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Expanding the Rebalance: Confronting China in Latin America

Daniel Morgan

ABSTRACT: China's expansion into Latin America might well outflank the US rebalance in Asia. The United States needs a broader strategic option, one capable of ensuring access to markets and of reducing future strategic risk to US interests in Latin America.

The rise of Chinese power in the Asia-Pacific region and in Latin America is a growing concern for US strategy. Recent US focus on the Middle East has facilitated Beijing's political, economic, and military expansion from the Pacific into South America. A new global economy has opened opportunities for growth and development with China and others in the Asia-Pacific. Some countries have responded with commitment to China in terms of economic trade and investment. In addition, governments such as Peru, Chile, Colombia, Nicaragua, and Costa Rica have pledged international political support for Chinese interests, arms sales, and military training and education cooperation. These developments challenge US strategy, as Chinese presence in both regions is arguably part of an intensifying competition between Beijing and the United States. This developing trans-Pacific interdependency between the two regions creates one integrated problem rather than two separate regional ones.

The growing cooperation between the governments in both regions and China presents political, economic, and military challenges that call for the incorporation of the Western Hemisphere into a Asia-Pacific strategy. Evan Ellis notes, "the principal strategic imperative for the United States historically has been, and continues to be, the region's geographic and economic connectedness to this country."¹ First, the different political interests of the United States and China can create tension and instability, or deny US access in both regions. Second, extensive trade and investment agreements across both regions are creating economic interdependencies and undermining US influence, and generating further political, social, and economic tensions. Third, the People's Republic of China's (PRC) military posture and forward presence in the South China Sea aims to improve its anti-access and area-denial (A2AD) capacity. The PRC's military expansion through arms sales and other means provide security alternatives for Latin American governments and support Chinese military power in the Asia-Pacific region.

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1 R. Evan Ellis, "Strategic Insights: The Strategic Relevance of Latin America for the United States," December 8, 2014, <http://www.strategicstudiesinstitute.army.mil/index.cfm/articles/The-Strategic-Relevance-of-Latin-America/2014/12/08>.

For these reasons, the rebalancing to Asia does not adequately address the growing interdependencies between the two regions and Beijing's pursuit of its interests.

Accordingly, the United States must adapt its regional approach to Asia. Cross-regional cooperation in policy areas outside trade and investment is emerging independently, such as military training and arms sales, which demands a more holistic and synchronized approach. Without a broader Pacific strategy, non-economic cooperation can hinder the United States and the security and prosperity of its allies and partners. The United States should expand the rebalance to Asia into a trans-Pacific strategy that incorporates Latin America. Without a trans-Pacific strategy, a US regional approach will only create strategic risk, and enable China to draw on its influence in the Western Hemisphere to support its interests elsewhere.

This article examines the political, economic, and military challenges posed by China's increasing influence in both regions, and discusses why a new trans-Pacific strategy can best address them.

Political Challenges

Beijing's political actions in Latin America and the Asia-Pacific region are creating an integrated cross-regional problem for US interests rather than two separate regional ones. In response to Chinese actions in the latter, the United States has strengthened its regional relations and defense cooperation with Australia, Japan, and South Korea. Meanwhile, China's actions have resulted in more political influence (in the Western Hemisphere) with traditional and non-traditional US partners, potentially undermining US values and relationships. At the same time, governments in the Asia-Pacific have developed relationships based on common political values and economic interests. Japan, Australia, and South Korea have deepened ties with some of the region's governments, particularly the Pacific Alliance of Colombia, Mexico, Peru, and Chile. Some Asia-Pacific governments have also become permanent observers to the Organization of American States (OAS) due to common political interests. South American and Caribbean governments have recognized the strategic value of areas along the Pacific rim, and Chinese trade and investment alternatives in order to promote future growth and development.

Diplomacy and Soft Power

Chinese soft power is aimed at gaining access to governments in order to maintain national security, ensure the inviolability of Chinese sovereignty and territory, and to enhance economic growth.² In the pursuit of these interests, Beijing employs a partnership diplomacy to "foster a multi-polar balance of power situation in order to safeguard its position and interests in an international system dominated by American pre-eminence."³ As a result, US access to markets and other policy areas is challenged due to Chinese alternatives in trade, investment, arms,

2 Stephen Harner, "Clarity in Core Interests, a Must for A New Type of Great Power Relations," April 8, 2014, <http://www.chinausfocus.com/foreign-policy/clarity-in-core-interests-a-must-for-a-new-type-of-great-power-relations>.

3 David Scott, "China and the EU: A Strategic Axis for the Twenty-First Century?" *International Relations* 21, no. 1 (March 2007): 23-45.

and technology. Beijing has established forty-seven partnerships, in which eight are with Latin American nations (Brazil, Venezuela, Ecuador, Bolivia, Argentina, Mexico, Peru, and Chile).⁴ In addition, in 2008, Beijing released a white paper specifying new relations with Latin American governments.⁵ These regional partnerships may pose an integrated trans-Pacific challenge to the United States.

Chinese soft power in Latin America continues to gain increased support for Beijing's foreign policy goals. China's expanding influence in the Western Hemisphere challenges US political interests, especially when relations with the Asia-Pacific are increasingly more connected. In 2004, Chinese President Hu Jintao stated China wanted to strengthen strategic ties and enhance mutual political trust, pursue creative and practical cooperation, and deepen cultural understanding with the region's nations.⁶ Despite such statements, Beijing's political actions undermine US interests concerning democracy, human rights, rule of law, and other international norms. In addition, China continues to demand the political unification of Taiwan, and claims sovereignty over the South China Sea.

Political Solutions

Trans-Pacific Multilateralism

Regional organizations provide the means for a trans-Pacific strategy to build intergovernmental and interorganizational unity of effort, organizations to protect US interests, and to reestablish US leadership. Prominent regional organizations such as the Association of Southeast Asia Nations (ASEAN), Organization of American States, Inter-American Development Bank, Asian Development Bank, and the World Bank provide the United States with the ability to influence emerging trans-Pacific challenges. Cooperation between the:

two regions is growing, as evidenced by increased bilateral and multilateral diplomatic agreements....such as the Asia Pacific Economic Cooperation (APEC), Forum for East Asia-Latin America Cooperation (FEALAC), India, Brazil, and South Africa Forum (IBSA), and Brazil, Russia, India, China, and South Africa (BRICS).⁷

These specific and exclusive organizations are increasingly relevant in developing cross-regional ties. Regional organizations, however, provide the forum to settle disputes and reinforce cooperative, transparent partnerships. Consensus building and conflict resolution must occur primarily through regional organizations to ensure legitimacy, not solely in narrow ones like FEALAC or BRICS. Without regional organizations understanding trans-Pacific impacts, Chinese alternatives

4 Feng Zhongping and Huang Jing, *China's Strategic Partnership Diplomacy: Engaging with a Changing World* (Madrid, Spain: European Strategic Partnerships Observatory, June 2014), 18-19.

5 Russell Hsiao, "China's Strategic Engagement with Latin America," November 24, 2008, http://www.jamestown.org/programs/chinabrief/single/?tx_ttnews%5Btt_news%5D=34164#.VNURXkI2_FI.

6 President Hu Jintao, "Joining Hands to Enhance Friendly Relations between China and Latin America," public speech, Brazilian Parliament, November 12, 2004.

7 *Shaping the Future of the Asia-Latin America and the Caribbean Relationship* (Metro Manila: Asian Development Bank, Inter-American Development Bank, and Asian Development Bank Institute, 2012), <http://www.adb.org/sites/default/files/publication/29748/shaping-future-asia-lac.pdf>.

will continue to undermine US interests and support Beijing's goals in the Asia-Pacific.

Transparency, inclusion, and multilateralism provide the principles for establishing sustainable mutual interdependence and stability.⁸ These principles can also encourage China to be a part of the solution, rather than create a perception of containing or isolating it. Divergent approaches between the United States and China require sophisticated diplomacy to manage crises or perceptions. A second critical challenge exists with various multilateral agreements, like China's Free Trade of the Asia-Pacific (FTAAP) contrasted with the US Trans-Pacific Partnership trade agreement. These opposing approaches threaten transparency, inclusion, and multilateralism in both regions. A trans-Pacific strategy should build cross-regional multilateral organizations that prevail over exclusive alternatives and institutions such as the Free Trade of the Asia-Pacific, Asia Infrastructure Investment Bank (AIIB), Mercosur, and the Bolivarian Alliance for the Peoples of Our America (ALBA). Another example for consideration is an expanded ASEAN Regional Forum, which already has 27 trans-Pacific members. A trans-Pacific strategy that promotes transparency, inclusion, and multilateralism will best facilitate cooperation, consensus, and enforcement with China, rather than confronting China separately in two regions.

Economic Challenges

Latin American and Caribbean governments recognize they must "pivot" to the Asia-Pacific in order to ensure economic growth and development. Trade flows with the Asia-Pacific are well established and still growing. Regional multilateral and bilateral trade agreements have resulted in integrated supply chains. These supply chains have linked many of the interests of the United States and those of its allies and partners in both regions. However, Chinese alternatives and support to anti-US economic organizations undermine US interests and can disrupt important supply chains. These tensions can best be resolved by a trans-Pacific regime that protects the interests of all players, to include China.

Trade Imbalance

Deepening trade relationships between China, Latin America, and Asia-Pacific governments increase competition over access to resources. As the report, *Shaping the Future of the Asia-Latin America and the Caribbean Relationship*, written jointly by researchers from the Inter-American Development Bank and the Asian Development Bank, revealed:

...trade between Asia and LAC [Latin America and Caribbean] nations has expanded at an annual rate of 20.5 percent over the last 12 years. The report also stated that Asia accounts for 21 percent of its international trade, rapidly narrowing the gap with the United States, which has a 34 percent share.⁹

8 R. Evan Ellis, *The Strategic Dimension of Chinese Engagement with Latin America* (Washington, DC: William J. Perry Center for Hemispheric Defense Studies, 2013), 158.

9 Inter-American Development Bank, "IDB and ADB Look at Future of Asia-Latin America Relations," May 5, 2012, <http://www.iadb.org/en/topics/trade/idb-and-adb-look-at-future-of-asia-latin-america-relations,6688.html>.

China's trade with the region's governments increased from 29 billion dollars in 2003 to 270 billion dollars in 2012.¹⁰ This surge has provided Chinese alternatives to United States model of promoting free market values, human rights, democracy, and security cooperation.

This surge has also created trade imbalances that could lead to an undesirable reduction of US trade, and other tensions. First, Beijing's expansion along with increased Asia-Pacific trade is leading to globally integrated supply chains challenged by cultural barriers, increased costs, and market development outlays, which all lead to declining profits for commodity-based Latin America economies.¹¹ Second, South American exports to China total over 70 percent and are principally limited to commodities, which stifles their trade diversification. Third, China and other Asia-Pacific nations export a wide range of cheap manufactured goods, including cars, electronics, equipment, and other parts and components. These imports, unfortunately, impede domestic manufacturing and further economic growth beyond commodities. Last, slowing Chinese growth and its low value added imports threaten the vitality of South American and Caribbean economic growth and development. These factors have contributed to International Monetary Fund and World Bank expectations that the region's growth rate will remain under 3 percent for 2015-2018, which is almost a 50 percent decrease over the last decade.¹²

China's declining growth and reduced commodity prices demand increased US focus with its southern allies and partners. The United States must enable economic diversification with broader and deeper market integration, or the Latin American region could expect instability similar to which plagued their governments in the past. Commodity prices have dropped by a quarter since 2011. After growing by an average of 4.3 percent from 2004 to 2011, the region's economies managed just 2.6 percent last year.¹³ But, an increasing and more concerning fear is Beijing has slowed its target growth rate to 7 percent, which can further impact South American and Mexican trade and revenue.¹⁴ The United States can help offset the region's lower commodity exports to China by coordinating with other Asia-Pacific governments to increase purchases from the South American and Caribbean economies.

Investment Challenges

Chinese investment in Latin America impedes US access by providing governments with financing alternatives. The region has been a destination for Chinese investment, attracting approximately 40

10 R. Evan Ellis, "The Rise of China in the Americas," *Security and Defense Studies Review* 16 (2014): 90.

11 Sean Ryu, Michelle Kam, Zhan Ying, Jiang Yi Wei, and Yang Chao, *Globally Integrated Supply Chain: China Perspective* (Somers, NY: IBM Global Services, 2008), 3.

12 Santiago Levy, "When Will Fast Growth Return to Latin America," May 9, 2014, <http://www.brookings.edu/blogs/up-front/posts/2014/05/09-growth-return-latin-america-levy>.

13 "Life After the Commodity Boom," *The Economist*, May 29, 2014, <http://www.economist.com/news/americas/21599782-instead-crises-past-mediocre-growth-big-riskunless-productivity-rises-life>.

14 "Why China's Economy is Slowing," *The Economist*, March 11, 2015, <http://www.economist.com/blogs/economist-explains/2015/03/economist-explains-8>.

billion dollars since 2010.¹⁵ In 2010, China's loan commitments to the region's governments totaled 37 billion dollars, exceeding that of the World Bank, Inter-American Development Bank, and the US Import-Export Bank combined.¹⁶ Beijing's willingness to provide foreign direct investment not only helps offset lower commodity prices, but increases Chinese access and influence across the region. Investment with Beijing comes with a "no strings attached" policy that does not require adherence to western requirements for environmental compliance, fiscal responsibility, or transparency in transactions and contracting.¹⁷ These benefits provide governments with incentives to invest with China, but usually at the expense of social and environmental risk. This investment approach only strengthens Beijing's relations with anti-US governments like Venezuela, Bolivia, Ecuador, and increasingly with Argentina.

Beijing's principle of noninterventionism and lack of adherence to high standards create negative social and environmental consequences and contradict western values and international norms. Chinese noninterventionism allows investment in governments regardless of human rights' practices, values, or rule of law. China's limited corporate social responsibility, particularly the neglect of workers' rights and energy and environmental standards, also facilitates corruption and social unrest. Recent international attention to inadequate corporate social responsibility and its noninterventionism policy, however, is leading to positive change. If China improves its international labor and environmental practices, anti-corruption efforts, and local community support, Chinese investment alternatives could take investments and market share from the United States.

Polarization of Economic Organizations

Chinese trade and investment and aggressive posture in the South China Sea are dividing Western Hemisphere and Asia-Pacific governments into opposing political and economic camps of the United States and China. In the Asia-Pacific, Beijing may reenergize the Regional Comprehensive Economic Partnership (RCEP), a proposed free trade bloc that would include the ASEAN member states plus Australia, India, Japan, South Korea, and New Zealand, but not the United States.¹⁸ In South America and the Caribbean, Chinese trade and investment has shifted anti-US governments away from western institutions that promote transparency, rule of law, and other international norms. The Chinese alternative has also prolonged the negative effect of less responsible economic organizations like the Bolivarian Alliance for the Peoples of Our America and Mercosur. Other countries like Nicaragua, Ecuador, Bolivia, and Venezuela have also formed anti-western alternatives that deny US access and facilitate China's expansion.

15 Economic Commission for Latin America and the Caribbean, "Chinese Foreign Direct Investment in Latin America and the Caribbean: China-Latin America Cross-Council Task Force Working Document," November 2013, <http://www.cepal.org/en/publications/35927-chinese-foreign-direct-investment-latin-america-and-caribbean-china-latin-america>.

16 Kevin P. Gallagher, Amos Irwin, Katherine Koleski, *The New Banks in Town: Chinese Finance in Latin America* (Washington, DC: Inter-American Dialogue, March 2012), 1, http://www.thedialogue.org/wp-content/uploads/2012/02/NewBanks_FULLTEXT.pdf

17 *Ibid.*, 19.

18 Shannon Tiezzi, "US Pressures China to Kill Asia-Pacific Free Trade Agreement Talks," November 4, 2014, <http://thediplomat.com/2014/11/us-pressures-china-to-kill-asia-pacific-free-trade-agreement-talks>.

Economic Solutions

Significant opportunities exist to liberalize trade agreements and investments in order to strengthen Western Hemisphere economies that support common Asia-Pacific and US interests. One such opportunity is the Trans-Pacific Partnership (TPP), which currently includes the United States, Canada, Peru, Chile, Australia, Brunei, Japan, Malaysia, Mexico, New Zealand, Singapore, Vietnam, and likely Colombia and Costa Rica. The Trans-Pacific Partnership is an ongoing trade negotiation that opens market access across the Western Hemisphere and Asia-Pacific and manages 21st century issues in a global economy.¹⁹ Current Trans-Pacific Partnership participants comprise 11.2 percent of the world's population and almost 40 percent of the Global Domestic Product (GDP).²⁰ Critical to the Trans-Pacific Partnership is that it links Western Hemisphere nations to the emerging Asia-Pacific supply and value added chains and facilitates US and Asia-Pacific investment.

The Trans-Pacific Partnership can provide the economic anchor to a trans-Pacific strategy because it would provide a living, inclusive, and rules-based regime for cross-regional trade and investment. In addition, the Trans-Pacific Partnership can drive other non-economic relationships concerning security cooperation and assistance and other policy areas like climate and energy. This multilateral agreement has the potential to build a long-term economic strategy and statecraft model that can promote sustainable cooperation over hazardous competition. The Trans-Pacific Partnership addresses fair competition, consumer protection, labor rights, liberalized access to investment under rules of law, intellectual property rights, and small and medium business opportunities.²¹ The Trans-Pacific Partnership also creates jobs, increases wages, and reinforces democratic institutions. This trade agreement can address one aspect of the integrated problem by incorporating Latin America political and economic development.

Military Challenges

PRC arms sales in Latin America generate revenue and support Chinese military modernization in the Asia-Pacific. Chinese military partnerships in the Southern Hemisphere give them increased access and influence in their decision-making based on Beijing's interests and actions in the Asia-Pacific. For example, an Asia-Pacific conflict that arises from miscalculation, or a deliberate decision, gives China the ability to secure political support from South American and Caribbean governments for their actions in the Asia-Pacific. Any US assumption that Chinese actions in Western Hemisphere and the Asia-Pacific are two separate problems overlooks Beijing's long-term strategic perspective of gaining multi-regional influence. PRC military presence south of the United States combined with growing political and economic linkages creates an integrated problem for US security engagement and influence. A US trans-Pacific military strategy must forge new cross-regional

19 Office of the US Trade Representative, "Trans-Pacific Partnership: Summary of US Objectives," <http://www.ustr.gov/tpp/Summary-of-US-objectives>.

20 Ibid.

21 Ibid.

security cooperation relationships between South American-Caribbean and Asia-Pacific militaries.

Chinese Military in the Pacific

China's aggressive stance and military forward presence and posture, particularly in the South China Sea, intend to replace the United States as the regional hegemon in the Asia-Pacific. The region is a vital driver of the global economy and includes the world's busiest international sea lanes and nine of the ten largest ports. Thousands of maritime vessels transverse the South China Sea, ranging from fishing boats to coastal naval ships to trade ships. Beijing claims sovereignty and territorial rights for much of the region's waterways in direct confrontation or threat to Taiwan, Japan, Philippines, Malaysia, Vietnam, and Brunei. The Asia-Pacific is also home to seven of the world's ten largest standing militaries and five of the world's declared nuclear nations.²²

China's demands for territorial integrity and sovereignty in the Asia-Pacific region challenge freedom of navigation and access to resources for the United States and other extra-regional actors. The PRC's military modernization and expansion into the South China Sea increases Chinese anti-access and area-denial capacity and capabilities. Heightened tensions and miscalculations by US allies or partners, or other actors, could draw the United States into an escalating conflict or other military commitments. Impacts of such miscalculations can also affect trade flows and investment and impose significant costs on Latin American, Caribbean, and Asia-Pacific economies. Such high risks demand a new strategic approach, one that views the challenge as a trans-Pacific problem, rather than a regional one.

Chinese Military in Latin America

Political partnerships and economic trade blocs in the Western Hemisphere facilitate Chinese military activities and challenge US access and its building of security capacity in the region. Latin American governments, to include US partners, have increased ties to the PRC military through a growing number of official visits, military officer education exchanges, training exercises, and arms sales.²³ China sent 130 riot police to Haiti from 2004 to 2012 as part of the UN's peacekeeping force, becoming the first Chinese uniformed formation to serve in the Western Hemisphere. In the past decade, China sold 58 million dollars worth of K-8 Karakorum jets to Bolivia, upward of 150 million dollars in air surveillance systems to Venezuela, donated military materiel to multiple countries, and sold Peru a mobile field hospital and other equipment worth 300 million dollars.²⁴ They are reportedly about to sell 1 billion dollars in arms to Argentina, including armored personnel carriers and Chinese-designed fighter jets, with the likely candidates

22 Admiral Samuel J. Locklear, III, "PACOM Senate Armed Services Committee Posture Statement," March 25, 2014, <http://www.pacom.mil/Media/SpeechesTestimony/tabid/6706/Article/565155/pacom-senate-armed-services-committee-testimony.aspx>.

23 General John F. Kelly, US Southern Command, "Posture Statement of General John F. Kelly, United States Marine Corps Commander," February 6, 2014, http://www.southcom.mil/newsroom/Documents/2014_SOUTHCOM_Posture_Statement_HASC_FINAL_PDF.pdf.

24 Gabriel Marcella, "China's Military Activity in Latin America," *Americas Quarterly*, Winter 2012, <http://americasquarterly.org/Marcella>.

being the FC-1 Xiaolong, JF-17 Thunder, or the J-10.²⁵ Last, China is taking aggressive efforts in technology transfer programs with Brazil, Argentina, and Venezuela in areas of space technology for military and civilian purposes. Chinese military relations in the region do not pose an imminent military threat to the United States or its allies and partners, but they are an indicator of how seriously Beijing considers Latin America as a military market.

Beijing's arms sales to Latin American governments generate revenue that advances its anti-access and area-denial capabilities in the Asia-Pacific, which directly threatens the United States and its allies. In addition, PRC military presence and influence in the region provides China with strategic options that can overtly or covertly support Chinese activities in the Asia-Pacific. The United States cannot underestimate the threat posed by Beijing's military presence in the Western Hemisphere. The United States should not approach this issue as a separate regional concern. Increased Chinese activities and influence in the Western Hemisphere provide Beijing with a range of ways and means that can negatively impact US interests in the Asia-Pacific. The United States must integrate South American and Caribbean governments into a trans-Pacific military solution in order to ensure US interests are protected in the Asia-Pacific.

Military Solutions

Security Cooperation

Standing mutual defense treaties, agreements, and theater engagement plans provide the foundation for cross-regional military security cooperation that can address the trans-Pacific challenge of China. The Pacific Alliance, for example, has facilitated multilateral agreement between Colombia, Peru, Chile, Mexico, Japan, South Korea, and Australia. Chile and Mexico participated with Japan in the Non-Proliferation and Disarmament Initiative, which was adopted as an Arms Trade Treaty (ATT) by the United Nations in April 2013.²⁶ Other countries that supported this initiative were Costa Rica and Argentina. These cooperative partnerships provide a foundation for addressing China's actions in both regions as one integrated problem. The US military must examine current theater campaign plans and synchronize them with developing trade and investment relationships in order to achieve the best holistic solution to the challenge posed by China.

China's military presence and posture and expanding relations between Latin American and Asia-Pacific governments necessitate unique cross combatant command coordination between US Southern Command (SOUTHCOM) and US Pacific Command (PACOM). The Office of the Secretary of Defense and the Joint Staff should begin identifying options and enabling geographic combatant commanders with specific authorities to build better cross combatant coordination in support of a trans-Pacific strategy. Southern Command and Pacific

25 Jose Higuera and Usman Ansari, "Argentina's Jet Fighter Replacement Options Narrow," *Defense News*, November 30, 2014.

26 Akira Yamada, "Japanese Diplomacy in the Latin America and the Caribbean," *Americas Quarterly*, August 22, 2013, <http://www.americasquarterly.org/content/japanese-diplomacy-latin-america-and-caribbean>.

Command should bolster partner militaries based on cross-regional political ties, emerging trade and investment linkages, like those within the TPP, and current mutual defense treaties. Under new multinational security agreements, geographic combatant commanders should then expand current cooperative security locations (CSLs) and build new locations based on existing and growing trade and investment relationships.²⁷ A coalition approach to cooperative security location expansion and integration would facilitate trans-Pacific military partner capacity building among both regions' militaries. This approach would provide opportunities for multinational training and education exchanges with United States, Latin America, and Asia-Pacific militaries operating together in any region, not just one.

Cross-combatant command coordination that integrates both regions' militaries into a comprehensive security cooperation will demonstrate US resolve, reduce cultural barriers, and increase burden-sharing among partnered nations. Geographic combatant commanders should develop cross-combatant command multinational wargames and exercises focused on disaster relief and other humanitarian situations. Pacific Command and Southern Command should also integrate South American and Mexican military leadership into crisis management or contingency operations as much as possible. This integration focused on common objectives will also reinforce the need for interoperability among US allies and partners. A trans-Pacific option with multinational military capacity and capability will reinforce shared political, economic, and military interests, rather than a predominant US regional presence. Critical to the trans-Pacific military approach, however, is transparent military-to-military interaction between United States and Chinese maritime, air, and land forces in order to gain understanding on mutual shared interests.

The US Army Pacific (USARPAC) Pacific Pathways provides an innovative example of a potential trans-Pacific option that would include Latin American governments. The Pacific Pathways initiative is an Army land power approach to the rebalancing in Asia strategic priority by providing sustained US land forces in the region. The Pacific Pathways develops joint interdependence, increases US military partner building capacity, and sets theater conditions that prevent and shape potential conflict. The United States should look to expand the Pacific Pathways initiative in coordination with the US Army National Guard (USANG) partnership program into a multinational trans-Pacific Pathways. The inclusion of the Army National Guard reinforces the multi-component Total Army concept and gives the United States increased land power capacity and capability. The enlargement of Pacific Pathways can evolve into a trans-Pacific cross combatant command campaign that maintains US resolve with its allies and partners, while sharing the security burden through partner building capacity. For example, Southern Command could extend their annual PANAMAX air, sea, and land military exercise to include Asia-Pacific militaries, to include China possibly. The Pacific Pathways initiative along with other Southern Command and

²⁷ A cooperative security location is a host-nation facility with little or no permanent US personnel presence, which may contain pre-positioned equipment and/or logistical arrangements and serve both for security cooperation activities and contingency access. Examples are in Aruba-Curacao and Comalapa, El Salvador in SOUTHCOM and Thailand and others in PACOM.

Pacific Command exercises must remain inclusive to Chinese cooperation and participation in order to reinforce transparency, inclusion, and multilateralism principles.

Multilateral Arms Control

China's military capacity and capability in the Pacific and arms sales and technology transfers in Latin America demand new approaches in US security assistance programs. China's official defense budget rose from 669.1 billion yuan in 2012 to 740.6 billion yuan (equivalent to 119 billion dollars) in 2013, a rise of 10.7 percent.²⁸ China now has the second largest defense budget in the world.²⁹ Latin American defense spending is forecasted to grow from 63 billion dollars in 2011 to 65 billion dollars by 2014, with 20 percent being available for procurement from China or other external actors.³⁰ Chinese anti-access and area-denial capacity and capability and increasing arms sales in the Western Hemisphere necessitate regional arms control organizations in order to ensure stability and a balance of power in both regions. Two recent agreements on military confidence building measures in the Asia-Pacific can help China and the US reach better levels of trans-Pacific cooperation: the notification of major military activities and a code of conduct for safe conduct of naval and air military encounters.³¹ The United States must build on these agreements to include trans-Pacific concerns and pursue open dialogue with China to move away from bi-lateral conflict resolution towards multilateral cooperation, transparency, and conflict resolution.

A trans-Pacific strategy should consider a multilateral arms control regime similar to the 1990 Conventional Arms Forces in Europe Treaty. Although this treaty was designed for a late post Cold War period, the treaty sought to control the proliferation of technologies that might contribute to conventional or unconventional weapons programs.³² These multilateral frameworks could place regional ceilings on specific capabilities in order to promote stability and reduce the possibility of miscalculations that could lead to armed conflict. In addition, such a program would also stipulate reports and compliance inspections on specific equipment, force structure, and training maneuvers for specific at risk countries. Last, this regime would also detail specific requirements and constraints concerning cyber and space domains to protect US interests and enforce rule of law across both regions. A trans-Pacific cooperative threat reduction and monitoring mechanism that addresses emerging threats can mitigate unnecessary militarization in both regions and reinforce further confidence-building measures.

28 Dean Cheng and Walter Lohman, "Solutions 2014: China," The Heritage Foundation, <http://solutions.heritage.org/china>.

29 Ibid.

30 Marcella, "China's Military Activity in Latin America."

31 Bonnie Glaser, "A Step Forward in US-China Military Ties: Two CBM Agreements," Center for Strategic and International Studies, November 11, 2014, <http://amti.csis.org/us-china-cbms-stability-maritime-asia>.

32 Amy Wolf, Paul Kerr, and Mary Beth Nikitin, *Arms Control and Nonproliferation: A Catalog of Treaties and Agreements* (Washington, DC: US Library of Congress, Congressional Research Service, July 21, 2014), 38.

Conclusion

Beijing's political, economic, and military ties in Latin America and its aggressive posture in the Asia-Pacific region can threaten US capacity in issues ranging from free trade and investment to security cooperation and assistance. China's diplomatic approach through economic statecraft and strategy, which leads to increased political and military influence, is increasingly competing with US interests in Latin America and elsewhere. Chinese alternatives continue to reinforce the legitimacy of authoritarian, or semi-authoritarian, governments in both regions, which threaten US interests and its allies and partners. US allies and partners are also less prone to act in accordance with US interests than in past decades due to increasing opportunities globally. The United States must adjust traditional regional statecraft and strategy towards more contemporary diplomacy to identify cross-regional linkages between governments, tie them into common objectives, and develop an integrated approach. If not, China's pursuit of multi-regional leadership will threaten US interests and potentially lead to increased tension and unpredictable outcomes.

Relationships between Asia-Pacific, Latin America, and the United States are inextricably linked across common interests and objectives. No region exists in isolation in the 21st century. The tough balance is the United States must remain economically engaged with China and encourage free-market cooperation. At the same time, the United States must develop and maintain comprehensive and strong responses to negative Chinese behaviors, such as support to authoritarian organizations and cyber espionage activities. The US government needs to readjust its current re-balancing in Asia, and develop a wide-ranging and cross-regional approach to reinforce Latin America and Asia-Pacific linkages in support of US interests. This approach will help the United States better rationalize its power in an era of declining or static defense budgets.