes is a highly debated question, especially after Raúl Castro assumed power. In today's globalised world, the foreign relations of a country and its international political position, bargaining power, and potential to grow and develop economically, are strongly interconnected factors. The centre of gravity of world economic development is shifting to the Asian-Pacific region, where the role of the People's Republic of China (PRC) is more and more determinant. Today it is an established fact that China has the most dynamically developing economy in the world and the country is a potential economic great power. This means that Cuban reforms are taking place in a new global context that is edging away from the international political and economic order of the 1990s.

China, an outstanding emerging economy, is already an important political and economic partner for Cuba. We can say without exaggeration that for Havana, the People's Republic of China is the most important global actor today and

current trends suggest that this tendency will persist in the coming years or maybe decades. In the twenty-first century, China has a central place in Cuba's foreign relations as a political ally, an important trading partner, a source of capital, and a country experienced in implementing market reforms parallel to a one-party political system.

The question I am attempting to answer here is: what is the role of the China connection in implementing successful political and economic reforms in Cuba?

### **Frameworks of Sino-Cuban Relations**

To understand the complexity and diversity of Sino-Cuban relations, first of all the multiple possible frameworks of these links have to be demonstrated. These frameworks are parallel, but also overlap one another, and they are in many ways interconnected. I find it important to mention these frameworks because they prove that China is not important for Cuba only as a significant trading partner and a potential political ally. These frameworks demonstrate and prove how manifold Sino-Cuban relations are, and these frameworks together constitute the real essence of the relationship.

The first, and maybe most important framework is given by the fact that China and Cuba are among the few 'socialist survivors' of the Cold War. In Chinese rhetoric, Cuba is one of the five golden flowers of socialism still present in the international arena, with China, Vietnam, North Korea and Laos.<sup>1</sup> This implies an essential solidarity between them, because it is obviously in their common interest to listen to each other, share experiences, resist external, especially Western pressure, and influence and find their own socialist path of development.

Besides this, historical ties should not be forgotten. Although for the purposes of this article current issues are more relevant, relations between Cuba and China are not new at all, they go back to colonial times in Latin America. This has to be taken into consideration when analysing contemporary trends, since historical ties are essential parts of the system of bilateral relations and are significant, since they determine how given parties today perceive each other.

As a wider framework, Sino-Latin American rapprochement also has to be taken into consideration. Cuba is part of Latin America and was 'integrated' into the region in the last decade, therefore Sino-Cuban relations should be interpreted as part of a wider Sino-Latin American context which in the past decade has become extremely progressive. On the other hand, Cuba has followed a particular path of development among countries of the continent, so that her ties with the PRC don't fit organically into the system of Sino-Latin American relations. Historically, among Latin American countries, Cuba has had the deepest relations with China, producing different patterns of links, reflecting multiple dimensions and a special

and unique dynamic in the last 150 years. Nevertheless, they are influenced by the Sino-Latin American context.

An even wider framework is given by the Asian–Latin American context. China is not the sole Asian power aspiring to build relations with Latin American countries, and it is important to see that Japan has been a crucial external actor for Latin America since the 1960s and for Cuba since the 1980s. Later, NICs<sup>2</sup> in East Asia joined Japan, and India seems to be following. Besides them, Russia is a further possible actor, which has developed unprecedented relations with Latin America in recent years; and as to Cuba, relations seem to be rebuilding in the Putin–Medvedev era.

Diversification of foreign, political and economic relations is not a new aspiration for Cuba (or for other Latin American countries), but for the last decade endogenous factors (e.g. more pragmatic foreign relations, pressure of reform) and exogenous factors (e.g. multipolar world order, world economic crisis) have created an unprecedented potential to establish a balanced and multi-actor system of foreign relations, and China has proved to be a key actor in this process. Historically, the foreign relations of Latin America had been rather attached to and determined by few foreign partners. During the colonial era, Spain and Portugal controlled Latin America's links to the world, then after achieving independence Britain, France and later on Germany appeared as new trade partners and investors, while during the twentieth century, the United States was the external power dominating Latin American foreign relations, especially after World War II. Spain, Portugal and other European countries, just like the European Union, 'reinvented' the region in the 1980s and 1990s. Hence, China is a new, relatively unknown pole in Latin America's foreign relations, and behind the advancing links between China and Latin America the most important factor is China's emergence in global affairs and the new patterns of global economics. Diversification is an essential instrument to escape dependency and from this perspective China might be a useful partner for Cuba and Latin America, and in this situation rather a conscious Latin American and Cuban attitude is needed to find – finally – a balanced structure of foreign relations.

The Caribbean region has to be noted as a further framework, under which Sino-Cuban relations could be examined. This is first of all a politically motivated aspect, as for the last decades China has also been rather active in the Caribbean in diplomatic and in economic terms. An essential motivation is the Taiwan (Republic of China, ROC) issue, since five out of 23 countries having official relations with Taiwan are situated in the Caribbean, and a further six in Central America,<sup>3</sup> therefore it is a natural Chinese aspiration to convince these countries to switch to the People's Republic of China instead of Taiwan. Although Cuba has more than 50 years of diplomatic relations with China, due to its geographic

proximity and common institutions (such as the Association of Caribbean States), this framework is also relevant when analysing Sino-Cuban relations.

Further, of course, it is essential to take into consideration the role of the United States when examining foreign relations of Latin American countries, and it is especially so in the case of Cuba. Washington as an external actor, in this case as a kind of ‘controller’, influences Sino-Latin American relations and is also an essential factor in Sino-Cuban links. For the US, China’s relations with Latin America have double significance. In today’s international order, China seems to be the most obvious challenger to the United States as a sole superpower, while Latin America has been or used to be the most dependable and unquestionable ally for the US during the past century. For Cuba, given her unique relationship with Washington, China is rather a useful partner in strengthening bargaining power towards the US, while for China the same holds true: Cuba is a valuable ally located close to the US.

Last but not least, a more general global perspective or framework has also to be mentioned. Sino-Cuban and Sino-Latin American relations give an important axis in wider South–South ties, henceforth solidarity among developing countries is a further dimension that has to be highlighted. The novelty of South–South relations in the twenty-first century is given by the fact that today the group of developing countries show rather a heterogeneous picture, emerging countries are getting more influential and this tendency has an impact on the relations between them. New, narrower forms of cooperation (such as BRICS or IBSA)<sup>4</sup> are established, which are more influential and effective compared to institutions of the past, such as the Non-Aligned Movement, or G77. This is an unprecedented opportunity for Cuba (and Latin America), since although relations with Asian and African countries are not new at all, in the twenty-first century they can gain new impetus and perspective, which might support future development and a new, more visible and influential, long-awaited position in world politics and the world economy, for all the parties concerned.

### **Background and Features of Sino-Cuban Links**

Having looked at these frameworks, which all influence and form bilateral relations, I will now describe the evolution and dynamics of Sino-Cuban relations, emphasising the most important milestones.

Historically, Sino-Cuban relations go back to the middle of the nineteenth century when the first groups of Chinese indentured workers arrived to work at Cuban sugar plantations. In 1877, the first Chinese consulates were opened to protect these workers. Chinese living in Cuba took part in fighting for independence, and in the 1920s a Cuban wing of the Kuomintang was established<sup>5</sup>

– which demonstrates the connection between emigrants in Cuba and the mother country. In the first decades of the twentieth century, further waves of immigration from China occurred, and we can say that the Chinese colony living in Cuba is an important link between these countries even today.

After the victory of the Cuban revolution in 1959, relations strengthened. Diplomatic relations were established between Cuba and the People's Republic of China in 1960, which meant that Cuba was the first, and until the 1970s the only Latin American country to do so (Chile followed after the electoral victory of Salvador Allende in 1970). Sino-Cuban relations showed very exciting patterns during the Cold War, and various sources deal with it in depth.<sup>6</sup> Until 1966, relations were strengthening, Ernesto 'Che' Guevara was a central figure in building 'tricontinentalism' and links with China, but Cold War logic did not let this relation flourish too long, and the 1970s reached rock bottom with strong rhetoric hostilities. When China invaded Vietnam (1979), Castro declared: 'the number one man responsible seems to be this numbskull, this puppet, this brazen Deng Xiaoping...a sort of caricature of Hitler'.<sup>7</sup> During the next decade as a result of common resistance to reforms in the Soviet Union a slow recovery was experienced in bilateral relations.

The end of the Cold War meant a breakthrough in Sino-Cuban relations. In the 1990s, the struggle to survive the collapse of the Eastern bloc resulted in a natural alliance between China and Cuba. Both countries found themselves isolated in international relations and therefore it is not surprising that they turned to each other. In 1993 Chinese president Jiang Zemin visited Havana, and in 1995 Fidel Castro visited China where he said that China's progress proved the strength of socialism.<sup>8</sup>

The Sino-Cuban relationship entered a new phase after 2000, characterised by more intense political relations, strengthening trade and investment ties and new initiatives in the fields of defence, education, healthcare and culture. This can be evaluated as a result of the wider Chinese presence in Latin America and of a new quality of relations between Cuba and Latin America. Chinese president Hu Jintao visited Cuba in 2004 and 2008,<sup>9</sup> as a result impressive Chinese loans and credits under generous conditions were granted to Cuba to develop education, telecommunications and infrastructure.

The above periodisation has shown the most important milestones in bilateral relations, but what is the content and which are the main features of Sino-Cuban relations? First of all it has to be emphasised that relations between China and Cuba are rather diverse, covering many different fields, and this is what makes it special compared to China's relations with other Latin American and also African countries. To analyse bilateral relations, I distinguish three different aspects of

cooperation to demonstrate the multilayered nature of Sino-Cuban links: political, economic, and cultural-scientific.

Politically, an essential common ground for Beijing and Havana is a desire for multipolarity in international relations. China aspires in herself to be a pole in the emerging new world order, while for Cuba a multipolar international order is much more favourable than the unipolar world led by the US that seemed to be the realistic scenario in the 1990s. Another common issue is a stronger voice and a more influential status of the developing world, and of course both China and Cuba, just as other Latin American countries support these objectives. Human rights and democracy are again essential common issues, since China and Cuba are strongly criticised because of their human rights records and lack of democracy, in different international forums and by various governments and international NGOs. However, as China's position and bargaining power in international relations strengthen and as Chinese economic development leads to stronger influence in world affairs, the stress of human rights criticism from the developed world is weakening and Cuba is obviously a winner from this tendency. On the other hand, Cuba has been rather active at multilateral forums in recent years: she signed the International Covenant on Civil and Political Rights (ICCPR) and the International Covenant on Economic, Social and Cultural Rights (ICESCR) in 2008 (though has not ratified them) and was elected – as was China – to be a member of the United Nations Human Rights Council in 2009 for a three-year term.<sup>10</sup>

For China, an essential political motivation is to strengthen its position and bargaining power towards Washington, as I have already noted. Here the so-called mirror effect has to be mentioned that consists of the following: Cuba is an island located just off the coast of the United States. Friendly Chinese relations with that island, which greatly concern the United States, counter China's great concern over US relations with Taiwan, the island off the Chinese coast that is part of the 'One China' dispute, and which is heavily armed by Washington.<sup>11</sup> Within this sensitive system, China might be looking for a balanced situation based on mutual dependence with the US. This is a further motivation for China when developing political and economic ties with Cuba. On the other hand, for Cuba, China is an essential global partner, since Beijing is a widely recognised international actor that probably and seemingly will be determining and shaping the international order in future decades. Through activating multilateralism and under the motto of 'peaceful rise',<sup>12</sup> China is undoubtedly becoming a more influential global actor. Therefore the US, Europe and the international community in general is compelled to pay attention to Chinese opinion on global and regional issues, which results in a new situation compared to the 1990s. Besides this, for Cuba, another crucial political aspect is that China, in a way, is a kind of 'external guarantee', a

living example that a one-party political system is sustainable and is viable in the twenty-first century and socialism can lead to growth and economic rise.

Economically, first of all, trade relations have to be mentioned. Basically, the Cuban and Chinese economies are complementary, enabling them to trade with each other easily. Since 2000 a rapid increase in bilateral trade has been noted, though interrupted by the global crisis: the volume of Chinese–Cuban trade was US\$430 million in 2002 (lower than it was in 1990), in 2005 it was US\$750 million, then reached a peak in 2007 (US\$2.44 billion), while in 2010 it was US\$1.9 billion.<sup>13</sup> Today, after Venezuela, China is the second most important trading partner for Cuba. The Chinese share in Cuban foreign trade is 12.4 per cent, while Venezuela accounts for 39.5 per cent.<sup>14</sup> Cuba imports vehicles (buses, trains), electrical, industrial and textile products and rice and kidney beans from China, while exports primarily nickel, sugar, tobacco and medicine to China. Despite developing trade relations, Cuba experiences a grave trade deficit in this relationship (US\$646.2 million in 2010),<sup>15</sup> and the trade structure or pattern experienced between the two countries represents a typical division of labour between developed and developing countries so well-known for Latin American economies. The global financial crisis which started in 2008 might strengthen China's role in Cuban foreign trade, since the purchasing power of other trade partners, such as Spain, the Netherlands or Canada might decrease. Nevertheless, it is important to note that Venezuela's role and market share have increased in recent years despite the global crisis.<sup>16</sup>

The first Sino-Cuban joint venture companies in Cuba began operation in the second half of the 1990s. In 2004, at the China International Fair for Investment and Cooperation, the delegation from Cuba presented 41 proposals for joint ventures in sectors including medical equipment, sugar products, fishing, furniture and footwear.<sup>17</sup> Joint ventures operating in Cuba focus on light industry, telecommunications, tourism and agricultural production, while those operating in China specialise in advanced, higher-technology areas of medical devices, biotech and genetic engineering.

Chinese investments in Cuba target first of all nickel production, gaining impetus after President Hu's 2004 visit. The oil sector is another important target: in 2005, China's state oil company, Sinopec signed a joint exploration agreement with state owned Cubapetróleo, and China National Petroleum Corporation participates in oil drilling operations off the west coast of Cuba.<sup>18</sup> Investments in infrastructure are also significant and might support further acceleration of Sino-Cuban trade in the future. There are many examples of common initiatives, from Gran Hotel Meliá in Shanghai to a mixed company to produce household electronics and informatics devices,<sup>19</sup> that can also help Cubans to work in an international environment where they can acquire know-how and experience.

Regarding aid and loans, we can say that besides Venezuela and the European Union, China is among the top countries granting aid to the country. In 2008, the Chinese president formally extended the second US\$70 million phase of a US\$350 million credit package designed to repair and renovate Cuban hospitals, and in the same year, after the devastation of hurricanes, the Chinese government provided substantial aid for Cuban reconstruction. In 2009, China provided US\$600 million in loans and grants to the island.<sup>20</sup>

China is presenting herself worldwide as a new aid and loan provider, since abundant financial resources make it possible for her, and unlike Western assistance, Chinese aid is not bound to political and human rights conditions and therefore seems to be more attractive for developing countries. On the other hand, it is criticised by Western countries that stress that Chinese aid policy is driven by economic and commercial interest, and used as an instrument to guarantee necessary natural resources and raw materials for her own development.<sup>21</sup> The Chinese model of aid is strongly interconnected with foreign direct investment (FDI), development projects and a role model for economic development. According to the PRC White Paper on Foreign Aid (2011), there exist three different types of financial resources for aid: grants, interest-free loans, and concessional loans. The most important and documented target region is Africa. In 2009 45.7 per cent of Chinese loans targeted this region, with 32.8 per cent targeting Asia and 12.7 per cent Latin America and the Caribbean,<sup>22</sup> while in 2009–10 China lent more money to developing countries than did the World Bank.<sup>23</sup> For Cuba, and other developing countries too, the most crucial threat concerning Chinese aid and loans is dependency and indebtedness, so rather a conscious attitude is needed to avoid such tendencies and use Chinese grants and loans in the most effective way possible.

Scientific, technological and cultural cooperation between China and Cuba is also widespread and developing, which is undoubtedly advantageous for Cuba, especially since other external partners, such as Venezuela, Canada or European countries, don't really focus on such cooperation because of lack of motivation or interest (in the case of Western partners), or because they don't have the necessary resources or background (as in the case of Venezuela or other Latin American countries). In 1990 the Mixed Commission of Technological-Scientific Cooperation was set up, which holds regular meetings every two years – and gives an institutional framework of cooperation. By 2007, more than 200 Chinese–Cuban projects had been initiated with the objective of scientific-technological cooperation.<sup>24</sup> Biotechnology is an important sector here, as of course is health care. Cultural links are also strengthening, especially for younger generations. In 2002, the University of Havana established a centre for Chinese language, where Cuban students could learn Chinese. In recent years thousands of Cuban

students went to China to study, and vice versa. Meanwhile in 2009, a Confucius Institute was established at the University of Havana, which is supporting cultural cooperation between the two countries.<sup>25</sup>

Raúl Castro paid a four-day visit to Beijing in July 2012, where Chinese president Hu Jintao called for expanding trade and economic relations, and also emphasised China's support for Cuba following a socialist way with her own characteristics. Altogether the parties signed eight documents – on Chinese aid and interest-free loans, and cooperation between customs departments and agricultural sectors.<sup>26</sup> This visit has strengthened bilateral ties and opened new possibilities for future cooperation.

### What Role for China?

Having described all these developments and features we arrive at our original question: what role for China in implementing successful reforms in Cuba? I believe that from this perspective, China has a dual role and it is worth analysing these separately. A logical and automatic assumption is that China could serve as a model for Cuba, so this is the first role. Equally important or even more so, however, could be China's role as a political and economic partner when implementing Cuban reforms. The potential and limitations of these roles are now considered.

The Chinese model for developing countries and for Cuba (because of similarities in political stance) is an exciting and well documented question, if highly debated. When analysing and comparing paths of transition since the end of the Cold War, two broad and rather heterogeneous groups can be distinguished: those following political democratisation and a kind of economic shock therapy (most Latin American and Central European countries), and those following a slower and more gradual model of economic transition under relatively unchanged political and social systems (China, Cuba and Vietnam).

For China and Cuba the central issue, the central dilemma, is how market reforms can be implemented in an effective way under a centralised political system. What is certain is that China has an advantage on this path over Cuba, since Chinese reforms started earlier, at the end of the 1970s, and they seem to have been deeper and with less interruptions than Cuban reforms. So the question is whether Cuba is going to follow the Chinese model or not. Today it seems far from certain. First of all, the role of Fidel Castro has to be mentioned, since his attitude still influences strongly the possibility of following the Chinese path. For the last decade, Fidel Castro has spoken of Chinese developments and results in high terms. He published an article in *Granma* in 2008 entitled '*La Victoria China*' (The Chinese Victory),<sup>27</sup> where he detailed the importance of Chinese success.

However, when praising PRC performance, he never refers to Chinese reforms, but emphasises that China's example proves the viability and the success of socialism. Basically, for Castro, market and socialism are incompatible terms, as he said: '...some people thought that socialism could be established through capitalist means. This is one of the most serious historical mistakes.'<sup>28</sup> Therefore in Cuba, it is an accepted opinion that market reforms would/could lead to the end of the Revolution. Cubans are really proud – deservedly – of their relatively high (higher than Chinese and Vietnamese) human development level, and economic reforms are seen as only feasible given the conservation of the current social system.

Although Raúl Castro seemed to be more open towards the Chinese model in the 1990s, the reforms initiated in 2008 are not really following the Chinese model, and neither are the results of the VI Party Congress in 2011. There are similarities, of course, such as the usufruct rights in agricultural production, steps toward decentralisation or the opening towards foreign investments. However, commitment towards deeper structural reforms and systematic implementation is missing in Cuba.

Even if Cuba attempted to follow the Chinese model there would be obvious limitations of applicability. First of all, the gap in economic size and potential has to be highlighted. If territory, population, economic capacity and potential are taken into consideration, we can see very different pictures in Cuba and in China. From this perspective, Cuba is closer and more comparable to Vietnam. Besides this, regarding the structure of economy it has to be emphasised that, in recent decades, an obvious tertiarisation process (increasing relative weight of the service sector) has taken place in Cuba,<sup>29</sup> while Chinese and Vietnamese development is based on export-led growth with a relatively large agricultural sector in the economy.

However, a more crucial limitation is the different structural and different historical contexts of politics. Hence in China, economic reforms were initiated after the Mao Zedong (first generation of communist leadership) era, by a new party leadership and by Deng Xiao Ping (second generation), who was previously a disgraced politician, previously forced to resign in the Cultural Revolution (1966–76). Furthermore, since Deng's retreat there have been further new generations of party leadership: a third generation led by Jiang Zemin 1993–2002, and a fourth generation led by Hu Jintao since 2002. A fifth will probably assume power in 2012, seemingly younger and younger and representing an increasingly pragmatic view in politics and economics, even though the Chinese Communist Party (CCP) emphasises continuity of socialism since 1949. This is partly the reason why previous reforms show essentially different patterns in China and Cuba. While both countries head towards a sort of economic liberalisation or

socialist market economy, the scope, speed and comprehensiveness of the Chinese and the Cuban reform process are not comparable.

There is a further serious barrier to following the Chinese model in Cuba. Twenty-first century China is not and cannot be a model for Cuba, since it is at a very different stage of the reform process, is well integrated into world economy and is perceived as the most important emerging market in the world. China of the 1980s could be a model to be copied or followed, but the international economic system is rather different today from what it was 20 or 30 years ago, a reason for which – among others – is the economic rise of China and Asia. This is a kind of paradox of applicability. It resembles the dilemma and criticisms of modernisation theories that say: following the path of developed countries cannot be a functioning solution for developing economies, since the latter have to face changed circumstances in the world economy when they are modernising and industrialising, which has negative impacts on their opportunities and on their competitiveness.

On the other hand, it has to be noted that besides all these differences and limitations, China is an undeniable example, proving that market reforms could exist and operate under a one-party political system. The possibility of an alternative is the bottom line here – and this gives the real relevance of the Chinese role model for Cuba and for other developing countries. The term ‘Beijing Consensus’<sup>30</sup> reflects this perfectly, since it represents an alternative economic development model to the ‘Washington Consensus’ of market-friendly policies. John Williamson (author of the term ‘Washington Consensus’) writes that ‘China’s rapid growth, the fall in poverty, and China’s strikingly quick recovery from the Great Recession are the fundamental reasons to be impressed with the developmental record of China’.<sup>31</sup> The ‘fiasco of neoliberal reforms’ which is often perceived as the most crucial factor responsible for Latin American economic failures in the past decades, and which has gained special relevance since the global financial crisis of 2008, resulted in a search for alternative ways of development. While developing countries have to face similar economic and social challenges to those of China, the Chinese model and the ‘Beijing Consensus’ will not mean an absolute, unconditional solution, just as the ‘Washington Consensus’ could not give a ‘one size fits all’ recipe. However, the significance of the ‘Beijing Consensus’ lies in the promise and the hope – and this is an essential difference compared to the ‘Washington Consensus’ of the 1990s – that it is possible for a developing country to achieve outstanding economic results, as China did, and therefore China can be a more legitimate model for the developing world. This is not necessarily because of the concrete steps China has taken in the last decades, but because China has proved the possibility of an alternative way of development.

Nevertheless, Chinese experience could be very useful for Cuba and any other developing country under pressure to follow market reforms. This is especially the case in terms of the consequences for tackling social inequality, social tension and the linked pressure to make political reforms, all of which are perceived as rather threatening factors by the Cuban leadership. Up to now, the social consequences of reforms present serious challenges to China, for instance the demonstration effects of Western lifestyle or the gap between urban and rural standards of living.

However, among external actors and possible models for Cuban reforms, Latin America has also to be mentioned. In spite of the fact that Latin American countries have experienced democratic transition and shock therapy in recent decades and, for now, these are not probable paths of development for Cuba, Latin American countries are closer (geographically, historically and culturally) to Cuba, and the island participates in regional organisations, such as ALBA (Bolivarian Alliance for the Americas) and UNASUR (Union of South American Nations). What is more, in 2013 Cuba will chair CELAC (Community of Latin American and Caribbean States), while several Latin American countries (Venezuela, Brazil, Mexico) support Cuba's own changes and not those changes following a foreign path. Regional developments in Latin America might influence and determine the future of Cuban transition, since after decades of relative isolation, Latin American countries and leaders find it important to make the world and especially the United States understand that Cuba belongs to and is an integral part of Latin America. This new attitude is proved by the agenda of the last two Summits of the Americas (Trinidad and Tobago, 2009 and Cartagena, 2012).

In the twenty-first century, as noted above, China is undoubtedly an outstanding political and economic partner for Cuba. What are the opportunities and barriers offered by this role?

Concerning politics, the most important 'function' of China is her external legitimising role for Cuban political life, while exchange of experiences in the field of securing one-party leadership could also be relevant.

Concerning international relations, it has to be emphasised that although foreign policy attitudes are getting more pragmatic in the cases of China and Cuba, old customs so to say are still alive in bilateral relations, especially in rhetoric. A common ideological background gives a common language, and makes bilateral political relations smoother and easier between Beijing and Havana than with other countries.

In February 2005 Fidel Castro declared that, 'Cuba was rising again like a phoenix, due to its economic ties with China and Venezuela'<sup>32</sup> – which means that for the Cuban government these two countries are the most important foreign partners. Regarding trade Cuba has to find a way to reduce its trade deficit with China, which means that it should strengthen its export sector in order to be

able to take advantage of a widening Chinese market. Rebuilding and increasing efficiency of food and agricultural production could be a useful solution (though today far from reality), since China is a huge market for food products to the benefit of various agricultural exporting Latin American countries such as Brazil and Argentina. Another crucial export product of the future could be oil, which is in high demand for Chinese industrial development.

Concerning future economic possibilities, tourism also has to be considered. In 2003, Cuba was the first Latin American country that China indicated as an official tourist destination.<sup>33</sup> The emergence of a Chinese middle class wanting to travel abroad and see the world is a potential market for Cuba, so investments to modernise this sector in Cuba and improving cultural relations are also essential from this perspective. Chinese investments could undoubtedly support Cuba's economic reforms, especially if we take into consideration the extremely low level of FDI in Cuba, but the most important question here is whether Chinese investments could find ways to connect to other sectors of Cuban economy so as to develop production chains. Today, Venezuela is the most important source of FDI for Cuba, but continuation of this strongly depends on the results of Venezuelan elections in October 2012. In the case of opposition success, Venezuelan investments in Cuba are probably going to decline, so the relative share and significance of Chinese investments could increase. In June 2011 Chinese Vice President Xi Jinping and Jiang Jiemin, President of China National Petroleum Corporation visited Cuba, where the parties established the First Five-Year Plan for Sino-Cuban Cooperation. Chinese investments in Cuban oil and gas extraction, expansion of education exchange programmes, China Air's direct flights between Beijing and Havana, and further Chinese credits and loans to assist the expansion of Cuba's economy are included in common plans.<sup>34</sup> Common interests are well defined, and motivation to build bilateral cooperation seems to be present on both sides, and hence Sino-Cuban relations will probably deepen in the coming years.

## Conclusion

The foreign relations of Cuba underwent a rapid and deep transformation at the end of the Cold War. In the early 1990s, Cuba was forced to act rapidly and build friendly relations with relatively new foreign partners to offset the damage caused by the collapse of the Soviet Union. However, since 2000, as a result of regional and global political and economic developments, Cuba has found herself in a new system of international relations. The most crucial novelty of this system is the strengthening position of states and regions with a more receptive and patient attitude towards the Cuban political system. Latin American countries (especially Venezuela, Brazil, Mexico and Ecuador) are essential partners in this

system, while outside the continent China and Russia are the most important actors. Beijing's special place and role in Cuban foreign relations is caused by the two countries' historical ties, similarities in political structure and by China's political and economic position in the world.

Although Chinese economic successes are really convincing, China's 'model function' for Cuba has serious limitations. First of all, fear of possible social and political consequences hinders Chinese-like market reforms in Cuba. Besides this, Cuba is planning to find her own way to reforms, and there is no real sign of any serious willingness to copy a foreign model. A further barrier is that a consensus on concrete directions and depth of reforms is probably missing. Despite all this, an exchange of experience between China and Cuba could be useful and instructive, since China has faced serious political, economic and social challenges during her own path of reforms and it would undoubtedly serve Cuba's interest if she paid attention to the Chinese experience.

On the other hand, China as a political and economic partner is very important for successful Cuban reforms, since increased income from trade of products and services could help to balance the negative social impacts. Chinese investments are also very important since they serve as sources of capital, technology and know-how. Chinese investments in infrastructure could have special relevance, since they could support Cuban productivity and trade with other partners in the world. It goes without saying that China is an especially useful partner for Cuba after the global financial crisis started in 2008, a crisis which has had serious consequences for Cuba and forces her to implement further reforms.

The most important question about the Chinese connection for Cuba is how to avoid dependency on China – it should be a priority objective to diversify external relations following South American countries such as Brazil and Chile – and how to use trade, tourism and investments from China to find the way towards long-awaited Cuban prosperity.

## Notes

1. Peter Clegg, "Out With the Old and in With the New": Caribbean Relations With Britain and China', *The Society for Caribbean Studies Annual Conference Papers*, vol. 7 (2006), p. 15.
2. Newly Industrialised Countries. This term refers to countries with level of economic development between developing and developed classification. They are fast growing, export-led economies. The first NICs included Asian entities (Hong Kong, South Korea, Singapore and Taiwan), and today states from different continents (Mexico, Brazil, China, India, Turkey, etc.) are also referred to as NICs.
3. Caribbean and Central American countries with diplomatic relations with the Republic of China (ROC): Dominican Republic, Haiti, Saint Kitts and Nevis, Saint Lucia, Saint

- Vincent and the Grenadines, Belize, El Salvador, Honduras, Guatemala, Nicaragua, and Panama. Among South American countries, Paraguay has diplomatic ties with ROC.
4. BRICS is an acronym for Brazil, Russia, India, China, South Africa; IBSA is an acronym for the India, Brazil, South Africa forum.
  5. Kathleen López, 'The Revitalization of Havana's Chinatown: Invoking Chinese Cuban History', *Journal of Chinese Overseas* 5 (2009): 178–80.
  6. See: Yinghong Cheng and Patrick Manning, 'China and Cuba in Global context, 1957–1976', *Journal of World History* 3 (2003): 359–91; Julio A. Díaz Vázquez, 'Apuntes sobre las relaciones China-Cuba', *Observatorio de la Economía y Sociedad China* 9 (December 2008); William A. Ratliff, 'Communist China and Latin America, 1949–1972', *Asian Survey* 10 (1972): 846–63; W.A.C. Adie, 'China, Russia, and the Third World', *The China Quarterly* 11 (1962): 200–13; Joseph J. Lee: 'Communist China's Latin American Policy', *Asian Survey* 11 (1964): 1123–34.
  7. Fidel Castro speech of 21 February 1979, in *Granma*, Spanish, 22 de febrero de 1979, and *Granma*, English, 4 March 1979.
  8. Yinghong Cheng, 'Fidel Castro and "China's Lesson for Cuba": A Chinese Perspective', *The China Quarterly* (2007): 30.
  9. In 2004 President Hu visited Argentina, Brazil, Chile and Cuba; and in 2008 Peru, Costa Rica and Cuba.
  10. United Nations Treaty Collection, <http://treaties.un.org> (accessed 17 May 2012).
  11. William Ratliff, 'In Search of a Balanced Relationship: China, Latin America and the United States', *Asian Politics and Policy* 1 (2009): 21.
  12. The term 'peaceful rise' was introduced in 2003 by the Chinese political leadership, and Wen Jiabao later pointed out five essentials of China's peaceful rise: it would involve taking advantage of world peace to promote China's development and safeguarding world peace through China's development; it would be based on China's own strength and independent hard work; it could not be achieved without continuing the 'opening-up policy' and an active set of international trade and economic exchanges; it would take several generations; and it would 'not stand in the way of any other country or pose a threat to any other country, or be achieved at the expense of any particular nation'. Robert L. Suettinger, 'The Rise and Descent of "Peaceful Rise"', *China Leadership Monitor* 12 (2005): 1–10.
  13. Oficina Nacional de Estadísticas, República de Cuba, [www.one.cu](http://www.one.cu).
  14. Oficina Nacional de Estadísticas, República de Cuba, [www.one.cu](http://www.one.cu) (own calculation).
  15. Oficina Nacional de Estadísticas, República de Cuba, [www.one.cu](http://www.one.cu) (own calculation).
  16. Oficina Nacional de Estadísticas, República de Cuba, [www.one.cu](http://www.one.cu).
  17. Daniel Erikson, 'Cuba, China, Venezuela, New Developments', *Cuba in Transition* 17 (2005): 415.
  18. Carl Bagh, 'Chinese Investments in Latin America', *Reuters*, 15 March 2010, <http://in.reuters.com> (accessed 15 May 2012).
  19. Xu Shicheng, 'China y Cuba: medio siglo de relaciones de amistad y cooperación', *China Hoy* (2010), <http://www.chinatoday.com.cn> (accessed 2 April 2012).
  20. AFP, 'China Gives Cuba \$600,000 in Loans, Credits and Grants', *Havana Journal*, 3 September 2009, [www.havanajournal.com](http://www.havanajournal.com) (accessed 15 May 2012).
  21. NYU Wagner School, 'Understanding Chinese Foreign Aid: A Look at China's Development Assistance to Africa, Southeast Asia and Latin America', (2008): 15.

22. Sara Lengauer, 'China's Foreign Aid Policy: Motive and Method', *Culture Mandala: Bulletin of the Centre for East-West Cultural & Economic Studies* 2 (2011): 42.
23. 'China ahead of World Bank in loans to developing nations', *The Guardian*, 18 January 2011, [www.guardian.co.uk](http://www.guardian.co.uk) (accessed 15 May 2012).
24. Shicheng, 'China y Cuba'.
25. Carlos Alzugaray Treto, 'Cuba: Definiendo estrategias de política exterior en un mundo cambiante (2001–2011)', in M. Font (ed.) *Cuba Futures: Cuba and the World* (Bildner Center for Western Hemisphere Studies, 2011), p. 38.
26. Although Raúl Castro visited China in 1997 and 2005 as defence minister, this was his first trip to Beijing as president of Cuba. He was accompanied by Minister Council Vice President Ricardo Cabrisas and Foreign Minister Bruno Rodríguez. From China the delegation followed its way to Vietnam and Russia. Radio Havana Cuba, 11 July 2012.
27. Reflexiones del Compañero Fidel, 'La Victoria China (Parte I, II)', *Granma*, [www.granma.cubaweb.cu](http://www.granma.cubaweb.cu) (accessed 15 September 2009).
28. Quoted by Yinghong Cheng, 'The "Socialist Other": Cuba in Chinese Ideological Debates Since the 1990s', *The China Quarterly* (March 2012): 206–7.
29. Alberto Gabriele, 'Cuba: A Services-Centered Survival and Development Pattern', *Political Economy of Change in Cuba* (Bildner Center for Western Hemisphere Studies, CUNY, 2011), p. 155.
30. John Williamson described the Beijing Consensus as consisting of five points: Incremental Reform (as opposed to a Big Bang approach), Innovation and Experimentation, Export Led Growth, State Capitalism (as opposed to Socialist Planning or Free Market Capitalism) and Authoritarianism (as opposed to Democracy or Autocracy). These points give an alternative to the so-called Washington Consensus, so well known for developing countries, especially Latin American ones – though except for Cuba.
31. John Williamson, 'Is the "Beijing Consensus" Now Dominant?', *Asia Policy* (January 2012): 4.
32. Erikson, 'Cuba, China, Venezuela, New Developments', p. 9.
33. Xinhua, 'Cuba expects more Chinese tourists', *China Daily*, 29 August 2004, <http://www.chinadaily.com.cn> (accessed 10 October 2008).
34. Adrian H. Hearn, 'China and the Cuban Economy', *Quarterly Americas*, 28 February 2012.