Ensayos

Mexico’s Elusive Partnership with China: The Search for Explanations
La difícil asociación de México con China: la búsqueda de explicaciones

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Abstract: This article examines why Mexico has been unable to develop and sustain a closer bilateral relationship with China. We argue that three sets of interconnected historical and relational factors help explain Mexico’s inability to deepen its ties with China: a social relationship marked by distrust, stigmatization, and discrimination toward the Chinese; the persistent perception of China as an economic threat; and, the weight of the United States that makes the bilateral relationship in effect triangular. These elements form a three-part historical narrative that has operated against a sustained and stronger partnership between these two countries.

Keywords: Palabras clave: México, China, relaciones bilaterales, política exterior, asociación.

Resumen: Este artículo examina por qué México no ha podido desarrollar y mantener una relación bilateral más estrecha con China. Sostenemos que tres conjuntos de factores históricos y relacionales interconectados ayudan a explicar la incapacidad de México para profundizar sus lazos con China: una relación social marcada por la desconfianza, la estigmatización y la discriminación hacia los chinos; la persistente percepción de China como una amenaza económica; y, el peso de Estados Unidos que hace triangular la relación bilateral. Estos elementos forman una narrativa histórica de tres partes que ha operado contra una asociación sostenida y más fuerte entre estos dos países.

Palabras clave: México, China, relaciones bilaterales, política exterior, asociación.

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Introduction

Mexico and China appear to have a number of elements in favor of building a strong bilateral relationship. One is the longevity of that connection. The first contacts between the two date back to the trans-Pacific voyages of the Manila galleons during the sixteenth century (Phelan, 2010; Schurz, 1939). During this time, the ancient Asian Silk Road encountered the Mexican Silver Road and established the foundation for current Mexico-China relations. In 1899, the government of Porfirio Díaz established formal diplomatic relations with the authorities of the Qing Dynasty through the Treaty of Friendship, Trade and Navigation, an important turning point for the increasing complexity of bilateral relations between the two countries.

The two also possess societies with important similarities or affinities. For example, both have historically valued the family as the main social pillar and possess ancestral cultures that include a very rich and complex gastronomy. Mexico and China have each experienced lengthy periods of colonialism and imperialism, as well as important social revolutionary episodes in the twentieth century.

Rhetorically, in recent decades each country has expressed its desire to deepen ties. In recognition of the growing importance that it placed on the bilateral relationship, in 2003, the Chinese government assigned Mexico the status of strategic partner, which was upgraded to comprehensive strategic partner in 2013. For its part, in the National Development Plan 2013-2018, the former Peña Nieto government identified the priority of fostering a new paradigm of cooperation and dialogue with China (Gobierno de México,
2013, p. 94). Xi Jinping and Enrique Peña Nieto met seven times during the course of the latter’s presidency (Cornejo, 2019). Since the Zedillo presidency (1994-2000), the two countries have gradually constructed an impressive architecture for both the high-level and daily promotion and management of the bilateral relationship.

 Nonetheless, this rhetoric thus far has not been matched in reality by a stronger and sustained political and economic relationship. On the political side, Mexico’s links with China have been characterized by ups and downs, that is, by periods of rapprochement and promise interspersed with others of distancing between the two countries. On the economic side, the limits of Mexico’s ties stand in stark contrast to the dramatic deepening of trade and investment ties in recent years between other Latin American countries, such as Brazil, Chile, and Peru, and China. Given Mexico’s overwhelming economic reliance on the United States, it would seem to make sense that Mexico sought to diversify its external relations toward China, particularly with respect to investment. However, Chinese investment in Mexico has remained relatively modest.

 Why has Mexico thus far been unable or unwilling to develop and sustain a closer relationship with China? In what follows, we take a look at the Mexican rather than the Chinese side of this equation, that is, the factors that have impeded maximizing the potential of Mexican connections with this country. We offer an historical and holistic argument in response to this question. A perusal of the pertinent literature suggests that three sets of interconnected relational factors help explain Mexico’s inability to deepens its ties with China: a social relationship that has been historically marked by recurring distrust,
stigmatization, and discrimination toward the Chinese; the persistent perception among Mexicans of China as an economic threat; and, the weight of the U.S. factor that has made the bilateral relationship in effect triangular. As we shall present in the following pages, these elements add up to a three-part historical narrative about the evolution of the interactions between these two countries that has operated against a sustained and stronger partnership. It is important to bear in mind that our chapter assesses the limits and impediments to a more significant Mexico-China partnership from the vantage point of Mexican agency and perceptions.

Our analysis is divided into four parts. First, we explore the social dimensions of the Mexico-China relationship and how these have impeded the strengthening of ties over the long run. Second, we examine the role of the United States as a crucial factor that has conditioned the evolution and possibilities of Mexico’s bilateral relations with China. Third, we investigate how Mexico’s problematic economic interactions with China have hindered the willingness of Mexicans to seek stronger ties with that country. In our concluding section, we consider the implications of our analysis for the prospects of Mexico-China relations under the current López-Obrador government.

Distrust, Stigmatization, and Discrimination: Enduring Mexican Perceptions of the Chinese
There has been an extensive, multidimensional analysis of the Mexico-China social relationship. Scholars have studied the Chinese diaspora and immigration to Mexico (Chao, 2010; Dong, 2016; Gómez, 1991; Peña, 2012; Puig, 1992; Schiavone, 2012), the ideological influence of communist China on Mexican society during the Cold War (Barandica, 2013;
Haber, 2016; Puma, 2017; Rothwell, 2016), and more recently, changes in social perceptions (Cornejo, Haro and León, 2013), as well as the influence of the Confucius Institutes in the Mexican imaginary and as a Chinese soft power tool (Cornejo and Martínez, 2018). As we sketch in the following pages, a common thread in much of this literature has been the unfortunate persistence of negative attitudes and perceptions among Mexicans about the Chinese. Various historical episodes have contributed to a sense of distrust, stigmatization, and discrimination.

As mentioned in the introduction, the first social contacts between China and Mexico occurred thanks to the trans-Pacific trade of the Manila galleons. In New Spain, the consumption of Chinese luxury items carried with it certain prestige among elites in colonial Mexico. This commerce contributed to the formation of a novohispano identity that integrated Chinese cultural elements into everyday Mexican practices. However, after independence and throughout much of the nineteenth century, nation-building efforts consciously rejected almost all New Spain heritage, including the aforementioned novohispano identity that had included certain Asian cultural elements. Post-independence political elites turned toward Europe and the United States as points of reference for the state, nation-building, and culture (Brading, 1973).

From 1880 to 1940, Chinese economic prowess and the global influence of social Darwinism helped drive an unfortunate period of anti-Chinese racism that lasted 60 years.
The Mexican national project, as an “excluding nationalism” in which the perception of “otherness” was applied to the Chinese, deliberately left the Chinese population out of the Mexican nation (Gómez, 1991; Sato, 2006). Indeed, the Mexican nation was constructed on racial notions that fostered an imagined community based on the mestizo nation and the concept of raza, and found in the Chinese community an adversary (Chang, 2017; Treviño, 2005; 2008). Although some meaningful achievements in Mexico-Chinese cooperation are registered in this turbulent period (Lim, 2010), nevertheless it is safe to say that the systemic racism of this period has served as a social underpinning for the longer-term perception of the Chinese people as a threat to Mexico.

With the outbreak of the Mexican Revolution in 1910, the political strategies of revolutionary groups, such as the Sonora Group in northern Mexico, and the international influence of social Darwinism fuelled a period of racist discourse and aggressive actions against the Chinese communities in Mexico. The academic literature (Chang, 2017; Gallo, 2006; Sato, 2006) named this period the “Anti-Chinese Movement in Mexico.” It was characterized by social exclusion and discrimination, policies against marriages between Chinese and Mexicans, lack of legal protection, the massacres of Torreon (1911) and Chihuahua (1916), and eventual expulsion of Chinese migrants from the country (Botton, 2008; Cinco, 2018). It is important to note that this social phenomenon was prevalent across the entire American continent, associated with what Lee (2007) calls “hemispheric Orientalism.”
The beginning of the Cold War altered social ties between China and Mexico. From 1945 to 1971, the Mexican government officially recognized the Republic of China (hereafter Taiwan), while the People’s Republic of China (hereafter China) was excluded from the United Nations System. Social contacts between Mexico and Taiwan were very low throughout this period. As a reflection of this, studies about the Mexico-Taiwan relationship during this period were almost nonexistent (Haro, León and Ramírez 2011, pp. 219-242).

However, China and Mexico did not enjoy significant links of any kind between 1940 and 1970. To some extent, the ideological confrontation of the Cold War politicized social interactions, as we will discuss in the next section. Nevertheless, what is important to emphasize is that ideological considerations and tensions replaced social perceptions that were formed during the “Mexican Anti-Chinese Movement” era.

Following Mexican diplomatic recognition in 1972, the China-Mexico relationship was based almost exclusively on commercial ties. Since the launch of China’s post-Mao modernization program in 1979, the increasing trade deficit with China has caused concerns among Mexican political elites, and after the disintegration of the Soviet Union and the end of the Cold War, this has fed social perceptions similar to those that were formed during the Mexican Anti-Chinese Movement era (Treviño, 2005).

As Cornejo, Haro and León Manríquez (2013, p. 58) recognized, “Mexican perceptions of China have become a hindrance to better bilateral ties.” Trade competition and historical social discrimination have fostered a “political fear” within Mexican society, which can be understood as a combination of rationality and passion that has encouraged collective actions by individuals, social
groups and elites for political purposes (Robin, 2004, pp. 31-50). In this sense, at the beginning of the twenty-first century, actions against China’s trade with Mexico became a source of political legitimacy among the Mexican political elite. For example, the Fox administration (2000-2006) aligned with angry Mexican manufacturers facing “unfair” Chinese competition after China’s admission to the World Trade Organization, instead of promoting industrial policies and better dialogue with their Chinese counterparts (Hearn, 2016, pp. 72-74).

The Mexican media have played their part in the political construction of negative social perceptions about China. On the one side, there has been a sort of “information dependency” on the part of the Mexican media due to a lack of communication infrastructure necessary to broadcast news about China (Haro Navejas, 2007, p. 460). This often implies information triangulation from Western and Chinese sources without critical selection and filtering of the news. On the other side, Mexican media and websites have frequently portrayed China as their “favourite villain” by publishing news with alarming headlines, such as “China ‘swallows’ the Mexican market”, “Mexico at war against China in the WTO” or even “China threatens national security” (Cornejo, Haro & León Manríquez, 2013, p. 63). Mexican social media have been complicit in forms of “cyber-discrimination” through the internet, where Mexicans have perpetuated stereotypes about the Chinese through memes and other types of satirical images (Lisbona and Rodríguez, 2018). All of this has influenced political, economic and social actions to the detriment of improving relations with China. To borrow an illustration from Hearn (2016, p. 89), “politicians and business executives have been reluctant to endorse events like ExpoChina for fear of popular criticism.”

A series of incidents in recent years underscore that old social attitudes and perceptions have resurfaced or have been unfortunately reinforced. For instance, Mexicans became angry when Chinese authorities quarantined significant numbers of their compatriots who had travelled to China at the outbreak of the A/H1N1 pandemic in April and May 2009 (Cornejo, 2013, pp. 654-655).

In 2012-2013, determined local resistance thwarted the efforts of a consortium of Chinese and Mexican business interests to create a large merchandise distribution centre in Cancun called Dragon Mart that would be the largest of its kind in Latin America. In
addition to concerns about the invasion of Chinese goods, local objections included the fact that the arrival of 2,500 Chinese merchants would eventually lead to the creation of a population hub of 100,000 Chinese (Cornejo, 2019).

In 2014, Chinese stereotypes were possibly reinforced when a corruption scandal erupted concerning the bidding process for the construction of a high-speed train connection between Mexico City and Queretaro. Investigative journalists uncovered links between the Mexican president, the secretary of finance, and Mexican businesses connected with the winning bid by the China Railway Construction Corporation that amounted to conflicts of interest. As a result of the controversy, the contract was rescinded (Cornejo, 2019).

It is important to mention that both countries have periodically turned to public and cultural diplomacy to promote cross-cultural awareness and mutual understanding, with the possibility of combating ignorance and stereotypes on both sides. For example, during its long period of diplomatic isolation (1949-1971), communist China promoted what the academic literature has identified as “people-to-people diplomacy”, “people’s diplomacy”, “cultural diplomacy” or “revolutionary diplomacy” (Kirby, 1960; Yang, 2009). In Latin America, this diplomacy aimed to spread anti-Americanism among Latin American societies, to propagate the Chinese model for overcoming social and economic problems, and to improve the Chinese image among Latin American countries, but not to promote revolutionary activities in Latin America as it did in other parts of the globe. (Ratliff, 1969, p. 57). In this line, from 1949 to 1971, a number of Mexican political and cultural
personalities visited China, such as Vicente Lombardo Toledano (union leader), Diego Rivera (painter), David Alfaro Siqueiros (painter), Ismael Cosío Villegas (physician), Lazaro Cárdenas and Emilio Portes Gil when they were ex-presidents, as well as various journalists and representatives of left-wing political parties (Ratliff, 1969).

In the aftermath of the 1968 student movement, the Mexican government promoted initiatives to attend to student demands and to ease social tensions. One of these was to promote international cultural relations. In this sense, the Mexican government initiated an academic program to invite Chinese students to Mexico in order for them to learn Mexican and Latin America history, Latin American literature, and Mexican economics and politics. After the formal establishment of diplomatic relations between Mexico and the People’s Republic of China in 1972, a group of 25 Chinese students travelled to Mexico to study at the Colegio de México. This program was a pioneering effort in matters of “Mexican soft power,” as a number of the Chinese students would later on become diplomats and specialists in Latin America with a certain vision of the region (Martínez, 2014, pp. 56-59).

Over the past decades, there have been various important Mexican efforts to understand China better. For instance, there has been a proliferation of academic centres with a mandate to study China: the Centre for Asian and African Studies at the Colegio de México; the Asian and African Studies Program of the National Autonomous University of Mexico (UNAM); the China-Mexico Studies Centre of the UNAM, the China-Veracruz Centre of the University of Veracruz; the Department of Pacific Studies at the University of
Guadalajara; the Asia-Pacific Studies Program of the Technological Autonomous Institute of Mexico (ITAM); the Asia-Pacific Centre of the Technological Institute and of Higher Studies of Monterrey (ITESM); and the University of Colima. There has also been an effervescence in civil society organizations, such as the Cultural Association Research about Asia, the Cultural Centre of China in Mexico, and nearly 60 Chinese associations that promote Chinese culture (Martínez and Dussel, 2016).

The Confucius Institutes were born as a Chinese government effort to reduce negative perceptions about China around the world at the beginning of the twenty-first century, and Mexico has not been the exception. In fact, Mexican negative perceptions stated before could be considered as part of what some scholars have named as the “China Threat Theory” (Harting, 2015, pp. 16-22). In addition to Chinese invitations to Mexican opinion leaders to visit the Asian country and generous scholarships granted to Mexican students and universities, the Chinese government has installed Confucius Institutes in Mexico since 2006 (Cornejo and Martínez, 2018, pp. 127-128). It is noteworthy that the agreements to establish a Confucius Institute in Mexican universities state that the host university should finance more than the fifty percent of the total cost of the project, which involves physical infrastructure and maintenance personnel, support in migration procedures for Chinese teachers, funding to ensure the institute’s performance, and in some cases accommodations and social insurance (Cornejo and Martínez, 2018, p. 132). This implies that the Mexican part finances much of the Chinese “soft power”. To date there are five Confucius Institutes and one Confucius Classroom in Mexico.
Despite recurring political and media efforts to construct a certain image of China, it appears that the Asian country has improved its reputation among Mexicans. For this, we consider the annual survey of the Centro de Investigación y Docencia Económicas (a Mexican government think tank) about Mexican perceptions of the world.

From 2004 to 2016, the positive Mexican sentiment towards China increased from 59% to 68%. This was mainly related to the important role that the Chinese economy played during the 2008 Global Financial Recession, and to the role of Mexico as a trade platform from which Chinese products are manufactured and exported to the United States (Maldonado, Marín, González and Schiavon, 2018, pp. 67-71).

However, it is important to highlight that Mexican sentiments toward China are contradictory. On the one side, there is admiration for Chinese economic development; on the other side, there is a lack of interest, ignorance, and mistrust within Mexican society that impedes deeper social relations with China. Tainted by episodes of distrust, violence and remoteness, the historical trajectory of the complex China-Mexico social relationship thus far has not lent itself to better and deeper bilateral ties. Rather, mutual ignorance and mistrust have influenced economic exchanges and political actions, making them vulnerable to misunderstandings.

The U.S. Factor and the Evolution of Mexico’s Political Relationship with China

Long before the end of the Cold War and the North American Free Trade Agreement, Mexico’s political and economic relations with China were affected by the weight of its powerful northern neighbour, the United States. Behind the Mexico-China bilateral relationship, historically there has lurked a triangular relationship with the United States that has made its presence felt.
repeatedly and constrained Mexico’s room for manoeuvre vis-à-vis China. As we highlight below, the United States has played a recurring role in the evolution of Mexico’s political and economic links to China.

After Mexico’s independence, the new Mexican government considered that in order to safeguard the country’s independence it was imperative to maintain presence in the old Spanish empire as well as the country’s insertion into the international system of the second half of the nineteenth century. Nevertheless, the domestic political convulsions between 1820 and 1870 did not allow Mexico to design an effective Asian foreign policy. It was not until the emergence of the United States as a hemispheric power and the centralization of political power during the Diaz administration or Porfiriato (1884-1911) that a stable framework was established for approaching China diplomatically. It was in this context that the 1899 Treaty of Friendship, Trade and Navigation was signed, establishing formal diplomatic relations between Mexico and China.

However, due to the Porfiriato’s lack of a China policy, Mexico’s diplomatic ties with China were minimal and indirect. Pardinas (1982a, 1982b) records that the Mexican diplomatic representation in China was not installed until 1904, and that the briefings by Mexican diplomats were essentially a set of superficial readings about daily life in the Chinese Court and diplomatic intrigues concerning Western diplomatic personnel. It appears that the principal aims of the 1899 Treaty were mostly to assert Mexico’s political independence in international affairs, and in the domestic arena to ensure a flow of Chinese immigration in support of the economic development model promoted by the political elite (Cott, 1987). The incipient bilateral relationship suffered further because of the lack of policy instruments and the social revolutions that erupted in both
countries. As previously mentioned, the Anti-Chinese Movement that arose in the context of the Mexican Revolution seriously damaged the fledgling ties between the two countries. In 1921, the Mexican government decided to withdraw from the 1899 Treaty, primarily to restrict Chinese immigration.

From this point onwards, the U.S. factor has influenced heavily in Mexico’s relations with China. In 1922, the United States invited Mexico to sign the 1922 “Treaty between the Nine Powers Relating to Principles and Policies to be followed in Matters Concerning China.” The ascent of Yuan Shikai as leader of the Chinese government marked an important phase of the Sino-Mexican relation due to the influence of the United States (Haro, León and Ramírez, 2011, pp. 81-83). In fact, after this episode, one of the conundrums of the Mexican government was diplomatic recognition, and this was easily solved by the alignment of Mexico’s position with U.S. diplomatic policies.

During the ideological confrontation of the Cold War, the Mexican government aligned with the United States, which implied the diplomatic recognition of the nationalist government based in Taiwan and the non-recognition of the People’s Republic of China. Nevertheless, it is important to emphasize that the Mexican government never established an embassy in Taiwan due to a lack of material interests, the problematic U.S. presence in Asia, especially during the Vietnam War, and the political rapprochement between Washington and Communist China during the 1970s (Haro, León and Ramírez, 2011, p. 210).

At the beginning of the 1970s, the People’s Republic of China and the United States initiated political exchanges through “Ping-Pong Diplomacy” and other actions that would
culminate in the diplomatic recognition of the former by the latter. In the framework of its foreign policy of “Third World Diplomacy”, the Mexican government took advantage of this context to undertake its own rapprochement with China. On February 14, 1971, Mexico and China restored diplomatic relations, and in 1973, then Mexican president Luis Echeverría Álvarez visited China.

As Huang (2018) recalls, the first visit of a Mexican president to Communist China showed what topics could sustain the bilateral relationship. During this visit, Mexican officials engaged in five rounds of conversations with Zhou Enlai and other Chinese high-ranking officials about the Charter of Economic Rights and Duties of States, the second additional protocol of the Treaty of Tlatelolco, and economic development. The first Mexican ambassador to China, Eugenio Anguiano, remembers that the Chinese signature of the Treaty of Tlatelolco was a very important political element that strengthened diplomatic ties because it granted Mexico a “Third World” identity and leadership, and China a “good will” identity to the world process of denuclearization (Anguiano, 2012, pp. 40-41; Botton, 2018, pp. 84-85). Nonetheless, from a Mexican perspective, the potential for a strong Mexico-China partnership was clearly conditioned by U.S. interests vis-à-vis China in the context of the Cold War as well as the evolution of Mexican economic competition with the Asian country.

With Mexico’s accession to the General Agreement on Trade and Tariffs in 1986, the end of the Cold War, the emergence of the pro-market Washington Consensus, and the rise of regional trading blocs across the planet, the Salinas presidency (1988-2004) undertook a dramatic reorientation of Mexico’s foreign relations in favour of strengthening its political and economic ties with the United States and North America in general. Launched in 1994, the North American
Free Trade Agreement (NAFTA) that resulted from this process deepened Mexico’s interdependence with the United States and Canada in an unprecedented fashion and would eventually come to represent a real constraint to pursuing stronger ties with China.

Even so, the Zedillo administration (1994-2000) sought to strengthen ties with China. To this end, it joined with China in creating the Parliamentary Group for China-Mexico Friendship in 1995 and the Mechanism for Policy Consultations China-Mexico in 1996 (Cornejo, 2001, p. 884; Cornejo, 2010, pp. 606-607). It even supported key Chinese interests in the international arena, such as the “One China Principle” and the Tibet issue.

The Fox administration (2000-2006) also experienced a short but substantial period of political rapprochement with China. Symbolically, in 2001, following arduous negotiations, Mexico as the last holdout finally relented to China’s accession to membership in the World Trade Organization. In 2003 China and Mexico launched a strategic partnership, and in August 2004, both parties created the Permanent Bilateral Commission Mexico-China. One month later, the High Level Bilateral Group was also established. These institutions aimed to enhance bilateral relations through trade, educational exchanges, and political consultations, and created a new status quo in the bilateral relationship. Finally, in 2006 the two countries signed the 2006-2010 Joint Action Program (Cornejo, 2010, pp. 611-612).

With the benefit of hindsight, we can also see that notwithstanding the opening of new institutional spaces for managing and promoting the bilateral relationship with China during the Zedillo and Fox sexenios, Mexico’s ties with the United States and North America also grew stronger and more multidimensional. The terrorist attacks on the United States that occurred on
September 11, 2001, created an imperative for the United States, with its Mexican and Canadian NAFTA trade partners, to bolster North America as a security framework. Accordingly, on March 23, 2005, the leaders of the three countries created the Security and Prosperity Partnership in a North American Leaders Summit held in Waco, Texas.

With the launching of the Mérida Initiative in 2008, the Calderón administration sought even closer security cooperation with the United States in support of its war on drugs, tying Mexico’s destiny to that of the United States like never before. The Calderón presidency marked a period of distancing vis-à-vis China, due largely to some unfortunate incidents. For example, the visit of the Dalai Lama to Mexico in 2008 upset Chinese authorities. The Calderón government advocated human rights and democracy promotion as general foreign policy principles, which affected the prospects of enhancing the political relationship with China.

The Peña Nieto administration (2012-2018) began with promising signs for the future of Mexico-China affairs. Peña Nieto and Xi Jinping coincided temporarily in their ascendancy to political power and some news headlines identified a good dynamic between the two leaders (Elvira, 2013). In 2013, the strategic partnership that was launched in 2003 was promoted to a comprehensive strategic partnership, 12 memorandums of understanding were signed, and both leaders made high profile visits (Ibarra, 2013). Nevertheless, the emergence of several domestic crises in Mexico, like the Ayotzinapa issue, distracted political attention from the political relationship. Likewise, as mentioned beforehand, the cancellation of the Mexico City-Queretaro High Speed Train was yet another contributor to political distancing. Until Mexico’s first formal
invitation to attend a BRICS summit, in Xiamen, China, in September 2017, bilateral ties were maintained at a minimum pace.

Additional trade arrangements involving the United States have also affected the prospects for stronger Mexican economic and political ties with China. In 2008, Mexico and the United States joined ten other countries in the trade and investment negotiations for what became known as the Trans-Pacific Partnership (TPP). Importantly, the TPP represented for Mexico and the other negotiating countries not only a future bet for trade and investment ends but also a strategic geopolitical commitment. That is, conspicuous by its absence in the TPP was China. From the vantage point of the United States, the TPP represented a non-military means with the potential to counterbalance, soft balance, and contain Chinese expansion in the Asia-Pacific region.

The new López Obrador administration is perhaps the Mexican government that has been most constrained by the U.S. factor in terms of its room for maneuver to define a more meaningful bilateral relationship with China. It has coincided with the Trump presidency, which has sent clear signals concerning its perception of China as a security threat. For example, the National Security Strategy of December 2017 identifies China and Russia as the United States’ principal challengers for power “...that want to shape a world antithetical to U.S. values and interests.” (Trump, 2017, p. 25). In the case of the Western Hemisphere, the document states “...China seeks to pull the region into its orbit through state-led investments and loans” (Trump, 2017, p. 51).
U.S. authorities pressured both Canada and Mexico to renegotiate the NAFTA in favor of a new trade agreement, the U.S. Mexico Canada Trade Agreement, or USMCA, that includes a provision that deters the signatories from pursuing preferential trade arrangements with China. Although China is not mentioned explicitly, Article 32.10 of the USMCA can be perceived as an anti-China clause. It stipulates that if any of the three trade partners intends to enter into a free trade agreement with a “non-market economy,” it must inform the other partners at least three months prior to commencing negotiations, and that if it reaches such an agreement, the other partners can abrogate the USMCA in favor of a bilateral free trade agreement (USMCA, 2018).

But, as Vidigal (2020) recognizes, the so-called “anti-China” clause is more about reinforcing a geoeconomic sphere than legal consequences for the signatories. In this sense, triangulation with the United States becomes relevant as it remains the main priority for China’s current relations with Mexico (Chen and Goodman, 2019; Fierro, 2020). Accordingly, Mexico cannot avoid frictions between China and the United States.

Finally, according to one Mexican diplomatic veteran of relations with China, U.S. authorities and diplomats have warned Mexico that the United States would take reprisals against the country if it supported Chinese initiatives such as the Belt and Road Initiative, and asked former President Peña Nieto not to join the Asian Investment Infrastructure Bank (Anguiano, 2019, p. 154). The incipient U.S.-China trade war will further pressure Mexico to align with the United States.

Under Lopez Obrador’s government, the China-Mexico relation has strengthened, mostly because of the Covid-19 virus. In the months immediately following his election victory on July 1,
2018, it appeared as if president-elect Andrés Manuel López Obrador would seek to define a new, expanded relationship with China, and met the Chinese ambassador in order to discuss economic initiatives. There were offers from the Bank of China as well as speculation about Chinese investment playing a prominent role in the proposed Tren Maya initiative, the new oil refinery in Tabasco, and the new Mexico City international airport initiative. The Chinese ambassador was amongst the first that met with Obrador in August 2018 and foreign minister-designate Marcelo Ebrard travelled to China in November 2018, prior to Obrador’s inauguration on December first that same year.

However, a political reading of the new Lopez Obrador government’s foreign policy can be summed up in the word “discretion”. In its 2018-2024 Nation Project (Romo 2017), López Obrador and the ruling party of Morena stated: “China presents a great opportunity for our economic relations, but it also represents a great challenge due to its competition in third markets [...]. Mexico should join forces with Canada and the United States to compete commercially with China.” Even more indicative, the word “China” does not appear at all in the text of the new government’s National Development Plan 2019-2024, while the new USMCA is mentioned (Presidencia de la República, 2019). At the beginning of 2020, China invested in Petróleos Mexicanos (Pemex) (AFP, 2020) and began its participation in the construction of the “Maya Train” (Tren Maya), the López Obrador government’s flagship infrastructure project (De la Rosa, 2020). In the context of the Coronavirus pandemic, it also established an “Air Bridge” to deliver medical supplies to Mexico (Navarro, 2020). However, just as was the case with the Peña Nieto government, the lack of solid institutionalization of bilateral ties and the U.S. factor may well limit
the positive impact of these recent developments on bilateral relations. We now turn to the final stumbling block for the Mexico-China partnership, namely the asymmetrical and problematic economic ties between the two countries.

China as an Economic Threat and Rival to Mexico

A recurring theme in much of the literature is that China has presented a serious threat to Mexico’s economy in the second half of the twentieth century and the first decades of the new millennium. Indeed, as epitomized in the cases of the steel, textile and footwear industries, there is an enduring widespread popular perception that Mexico has been the victim of unfair Chinese trade practices and that the country cannot compete with cheap Chinese imports.

It is really only following the commencement of Chinese economic reforms in 1979, when commercial interactions between China and Mexico grew exponentially, that Mexico’s trade balance turned unfavourable. Prior to that, trade between the two countries was on the whole minimal. From 1593 to 1769, the colonial Silver Road contributed to a general surplus with East Asia due to silver exports in the order of two to one (Vera, 2012). In the 1821-1866 period, bilateral trade was plied indirectly through foreign vessels due to the absence of a Mexican merchant fleet (Valdés, 1981, pp. 63-65). Following the 1899 Treaty that first established formal diplomatic relations between the two countries, Mexico sought direct trade with China, but this was impeded due to the previously stated difficulties of the historical context. As a result, it is safe to say that trade between 1820 and 1945 was relatively minor. Throughout the Cold War, economic ties between Mexico and the People’s Republic of China were on the whole minimal.
After diplomatic recognition, bilateral trade increased more than 200 percent between 1973 and 1978, with a surplus favouring Mexico (Cornejo, 2010, p. 602).

In recent years, the volume of trade between the two countries has grown dramatically. Whereas in 1993, total bilateral trade was 400 million U.S. dollars (USD), by 2001 it had reached 4.3 billion USD, and in 2017, 80.8 billion USD. In the process, China has become Mexico’s second main trading partner. However, Mexico has developed a deep and growing trade deficit with its Chinese partner. The deficit has increased from approximately 340 million USD in 1993 to 75 billion USD in 2019 (Secretaría de Economía, 2020a).

Some consider (Gonzalez, Mendoza and Zhang, 2015; Lin, 2015) that it was in the framework of the NAFTA process that Mexico’s bilateral commercial imbalance with China deepened, because many inputs were acquired from China for assembly in Mexico and subsequent export to the United States. During the 1990s, the Mexican government imposed several countervailing duties on Chinese goods as a result of the findings of dumping research carried out by the Mexican government (Cornejo, 2008, p. 340). The perception of dumping and increasing Chinese competition prompted Mexico to delay its support for China’s admission to the WTO. After China’s admission to the WTO, the two countries established an adhesion protocol that considered transition measures to 204 Chinese products that were valid until 2011 (Cornejo, 2013, p. 650).

In contrast to trade statistics, Chinese investments in Mexico are not significant, although this situation has begun to change recently. Whereas in 1999, Chinese foreign direct investment (FDI) in Mexico was 5.3 million USD, in 2009 it reached 75.7 million USD, and in 2018, 260.5 million
USD, reaching an accumulative FDI of 1.333 by the end of 2019 and the beginning of 2020 (Secretaría de Economía, 2020b). The high volume of Chinese FDI in the 2017-2018 period is related mainly to the establishment of the facilities of Jianghuai Anhui Automobile JAC Motors in the Mexican state of Hidalgo (Milenio, 2017). However, generally speaking, China’s investments are concentrated in the energy, mining and transport sectors (The American Enterprise Institute, 2018).

Literature abounds about the persistently problematic economic relations between Mexico and China. This negative perception has been reinforced because of insufficient direct sources of knowledge about China, biased information presented in the media, and the lack of linkages among the academic and political sectors (Carrillo, Chen and Goodman, 2011; Cornejo, 2008; Cornejo, 2013; Escalante, 2015; Haro, 2007, Hearn, 2015).

Some analysts have focused on understanding trade asymmetries and their tendency to increase. This asymmetry stems from similar productive structures in which there is a lack of complementarity in the industrial profiles and economies of the two countries. Moreover, the problem tends to increase because China has enhanced the productivity of its industrial processes by escalating its position in global value chains, while Mexico’s industry by contrast has stagnated. The dearth of investment in education, science and technology together with the absence of industrial policies and comprehensive economic development plans have hurt Mexico (Iacovone, Rauchy Winters, 2013; Haros, 2015; Dussel, 2016; González, Calderón and Gómez, 2015; Hernández, 2012; Laborde, 2017; Yi and Zhao, 2015).
Scholars have also focused their attention on the influence of the Chinese economy on Mexico-United States commercial ties. There is a consensus that the parallel evolution of the Chinese and the Mexican productive structures focused on manufactures exports has caused economic competition in third markets. This situation has reached an alarming point because China has replaced Mexico as the United States’ main manufactures supplier, despite the existence of NAFTA. This has reinforced negative perceptions about China as a trade rival within the triangular trade structure with the United States (Correa and Licona, 2019, p. 90; Gómez and González, 2017; González, Mendoza and Zhang, 2015; Lin, 2015; Dussel and Gallagher, 2013; López, Rodil and Valdés, 2014).

Recent academic attention has been focused on the study of the China-Mexico economic relationship in light of the recent challenges presented by the Trump administration. Some authors argue that the aggressive rhetoric of Donald Trump against China and Mexico will inevitably cause these two actors to move closer (Bravo, 2018; Wei, 2018). Nonetheless, this argument ignores the complex interdependence between Mexico and the North American region that we underscored in the previous section.

It is important to highlight that Mexico has promoted an incipient diversification of its foreign economic relations in the new millennium beyond NAFTA, but with little evidence of closer ties with China. In this sense, Mexico has signed bilateral economic agreements with Australia, Brunei, Malaysia, New Zealand, Singapore, and Vietnam. Following Trump’s withdrawal from the now-defunct Trans-Pacific Partnership, in April 2018 Mexico ratified the new Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). However, it has
not revealed any intentions to join the Chinese-led Belt and Road Initiative (Laborde, 2018), the Asian Infrastructure Investment Bank (Xinhua, 2017) or any other China-led world economic projects. Moreover, as we discussed in the previous section, the USMCA will likely hinder any deepening of bilateral economic relations (see also Anguiano, 2019, p. 154). In other words, the Mexican political elites will most likely maintain and protect closer ties with the United States, rather than expand economic interactions with China.

A common thread in economic research is the strong influence of China in Mexican global trade and Mexican trade with North America, in addition to the general Mexican trade deficit with the Asian country. In fact, a significant share of China-Mexico trade is re-directed into trade with the United States, such that the trade deficit that Mexico has with China in reality feeds the Mexican trade surplus with the United States (Dussel, 2018). This may change in the years to come due to restrictions within the USMCA that inhibit trade with China.

The Mexico-China economic relationship is sensitive due to the lack of a general economic policy framework. In other words, progress has been made in matters of institutionalizing Mexican exports of commodities, but there is no comprehensive framework for promoting trade of high added-value goods or more intensive economic cooperation. The parallel evolution of their productive structure has led to similarities in Chinese and Mexican industrial output, and as a result the two countries compete for position in third markets. This, coupled with the fact that almost 70 percent of Mexico's total trade is with the United States, has made the Mexican economy more vulnerable to external developments, as has been shown by the USMCA process.

Conclusions
History has weighed against the sustained strengthening of Mexico’s political and economic relations with China. With a focus on the actions and perceptions of Mexican actors, we have argued that a combination of three sets of interconnected factors have historically obstructed this bilateral relationship from achieving its full potential and rather have underpinned an oscillation between periods of promising engagement and other moments of relative distancing and disinterest. First, social interactions between the two countries have been marked by the persistence of negative Mexican attitudes and perceptions vis-à-vis the Chinese, including mistrust, stereotyping, and discrimination. This recurring anti-Chinese outlook has had an important impact on political decision-making and economic policies. Second, within a historically evolving triangular relationship, Mexico’s complex and asymmetrical interdependence with the United States has hampered its ability to seek closer, more permanent political and economic ties with China. Finally, China has played the role of economic bogeyman in Mexican public opinion. Negative social and economic perceptions about China have been mutually reinforcing.

We do not want to sound overly deterministic or pessimistic in our analysis of these constraints. Without a doubt there are things that Mexico can do to improve relations with China. It is possible for change on at least two of these three fronts. It is feasible, for instance, for negative perceptions and attitudes vis-à-vis the Chinese to change, but that will require among other things better cross-cultural and language education, increased person to person contact among Mexicans and Chinese, as well as more reliable information about China. Similarly, Mexican insecurities concerning Chinese economic competition do not consider how Mexico itself is also at fault for its problems competing economically with the Chinese. As we noted already,
the country has failed in recent decades to develop industrial policy that would permit Mexican industry to improve its productivity and to improve its position in regional and global value chains.

However, when it comes to the influence of the United States on the future prospects for the Mexico-Chinese partnership, current U.S. interests seem stacked against a closer relationship between the two. When it comes to China, Mexico’s location within North America is a form of straightjacket that restricts what it can do. In this sense, Mexico does seem doomed by its proximity to its northern neighbour. At least for the foreseeable future, Mexico will likely need to set modest and discreet goals for bolstering its relations with China.

Bibliography


Date of most recent visit: May 1st, 2019.
