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US blind to Latin America

The Barack Obama administration and US media have made much ado about the “pivot” to Asia policy of Washington. What has largely escaped their attention, however, is that China has been lining up economic allies in the erstwhile “backyard” of the US.

Just as serious competition ought to awaken one's creative juices in business, it is time the US devised a suitable economic policy for Latin America.

The difference in the approaches of the US and China to Latin America and the Caribbean became all the more evident when US Vice-President Joseph Biden and Chinese President Xi Jinping visited the region.

The US' principal offer to its Latin American neighbors is the Trans-Pacific Partnership. The TPP offers Latin American and Asian countries access to the US market on the basis of a triple form of conditionality.

First, they must deregulate their financial markets. Second, they should adopt intellectual property provisions that give preferences to US companies. And third, they must allow private US companies to directly sue governments of countries that sign up to the TPP for violating any of its conditions.

Talk about a heavily conditioned offering!

So what is the Chinese approach? During his visit to Latin America and the Caribbean, President Xi offered more than \$5.3 billion in financing, with few conditions attached, to its newfound Latin American friends. These offers will need to be confirmed, but according to media reports, during Xi's trip the Chinese signed deals for \$3 billion in commitments to Caribbean countries for infrastructure and energy; \$1.3 billion in loans and lines of credit to Costa Rica — a \$900-million loan from China Development Bank for upgrading a petroleum refinery and a

\$400-million line of credit from Export-Import Bank of China for road infrastructure; and a \$1-billion line of credit from Export-Import Bank of China to Mexico for its state-owned oil company PEMEX.

Making available this financing comes on top of the already \$86 billion in financing provided by China to Latin American governments since 2003. Granted, that the amount — large as it sounds — seems just like another number in today's world. To put it into proper perspective, consider this: Since 2003, China's policy banks have provided more finance to Latin American countries than their counterparts at the World Bank, the Inter-American Development Bank and the US Export-Import Bank.

If anything ought to awaken the US from its past slumber and to change its attitude of taking Latin America essentially for granted, the above comparison ought to do it. Simply put, the US and the array of largely Western-dominated international financial institutions have been surpassed by China's financial strength.

Welcome to the brave new world!

But it's not just a matter of sheer numbers. Unlike American trade treaties or the finance from international financial institutions largely under US control, China offers its loans with few strings attached.

In a region that is understandably very sensitive to any notions of conditionality because of the painful experiences with the International Monetary Fund and the World Bank, China makes sure that its policy is not based on conditionalities. That said, China doesn't lack a strong commercial focus. Often, it provides a tied offer — requiring that Chinese companies be hired to conduct a bulk of the envisioned project work.

What's more, the US offer of a TPP to all of the Latin American countries in the TPP process doesn't

amount to much in the real world, for they already have trade treaties with the US that grant them access to the US market.

In just a few years, China has become the largest (in the case of Brazil and Chile) or the second-largest trading partner (of Peru and Mexico) of Latin American countries. And they aren't just any countries. They are the most important economies in Latin America.

Of course, the US is still the most important economic partner in the region. But it cannot continue to take the region for granted.

For too long, the US has relied on a rather imperial mechanism — just telling Latin America (and the Caribbean) what it needs. Compare that with China's approach: It offers the region what it wants (in the form of financing and trade).

When Obama entered the White House, he and his team pledged to hit the reset button on Latin America and rethink its trade regime with the region. It hasn't worked out that way. Thus far, “reset” has essentially meant making the same old offer, but through new faces.

In addition, too much interaction with regional governments has been on such efforts as concentrating on drug interdiction purposes. These countries rightfully don't see that as much of a growth-enhancing development approach, but rather as a foreign-based, defensive mechanism to protect the US homeland.

Given all that, it is high time for the US government to rethink its economic policy toward Latin America and the Caribbean.

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LETTERS

The drawbacks of *guanxi*

A Chinese business student asked me recently about what I, as a Westerner and teacher in a business college, thought of the Chinese concept of *guanxi*. I told him that, at best, *guanxi* was what we call nepotism — favoring relatives and friends in business and jobs. Friends include classmates, schoolmates and even not-too-distant acquaintances.

From what I've observed first hand, *guanxi* pays little or no attention to the qualification, talent, education or the abilities of the individual who is shown favor.

I've seen people who have got employment through *guanxi* not doing any work all day long. Such examples are far more common than I expected them to be. Such people keep chatting on QQ, watching movies or shopping online. They are not productive for their business or employer.

In the West, we value talent, education, experience, ability and creativity. If a relative or someone we have “relations” with possesses the expertise and ability to do a job, I'm sure he/she would be considered for hiring. But if such a person gets a job and is not productive, then he/she can be fired with little or no hesitation.

Americans value profits and results. Perhaps that is why the US is seen as a rich country. Relations mean very little. Qualifications mean almost everything.

MICHAELM, from *China Daily* blog

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FROM THE CHINESE PRESS

Commentators must respect facts

News commentaries play a vital role in spurring social progress, but they can also have a negative impact on public opinion if they compromise the basic principle of respecting facts, says an article in China Youth Daily. Excerpts:

If reporting means presenting news, commentaries mean expressing opinions on news. Commentators have to base their contention on facts and avoid supposition. By their very nature, commentaries should follow news, instead of getting ahead of it. Thus opinions should be based on the available facts.

It is dangerous to make premature judgments. Typical examples of premature judgments were the commentaries on the death of a graduate student at Fudan University in Shanghai in April. Since it was suspected that his roommate had poisoned him, speculative commentaries sprung up on the Internet.

Some netizens criticized China's higher education system, saying it was utilitarian in nature and nibbled away at students' soul. Others said there was a need to reflect on the relationship among hostel roommates. Still others correlated the “motive of poisoning” with the suspect's personal character, claiming it might have been an ill effect of the national family planning policy.

It is, therefore, imperative that news commentators refrain from passing premature judgments on events or accidents. So the golden rule for reporters and commentators both should be to respect facts and verify their authenticity.

Fighting the evil of child abuse

Latest data from people's courts and people's procuratorates in Beijing show an increase in the number of child abuse cases, which can be attributed to the lack of sex education for children, says an article on people.com.cn. Excerpts:

Data analysis of 340 reported cases of sexual abuse of children in recent years shows that 50 of them took place on school campuses, among which 70 percent of the offenders were teachers or headmasters. This means even stricter security measures on campuses cannot easily identify potential offenders because they are directly involved in the teaching process.

After a public outcry against several recent high-profile child molestation cases, the Supreme People's Court said that zero tolerance would be shown toward people who violated children's rights and interests. It also said that it would instruct courts at all levels to impose harsher punishments on sex offenders against children.

Abuse, physical or sexual, can have a severe impact on children, and the harm can be permanent and irreversible. Thus, preventive measures are more important in the fight against sexual abuse cases and to make children aware of self-protection through sex education.

But curricula in China have been devoid of sex education. Surprisingly, about 93 percent of the parents that responded to a survey conducted by the Chinese media and a Beijing-based NGO recently supported formal sex education in schools.

Sex education for children should also be promoted in a broader sense and needs the combined efforts of schools, parents and society. The good news is that some civil efforts are being made to improve the situation. For instance, a social work center has been established in Guangzhou to tailor a manual for girls under 10. The manual will be handed over to local communities and families this month. Similar efforts are needed to improve children's self-protection awareness and to help them prevent sexual attacks against children.

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SHENGGEN FAN

Road ahead for China's food safety



PANG LI / CHINA DAILY

China has been rocked by a number of food safety scandals and agriculture product-related health hazards in recent years — from contaminated milk powder to the selling of rat meat as lamb. But the most recent food safety scandal hits at the core of China's food system: rice. Reports that some of China's rice is tainted with cadmium — a carcinogenic heavy metal that could induce multiple organ damage — have further deteriorated consumer confidence in the integrity of China's food system.

Today, China finds itself at the crossroads of economic development and food safety. The country's impressive growth momentum has had a significant impact on food safety through a number of channels, including rapid industrialization, agricultural intensification and urbanization. The question is: How can China continue along its current development path without sacrificing its food safety?

The robust growth of China's manufacturing sector during the past several decades means that the number of factories, mines and other industrial facilities is increasing, and industrial clusters are increasingly encroaching on agricultural land. This shift increases the risks of land and water resources being contaminated by industrial activities, threatening food safety well into the future.

At the same time, China's growing and increasingly more affluent population is demanding more food, resulting in the intensification of food production. In an effort to keep up with the rising demand and to increase profits, some farmers, food processors and traders are cutting corners on food safety and are increasingly using potentially hazardous inputs and production methods, such as unsafe levels and sources of fertilizer.

Going beyond a traditional definition of food safety, more intense food production has also been linked to a new wave of zoonotic diseases, such as avian influenza, which are infectious both to animals and humans. In particular, the increasing size and

density of modern livestock operations offers a fertile environment for the transmission (and evolution) of diseases between animals and from animals to humans. According to the Institute of Development Studies, more than two-thirds of all human infectious diseases originate in animals, and the rate of animal-to-human transmission has increased over the last 40 years.

China's population is also becoming more urban, which presents its own food safety challenges. In the past, the majority of food was produced and consumed locally. Nowadays, large quantities of food are transported over long distances to reach urban centers, increasing the risk of food contamination.

Within this framework, the current rice scandal is especially noteworthy given that China is the world's largest producer and consumer of rice. Government officials in the city of Guangzhou found that eight out of 18 samples of rice (which originated in Hunan province) had high cadmium levels. Although recent government reports downgrade the severity of the contamination, uncertainly remains.

The loss of trust among consumers could significantly drive up demand for rice imports. Given China's large appetite for rice, a shift in demand from domestic- to foreign-produced rice could have a significant impact on the international rice market.

Going forward, a number of actions are needed so that the expansion of China's economy and population does not come at the cost of food safety.

First, legal, regulatory and institutional frameworks need to be upgraded. Regulatory reforms to improve food safety should cover the entire food supply chain, from production all the way to processing and marketing, accompanied by strict criminal penalties. These reforms need to be implemented within a streamlined institutional framework that clearly defines the distribution of responsibilities among government levels and agencies. And technological innovations — such as biotechnology — need to be supported by transparent and scientific regula-

tory systems, so that opportunities to use these technologies are not lost.

Second, food safety monitoring has to be improved. The effectiveness of food safety regulations hinges on the capacity of food safety officials to monitor compliance along the entire food supply chain. Increased resources are needed to hire and (continuously) train highly qualified inspectors. Focus should also be placed on developing and providing cutting-edge technologies and facilities to test food, soil and water for potential contamination. Local communities and consumers can play a role in improving food safety by forming local and regional organizations to monitor food quality. Online platforms can be an especially useful tool in this endeavor.

Third, stakeholder capacity to meet food safety regulations should be increased. Institutional innovations for vertical and horizontal coordination should be promoted to help smallholder farmers and other participants in the food production system meet food safety standards. Examples of innovative institutional arrangements include public-private partnerships, rural marketing cooperatives and producer associations. These platforms can, for example, be used to provide smallholders with information and training on food safety.

Fourth, there is need to help stakeholders manage risk. More productive and better-targeted social safety net programs and innovative insurance schemes are needed to cushion smallholder farmers, agribusinesses and traders against food safety shocks. Such instruments can be used to compensate farmers who lose business and revenue during the outbreak of disease and food contamination scandals.

The current rice contamination scandal, which is a staple for the majority of Chinese people, will hopefully serve as a catalyst for the implementation of these actions to improve food safety in China.

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