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William Ratliff
Research Fellow, Curator
Hoover Institution, Stanford University
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“China’s Role in the World: Is China a Responsible Stakeholder?”

I want to thank you for asking me to prepare testimony on Chinese-Venezuelan relations and for inviting me to meet with you today. This is one of the truly distinguished commissions working on U.S. policy issues and it is an honor to contribute in whatever way I can to your work. These hearings are devoted to understanding what I think is the most important international relationship, the one with China generally, that the United States will have over the next few decades or more. Nothing in international affairs, including perpetual wars in the Middle East and Latin America’s perennial inability to get its act in order, is nearly as important for the United States as devising a strategy that will encourage China to become a “responsible stakeholder” in the modern world. I applaud the Commission’s statements in the 2005 *Report to Congress* that the U.S.-Chinese relationship “is not inescapably destined to be adversarial, [that] it is vital for the United States to recognize that in many respects China has different interests, goals and values than the United States [and that] perhaps the greatest challenge . . . is to develop a coherent strategic framework for approaching China in a way that does protect vital U.S. interests while recognizing legitimate Chinese aspirations.”

As you all know very well, it is likely to become increasingly difficult to deal with this challenge. Analyses must be undertaken with cold objectivity and balance on the basis of as solid data as can be collected. Only then can we try to factor in the deeper level of China’s aspirations, as best we can ascertain them, in the context of our own interests. And only then can we deal with the potentially disruptive encounter of two civilizations each of which has a very elevated vision of its own moral rectitude. Demonstrating that we understand China’s “different interests, goals and values,” as you said last year, will give us greater credibility when dealing with Beijing and, one hopes, encourage the Chinese to be ever more objective in their dealings with us. Understanding China doesn’t mean caving in when basic issues are at stake, but it gives us the possibility of working as pragmatic “equals” to make the world a safer place for us all.

Chinese Policy toward Latin America/Venezuela. China’s general foreign policy today is ultimately at the service of domestic economic development. Most of China’s industrial output is energy driven and thus the country’s rapid and sustained growth has led to unprecedented demands for energy resources. Maintaining anything like the current rate of development requires stability in China and the secure delivery of energy and other resources from abroad. Now that “abroad” has come to include even Latin America. Already trade with some Latin American countries is becoming quite important for both Chinese and Latins, though China’s trade with the Hemisphere is still dwarfed (even in Venezuela) by Latin trade with the United States. Both deliveries of energy resources,

and trade more broadly, require a substantial degree of international stability, a critical objective of China's policy today.

But China also wants to play an increasing role in world affairs, though often in a somewhat muted, non-committal way, and to promote this its leaders strive to reduce Taiwan's political representation around the world. Latin America happens to harbor about half of the countries worldwide that still diplomatically recognize Taipei over Beijing. When Chinese Latin Americanists met with U.S. Assistant Secretary of State for the Western Hemisphere Thomas Shannon in Beijing several months ago, they reportedly told him that though China will not get involved in Latin politics generally, it will work to convert Latins who remain loyal to Taiwan to turn to Beijing.

China's emergence in Latin America has also been facilitated enormously by the virtual withdrawal of U.S. attention from the region. While President Bush once promised that he would devote special attention to the Hemisphere, assorted events ranging from 9/11 to Iraq have changed all that and it is decades since our relations south of the border have been as rocky with such a broad cross-section of Latins as they are today. The past few years have been a time when U.S. policy in Latin America required some very special attention, for a variety of reasons, and it has received nothing of the sort. For starters, there is an almost continent-wide frustration with the incomplete market-oriented reforms undertaken in many countries during the 1990s, whose general failures a high percentage of Latin Americans blame directly (and usually demagogically) on the United States. The most spectacular failure was, of course, in Argentina, where the National Congress cheered the largest debt default in world history. To that frustration, add what most Latins see as arrogant and self-serving American foreign policies generally, from Iraq to the war on drugs, and you have the perfect setting for a resurgence of anti-Americanism in the region. In reality, Latin America suffers fundamentally from cycles of failure attributable above all to its own culture, leaders, institutions and the perpetual search for scapegoats to explain failure rather than an knuckling down to change and get things done. So America is again under fire, not always undeservedly, in the region and in line with that there has been a resurgence of so-called "leftist" governments. Some like those in Brazil, Uruguay and Chile are "old leftists" and by and large fairly responsible, while others are more populist/fascist. The latter include Hugo Chavez in Venezuela, Evo Morales in Bolivia, along with their perpetual mentor Fidel Castro, and in many respects Argentina's Nestor Kirchner. As a developing country with a one-party government, China seems the perfect ideological, developmental counterbalance to the United States.

At this juncture China gets the benefits of many more doubts than the well-worn United States. Hu Jintao and some other Chinese leaders have managed to portray themselves not so much as anti-American as caring comrades coming from the same underdeveloped conditions as Latins and thus "one of them." For example, on his way to the Asian-Pacific Economic Cooperation (APEC) forum in Santiago, Chile, in late 2004, Hu Jintao broad-smiled and glad-handed his way through several of Latin America's most important countries and received positive media coverage in the others. He spent more time in Latin America on this tour alone than President Bush has during his entire presidency. Hu toured with a large delegation of Chinese businesspeople as the president

of the world's most populous and rapidly growing country. He seemed to show some concern for and recognition of the frustrations and aspiration of the region and he made many offers and promises of trade and investments that appealed to Latins generally. Many promises have not materialized, but the generally positive impression has persisted.

Hu came over in stark, marked contrast to President Bush, who also attended the Santiago session, managing mostly to fortify Latin perceptions of him as a bully with no concern for the region. During his very brief visit in Santiago the American president is remembered mainly for a widely reported and highly ridiculed scuffle with Chilean security personnel. On his way home, he stopped in only one other country and for only a couple of hours: Colombia, to strategize on the drug war. The Latin reading was that the United States was as usual interested only in matters that directly interested the United States, U.S. security. During this same period the U.S. has been undercut as well by its own laws, which Latins (and others worldwide) have seen as unacceptably self-serving. One such is the doubtless well-meant but very counterproductive American Service-members Protection Act of 2002, which caused a dozen Latin American countries to break very long-lasting military ties to the States and opened wide the door for China to step in, which the PRC did, to provide military training and some light supplies.

Venezuelan President Chavez. Hugo Chavez is the essential ingredient in the development of the growing links between Venezuela and China. He is a renegade paratrooper who was overwhelmingly elected president in 1998 by an electorate that declared itself fed up with what it considered the failure of several decades of democratic governments to serve broad popular interests. Buttressed by petro-dollars, Chavez has exploded on the Latin American stage as the filthy rich, self-appointed successor to Fidel Castro, the caudillo whose failures are too obvious to bother noting here and yet whose popularity persists because he defies the United States in a Hemisphere many still say is in America's pocket. Indeed, Chavez has been enthusiastically anointed by the Cuban *barbudo* himself who stretches out his hand, as he once did to the Soviet Union, to receive what the traditional Chinese might have called tribute, foregoing the kowtow, in the form of substantial petro-largesse.

Chavez is a colorful example of that cyclical Latin American phenomenon of the macho anti-American caudillo who is far more remarkable for his crude, punchy personality and popularity (with some) than for his progressive policies. He seems to offer hope where others have failed, though in fact he has little to offer besides a heady defiance that will guarantee future frustration and further failure perpetuating the same old cycles in Latin America. Chavez professes a profound admiration for Mao Zedong that is rarely found in China today and he wants Latin America to rise up against the United States, under his leadership and in Fidel's image, and create a so-called "Bolivarian" America that is no longer dominated by foreign exploitation and their Latin "leaches and stooges."

China and Venezuela. China is interested in Venezuela mainly for its oil. Chavez sees China as a country that is both critical in some respects of the United States and a major market for Venezuelan oil, and that market seems an ideal way to both reduce or end Venezuela's dependence on the United States and at the same time, and almost as

importantly, to drive Washington crazy. In strictly business terms, the United States and other American nations are the natural markets for Venezuelan oil, but for Chavez anti-American politics very often trumps geographical realities and strict business sense, while the opposite is true of the Chinese. They like the development of additional regions of power to counter uni-polar Washington, and a bit of anti-Americanism in the Western Hemisphere, but not at the possible expense of receiving resources on time. In broad terms, Venezuela's links to China are at this point incomparably less "threatening" to the United States than its ties with Russia in particular but also to Iran and North Korea. Events and many interviews in the U.S., Venezuela and China convince me that at least for the foreseeable future, Beijing's interest in Venezuela is very largely economic and China, which does not have Russia's vast energy reserves, is more put off than enthusiastic about Chavez political campaigns which could result in turmoil in the region or conflict with the United States. At the end of the day, the problem for the ruling Chinese Communist Party is not just the delivery of resources, it is assuring continuing growth in China in order to sustain the credibility of and justification for the party itself.

Venezuelan Oil. Venezuela is one of the world's leading oil producers and it has extraordinary reserves, much of it a extra-heavy, sour, highly sulfurous crude and bitumen deposits in the Orinoco Belt in Central Venezuela. The reserves are either the largest in the Western Hemisphere or the largest in the world, depending on what expert opinion you accept, for much information on oil is on the speculative side. Heavy oil has become economically viable since oil prices have gone up so dramatically due to declining supplies of lighter crude oils at a time of rapidly rising demand.

Like other oil producers, Venezuela has taken windfall profits recently, but most independent sources believe that national production has in fact declined from about 3.1 or 3.2 million bpd in 2000 to about 2.6 million today. The Chavez government denies the decline and says it plans to double production by 2012, as the pre-Chavez plans of the state company Petroleos de Venezuela (PdVSA) had anticipated. In a typical act of macho bravado Chavez has threatened to blow up the fields if the United States invades the country, which he charges the Bush administration intends to do in order to overthrow him. Several factors have contributed to apparent stagnation in current Venezuelan oil production. First, the firing of some 18,000 PdVSA workers after a 63-day strike in 2002-2003 and the resulting depletion of technical knowledge and expertise, part of which may be overcome by the use of Chinese and other foreign experts. Other PdVSA problems have ranged from the diverting of company funds to domestic social projects to the rapid tightening of state controls over the oil sector, in the past year converting more than two dozen formerly privately run oil fields (involving 20 companies from Spain to China) into PdVSA-dominated joint ventures. Also, state taxes, many imposed retroactively, have increased greatly and predictably reduced, but not stopped, additional investment. Few were surprised when several months ago Venezuela was the only OPEC country to call for production cuts, since PdVSA can't meet its current quota.

Another challenge is having so much heavy oil that is useless without special refineries that are not currently extant in China or most parts of the world. PdVSA owns all or part of nine heavy oil refineries in the States, and there are smaller refining operations in

Venezuela, Europe, Curacao and the U.S. Virgin Islands. But if Venezuela sells its U.S.-based Citgo facilities now, which it seems set to do, it will not have facilities to refine much of its oil. Though China and others are exploring or building some heavy crude refineries, the process will take time. Besides working to increase refining prospects, PdVSA has announced that it will buy 28 drilling rigs from China and said that by 2008 it will be assembling rigs in Venezuela. PdVSA says it will manufacture its own rigs for the first time by 2010-11, with Chinese help.

Where does Venezuela's exported oil go? As the Chinese ambassador to Venezuela said in a long interview in Caracas in mid-2005, the natural markets for Venezuela's oil are North and South America. It takes only four or five days for a tanker to reach the States and as long as bilateral relations were good Venezuela was one of the United States' top five sources: about 1.5 million barrels per day of crude oil and refined petroleum products, such as gasoline and fuel oil, in recent years. But motivated by anti-American politics, Chavez has for several years threatened to stop selling oil to the United States as a key part of his political program to declare "Bolivarian" independence from the States, setting a Venezuelan precedent for what he considers a Hemispheric necessity. Deliveries fell slightly in the first four months of 2006 compared to the same time last year and a growing list of oil sales commitments in the context of stagnant production suggests that deliveries to the States will have to be cut further. Recent agreements have included India (two million barrels per month, for starters), several Latin American states and China.

China and Venezuelan Oil. The China National Petroleum Corporation (CNPC), which has operations in twenty countries worldwide, began its investments in Venezuelan oil in 1997, toward the end of the Rafael Caldera administration, and the relationship quickly matured. Hugo Chavez, who considers himself a "soul-mate" of Mao Zedong, was drawn to China for political and politically induced economic reasons. Besides panicking Americans, China is also a market and sales have grown from 12,000 bpd in 2004 to about 130,000 bpd at the end of 2005 with a goal of 300,000 by end of 2006. Chavez has spoken frequently of supplying up to 20% of China's future oil import needs. China also invests substantially in Venezuelan oil, just as it tries to invest in oil fields and production around the world, from Iran, Sudan, Nigeria and Canada to the United States. Many deals work out, though a few like Unocal do not. In 2004 China gained permission to develop and exploit fifteen mature Venezuelan oil fields and to build refineries in Venezuela to process that oil. In 2005, Chavez granted exclusive licensing rights to seven companies, including CNPC and companies from India, Iran, Argentina, Spain and elsewhere, to certify and quantify reserves in blocks of the Orinoco belt. China has shown special interest in *Orimulsion*, a patented product made mainly from bitumen in the Orinoco belt and classified as a non-oil hydrocarbon. It is a low-grade, dirty fuel used mainly in power plants. While *orimulsion* production generally may be on its way out, a 2001 agreement between PdVSA and China, designed to produce the fuel exclusively for shipment to China, is going ahead. A power plant built specially to burn this product was started in China's Guangdong province in 2003 with a completion date of late 2006. While some *orimulsion* has been going to China for several years, greatly increased production came on line in April 2006 and with the arrival of that *orimulsion* in China, Venezuela became

China's second most important power fuel provider, still behind South Korea, but pushing Russia down to third place.

Challenges Delivering Oil to China. Of course Chavez couldn't play this economically ridiculous political game if it were not for the astronomical oil prices and profits that came his way in recent years. But money and vehemence alone are not enough for a successful reorientation of Venezuela's traditional oil deliveries from the U.S. to Asia, or China particularly. Besides resistance from many Venezuelans and outsiders, Chavez and potential foreign recipients have practical challenges they have far from overcome, among them production stagnation in Venezuela and inadequate refineries, as noted above, and transportation challenges ranging from distance and shortages of ships to the absence of pipelines or canals. Shipping oil to Asia can take five to almost ten times longer than shipping to the States, depending on routes around South America or South Africa and conditions. Very and Ultra Large Crude Carriers are the obvious vehicles for such large cargoes but the Panama Canal, so close to Venezuela and "on the way" to China, can't accommodate these supertankers. There is much discussion in Panama now of expanding the Canal with a "Third Set of Locks." The projected cost of this project is about \$5.25 billion and it would require seven years to complete, possibly starting in 2007. In mid-July 2006 the proposal was approved by Panama's president and submitted to the National Assembly. The proposal was also fully endorsed at mid-year by the President and CEO of China Ocean Shipping Co. (COSCO). This expansion would not be an immediate answer to Chavez's problems, but it could be a major factor in planning Asian shipments in the long term, and Chavez plans to be around for the long term. Another contributor to more economical Asian sales would be a pipeline, either a considerable expansion of existing facilities that run parallel to the Canal in Panama or a new line from Western Venezuela to the Colombian Pacific port of Tribuga, which has already been agreed to by Chavez and Colombian President Alvaro Uribe. However, while construction of a Venezuelan-Colombian gas pipeline has recently begun, the oil pipeline seems to be on "pause."

And while shipping routes remain a drawback to China deliveries, the lack of ships does as well. Triangulation is all very well if the necessary cargos are available, but as is true with most companies they often are not. So Venezuela plans to increase its number of tankers from 21 to 58 over the next seven years, while China and some other countries could provide some ships of their own. Chinese companies are contracted to build 18 tankers for \$1.3B and China reportedly has committed to develop facilities in Venezuela for the construction and repair of vessels. Indeed, China has said it will transfer technology for the building of the final vessels to Dianca so that Venezuela will have its own construction program by 2012. PdVSA has opened an office in Beijing and plans to build a super-tanker shipping terminal east of Havana, Cuba.

Other Chinese Ties to Venezuela. China has other links to Venezuela, including a rapidly increasing level of bilateral trade which amounted to an estimated \$3 billion last year. (U.S.-Venezuelan bilateral trade was \$40 billion.) The State Department reports that Chinese investments in Venezuela are about \$2 billion, in the oil field discussed above, in mining and other areas. The other investments and agreements relate to the following.

The China Great Wall Industry Corp was contracted by Venezuela to design, manufacture, test and, in 2008, put into orbit the VENESAT-1 satellite. Named “Simon Bolivar,” it will blast off from Xichang Satellite Launch Centre in Southwest China in 2008 atop a Long March 3B rocket. It is designed to have a mission life of 15 years during which it will “guarantee” Venezuela’s “autonomy in telecommunications” and facilitate the development of the country’s film, television, cultural and educational programs. An exchange program for TV and radio broadcasters was signed in 2006. Venezuela will be able to broadcast programs from two channels of Central China TV and have access to China Radio International programs in a variety of languages. Huawei Technologies, the biggest telecom equipment maker in Shenzhen announced it signed a network contract with Movilnet, the wireless business unit under Cantv, the leading provider of telecommunications services in Venezuela, making Huawei a leading provider of CDMA equipment in the country. Finally, in addition to computers with Chinese technology, selling some Chinese cars and other activities, Venezuela has received three JYL-1 mobile air-defense radar systems, including a command-and-control center, technical support and access to a satellite communications network.

Conclusions and Recommendations

- So far most of China’s activities in Venezuela and beyond have been largely what one might expect from a large, strategically located, rapidly modernizing nation seeking to overcome a century and a half of failure and humiliation and expecting to take its place as a major “stakeholder” in the modern world.
- Where China’s actions do not seem to be part of the normal development of an emerging major international player, or seem to pose a significant threat to U.S. interests, those activities must be closely followed and objectively evaluated according to the kinds of guidelines in last year’s Commission report to Congress.
- Some Chinese leaders look at the history of Western colonialism in Asia and China, recent U.S military campaigns from Kosovo to Iraq, and U.S. military ties to Taiwan and other Asian nations, and conclude that they have reason to fear a threat from the U.S. Recall the passage in the Commission’s 2005 report (p. 119) quoting Paul Godwin that “a careful reading of China’s defense white paper reflects a ‘fundamental apprehension of U.S. power and military presence both globally and in the Asia-Pacific region’.” Similar apprehensions are expressed in the current edition of the Communist Party’s ideological mouthpiece, *Qiushi*. Some of the current actions of the Chinese government are founded in this concern.
- Thus the motivations for some of China’s policies must be evaluated objectively by Americans seeking to devise policies that will both recognize China’s concerns and protect legitimate U.S. interests. This means understanding that while we Americans think we are the great defenders of peace and virtue, the Chinese consider themselves the same. This adds to the challenge of bilateral relations in the global context.

- The “values” of China’s “value neutral” foreign policy, by which it strikes deals with Sudan, Iran and Venezuela, among others, are national interest, first, and second, non-interference in the affairs of sovereign nations. This has drawn criticism from abroad, though the former at least is standard policy for us as well. Over time the U.S. has worked with Stalin, Saddam Hussein, Manuel Antonio Noriega, the Saudi Royal Family and military governments from Greece to Guatemala when doing so seemed to serve U.S. interests.
- Chinese leaders are convinced that their economic progress has come in large part because it was not accompanied by the give-and-take of substantial political reform. “Chaos” (luan), which has characterized so much of modern Chinese history, is undoubtedly the most feared condition to Chinese leaders and people. The leaders believe that order is still essential to continue productive economic change. Many outside commentators and some Chinese, however, believe the limitations on political and some other rights, and the absence of an impartial and effective legal system, are already threatening China’s continuing progress.
- In 2005 China imported about 3.5 million bpd of oil. If Venezuela were to supply 20% of that amount today, it would be about 700,000 bpd, a bit over twice the projected goal for the end of 2006. If Chinese exports rise to 7m bpd in a decade, as many estimate they will, Venezuela’s supplying 20% would mean some 1.4m bpd, about what the South American country currently sells to the United States. If Venezuelan production does in fact increase substantially, then the Chinese deliveries would not have to come at the expense of deliveries to the United States, unless the increase were sold to India or others.
- The increasing Chinese presence in Latin America is not likely to substantially alter political conditions there. In April 2006 Chinese Latin Americanists in Beijing reportedly told U.S. Assistant Secretary for Western Hemisphere Affairs Thomas Shannon that the PRC is not thinking to export any sort of “political model” to Latin America. Indeed, the Chinese know that doing so would not serve their interests, and not only because it would annoy the United States. A very high Communist Party member told me recently that China is quite satisfied with the traditional Latin American power structure that is controlled by elites and largely set up to service foreign buyers of raw materials or other products.
- Clearly a Chinese presence is not likely to substantially advance democracy or equality of opportunity and living conditions in Venezuela or the region. But then progress on those fronts has been very slow at best in the region since the Iberian powers departed long ago and in this respect the Chinese presence is largely irrelevant. The chief obstacles to change have always been traditional Latin American/Hispanic culture and institutions. The Communist Party official himself noted above remarked that the current political systems in most Latin countries are not really very democratically representative.

- In economic terms, as more Chinese settle in Venezuela and Latin America, they may become something of an engine for growth as overseas Chinese communities have been in Southeast Asia. Some outsiders have worried that Chinese crime syndicates may become more active, and while that is in some degree probable, the positive developmental aspects of a Chinese presence are likely to be greater, particularly in a local culture that can't focus well on real change.
- For the foreseeable future, the Chinese presence in Venezuela will be felt mainly in economics as a result of investments particularly in oil and related industries. This will largely be a positive thing for Venezuelans, since the Chinese will supply not only funds but some expertise, and the result will be more oil on the world market. If much of that particular oil is earmarked for China, it will thereby free up other oil worldwide for other users.
- If the Chinese did not invest in this development, someone else would. Many foreign companies from Europe, the States and beyond have invested in the past and are still doing so today. In terms of taxes, China is evidently being treated much like other investors.
- China's strategy of buying into fields rather than relying on markets for oil is likely to prove wrong-headed for in a time of serious crisis shipping lanes from Venezuela will be subject to easy disruption by any major adversary. That is one of the main reasons China is developing its military, particularly its navy, to try to defend shipping lanes, though in a crisis that would probably be futile.
- Investments by China and all others do of course bolster Chavez, but the Chinese role in this is not significantly different from that of other Western and other investors, of which there are and will continue to be many, or of trade partners for that matter. It is important to keep in mind that according to the U.S. State Department, almost 60 companies representing 14 countries are involved in one or more aspects of Venezuela's oil sector.
- Hugo Chavez's attitude toward the United States preceded any relationship with China and is in no way a result of that relationship. Indeed, if the Chinese had their preference, it is likely they would get Chavez to back off or at least tone down his political activism in Venezuela and the region.
- The Chinese view Chavez as both an opportunity and a threat. He is an opportunity because without him there probably would be no significant Sino-Venezuelan relationship at all. Still his actions could very easily antagonize the United States and threaten deliveries of needed resources.
- To a degree, Beijing does not mind Venezuela's creating problems for the United States in the Hemisphere, because if American companies are driven out of Bolivia, for example, at least theoretically this opens the door to Chinese companies. That doesn't mean Chinese companies, expecting results, would in the

end be any more successful in Bolivia or wherever. More importantly, Chinese leaders have higher priorities and they know this disruption business is dangerous in countries where they have invested and may ultimately be uncontrollable, raising fears on the global level of the chaos they fear at home.

- China's land-based JYL-1 mobile air-defense radar system is defensive, and its value will be supplemented by the air-based radar of the Russian SU-30 fighter jets Chavez has just arranged to get from Vladimir Putin, along with many other weapons. Chavez actively cultivates ties to any government Iran, North Korea and Russia, or any government that will provide some sort of moral support and/or materiel backing. In armaments, thus far China is one of the lesser U.S. worries in Venezuela.
- Since China's primary reasons for involvement in Venezuela are related to development at home, Beijing is likely to insist just as much as any commercial company that Venezuela give value for investments. China will not lightly tolerate production inefficiency resulting from political and ideology grandstanding or decision-making. The Venezuelans may in time find "Ugly Americans" replaced by "Ugly Chinese." What a wake-up it will be for China when it becomes another scapegoat for Latin America's perpetual failures.
- Chavez has often tried to "use" China in his disputes with the United States – as when threatening to give China its F-16 planes that the U.S. does not want to update. But the Chinese are not going to allow Chavez to drag them into a serious dispute with Washington that would complicate broader U.S.-China relations.
- After his visit to Beijing in April 2006, Assistant Secretary Shannon said that China's military engagement in Latin America is "pretty light, by our standards." General Bantz Craddock of the Southern Command has said much the same thing, even warning that some U.S. laws, particularly 2002 Service-Members legislation, have greatly disadvantaged us in the region and opened the door to greater Chinese involvement. This law must be changed immediately to minimize damage. For practical reasons at least some of those Latin countries would undoubtedly be prepared to restore military relations with the U.S. that were terminated because of the Act.
- Some Venezuela-related Chinese interests in the region may offer opportunities to bring China in as a responsible stakeholder. For example, I agree with then Deputy Assistant Secretary of Defense Roger Pardo-Maurer who testified in September 2005, "to me the [Panama] canal is actually a classic example of how bringing **China** in -- or helping **China** become a responsible trading partner -- a responsible member of the world trading community -- is in our interest."