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Latin America: Extended Arena of Cross-Strait Rivalry

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SYNOPSIS

The diplomatic battle between the People's Republic of China and Taiwan has been recently intensified in Latin America and the Caribbean which is Taiwan's crucial frontline comprising more than half of its remaining diplomatic allies. Beijing has accelerated its effort to woo away the friends and supporters of Taiwan since 2016 when Tsai Ing-wen led her Democratic Progressive Party (DPP) to electoral victory and declined to commit herself to the 1992 Consensus, a precondition set by China for engaging in cross-strait dialogue. The Chinese move has been devastating for Taiwan's diplomatic ties with other states but Taiwan is evolving its counter strategies and it is now taking advantage of the US-China rivalry in Latin America and the Caribbean.

COMMENTARY

On 9 December 2021, the first day of the Biden Administration's Summit for Democracy, [Nicaragua severed its diplomatic ties with Taiwan and resumed relations with China](#). It is hard not to believe that the timing of the announcement was China's riposte to America's invitation for Taiwan to participate in the summit. A week before the summit, it was speculated that Honduras would flip from Taiwan to China following the victory of leftist leader Xiomara Castro in the Honduran elections. She had [promised to embrace China](#) when elected as President of Honduras. So far, this has not come to pass.

Taiwan's Diplomatic Forays into Latin America and the Caribbean

Taiwan was in Latin America and the Caribbean well before China appeared in that region. Apart from Cuba, Beijing did not have any ally in the US-dominated Western

Hemisphere until the 1970s when the Sino-US reconciliation was realised and Taiwan started to become isolated diplomatically. To fill this diplomatic hollow, Taiwan made an effort to woo the Caribbean island states, namely, Saint Vincent and the Grenadines, Dominica, Saint Kitts and Nevis, and Saint Lucia. The modus operandi was mainly via provision of [technical aid](#) in the primary sector. Later in 1989, Taiwan managed to win five more states in the region as a result of international rage fueled by the Tianmen massacre in Beijing.

Taiwan established the [International Cooperation and Development Fund](#) to provide loans and donations to assist countries in the region. In return, the latter would recognise Taiwan as a sovereign entity – the Republic of China – and exchange high-level official visits. Given the density of diplomatic allies in Latin America and the Caribbean, and easier access to the US market, Taiwan has been enthusiastic about assisting these regional states. In turn, some of them welcomed Taiwan an observer in the [Central American Integration System](#).

[Taiwan's aid to medical and technical industries](#) in Latin America/Caribbean accounts for 30 to 50% of the total aid between 1979 and 2006, second only to Spain, the former colonial power in Central and South America. Packed with many under-developed countries, Latin America and the Caribbean are in dire need of investment and infrastructure. Countries in the region have smartly navigated between China and Taiwan, using diplomatic recognition as leverage to determine the higher cash-payer.

The Ma Ying-jeou administration managed to reach a “diplomatic truce” with Beijing by agreeing to the 1992 Consensus, that is, both sides of the Taiwan Strait belong to China. Taiwan then switched its mode of engagement from hard-cash payments to [infrastructure projects](#) in Latin America/Caribbean. Taiwan also sought Latin American allies, [such as El Salvador, Guatemala, Honduras, Nicaragua, Panama, and Paraguay](#) to sign Free Trade Agreements to further strengthen their economic ties.

China's Diplomatic Efforts Gain Ground

China is a relatively latecomer to Latin America/Caribbean. Cuba is China's [rock-solid communist comrade](#). In 1999, Beijing gained another friend, [Venezuela](#). Even for the traditional allies of the US, such as Brazil, Chile, and Uruguay, [China has become their largest trading partner](#). Apart from tight economic connections, [China also forms a united front with Argentina](#) against “Western colonialism,” upholding Buenos Aires' claim to the Falkland Islands.

Taking China's huge economy into consideration, [the balance has begun tilting to China's side](#) since the early 2000s. Upset by the abandonment of the 1992 Consensus by Tsai Ing-wen's administration, China has reignited the cross-strait diplomatic battle since 2016. Between 2016 and 2021, China has deprived Taiwan of eight diplomatic allies, [half of which are in Latin America/Caribbean – Panama, the Dominican Republic, El Salvador, and Nicaragua](#). China's Belt and Road Initiative (BRI) has been the main vehicle to attract Latin American friends to its side. [21 out of 33 Latin American countries have signed up for China's BRI](#) by March 2022.

To stabilize its diplomatic ground in the region, Taiwan has reportedly sought help from Washington. The US responded by offering [transit stopovers in Houston and San](#)

[Francisco for Tsai Ing-wen's visit](#) to four Latin American countries in January 2017. [Washington also recalled its ambassadors](#) from Panama, Dominican Republic, and El Salvador in response to the flip from Taiwan to China. In 2019, the US Congress adopted the Taiwan Allies International Protection and Enhancement Initiative (TAIPEI) Act, [which aims to support Taiwan in strengthening its partnership in Latin America](#). The Act empowers the US to take punitive measures against those who may abandon Taiwan, including [the cancellation of foreign aid](#).

Whither Taiwan's Diplomacy?

Currently, among Taiwan's 14 diplomatic allies, eight of them are located in Latin America/Caribbean, namely, Belize, Guatemala, Haiti, Honduras, Paraguay, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines. The question is how long can Taiwan rely on the US to forestall further diplomatic losses in this region.

Compared with Washington's sluggish reactions, Beijing's prompt decision-making to offer economic inducements better serves the short-term interests of Latin American/Caribbean political parties operating in their respective electoral cycles. Taiwan has also acknowledged the downside of [over reliance on the US](#) in managing its diplomatic networks in what used to be the backyard of the US. It is anticipated that going forward, China will be able to further isolate Taiwan diplomatically in Latin America and the Caribbean.

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