

## Chapter Five: The “Leak” Incident

The trip of the Chinese President was scheduled to take place between November 11<sup>th</sup> to 23<sup>rd</sup>, and included several state visits to be paid to Brazil, Argentina, Chile and Cuba, as well as attending the 12<sup>th</sup> APEC Economic Leaders Meeting that was going to be held in Santiago, Chile. This trip was clear corollary of the efforts the PRC had been making, for the last few decades, to pave the way with regard to guaranteeing Latin American political support and material supply for the next few years –in what has been known as ‘resource-diplomacy’- as well as getting the status of ‘market-economy’ recognized by the above mentioned South American countries.

As stated, the main purpose of Hu’s visit was to obtain the recognition of China’s full market-economy status, what indeed happened. Interestingly, the status of the Chinese economy that was recognized by Brazil, Argentina and Chile –in this order- differs from the WTO definition of the same economy as being in “transition” from “planned-economy” to “market-economy”, and that has even been characterized as a “non market’ economy by Asia Times.<sup>1</sup> Needless to say, such recognition would be very beneficial to the PRC in its trade with Argentina, one of the countries that more anti-dumping measures was –and, up to a point still is- imposing to Chinese products.

But even before the Chinese delegation’s arrival to Argentina –and while it was still in neighboring Brazil- the relationship between the two countries was about to reach a turning point that will have deep and sour repercussions in bilateral terms.

Indeed, and in a clear sign of what the Chinese priorities in Latin America were, President Hu’s first destination was Brazil, the country in which he stayed longer. It was certainly not a surprise, since Brazil is not only the largest and most populated country in the region as well as the first economy in South America, but also “China’s third supplier of agricultural products, while China is Brazil’s second destination for agricultural exports”.<sup>2</sup> Clear as it is the reciprocal importance of the two countries –as well as the formidable competition that, on this regard, Brazil offers to Argentina-, it is noteworthy that it was during his speech to the Brazilian Parliament that President Hu “promised –

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<sup>1</sup> “Brazil puts stamp of ‘market’ on China”, *Asia Times*, November 16, 2004.  
<http://www.atimes.com/atimes/China/FK16Ad02.html> (accessed June 20, 2008).

<sup>2</sup> Hsiang, “China Challenges US in Latin America,” 136.

according to the South American media- investments of over US\$ 30 billion and a spectacular increase in bilateral trade”.<sup>3</sup>

It is of particular relevance –for the purposes of this study- the clarification that such investments were quantified according to what the South American media reported, because it has been observed that, regarding Hu’s speech, “some Latin American presidents, or their ministers, were too enthusiastic about these promises and thought to hear more than the Chinese President was actually offering”.<sup>4</sup>

When analyzing the previous quotations, it is noteworthy that the author –a well known Argentine/American journalist- implicitly points out that the media was misled by the announcements made by government officials – the ones who “thought to hear more”<sup>5</sup> than it was actually being said, among which no representatives of the media are mentioned- and merely reported them in their headlines. On this regard, it was observed by an Argentine scholar observed that “indeed, the US\$ 20 billion Chinese investment had not been not announced by any Chinese person”.<sup>6</sup>

The impact these announcements had in neighboring Argentina was such that, reportedly, the “potential wave of Chinese investments provoked such a fever that the Argentine media reported a meteoric increase in the number of Mandarin Chinese language students, that grew from just a handful of them to more than six hundred”<sup>7</sup> overnight. Of course, the increase could only be considered “meteoric” in Argentine terms.

The Argentine government contributed to make even more dubious the news coming from Brazil. For the purpose of exposition, an account of such a “contribution” may be described with profit.

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<sup>3</sup> Oppenheimer, *Cuentos Chinos: el engaño de Washington, la mentira populista y la esperanza de América Latina*, 43-44. (translation by the author).

<sup>4</sup> Brazilian Newspaper Folha de São Paulo’s headlines were “China considering to invest US\$ 100 billion in Latin America before 2014”, and Argentine populist newspaper Clarín had “China promises to invest US\$ 100 billion in Latin America,” in Oppenheimer, *Cuentos Chinos: el engaño de Washington, la mentira populista y la esperanza de América Latina*, 72.

<sup>5</sup> Ibid.

<sup>6</sup> Ernesto Fernández Taboada, “Commercial Opportunities with China” - Conference organized by the Argentine-Chinese Chamber of Production, Industry and Commerce and the Asia & Argentina Foundation, attended by the author. Buenos Aires, Argentina. August 15, 2007.

<sup>7</sup> Oppenheimer, *Cuentos Chinos: el engaño de Washington, la mentira populista y la esperanza de América Latina*, 72. (translation by the author).

Roughly speaking, it could be said that what happened was that the Kirchner administration leaked intentionally inaccurate information to the press regarding the figures that the Chinese government was supposed to be considering to invest in Argentina. As a matter of fact, several rumors were being spread regarding President Kirchner's unfortunate phrase stating that, if the "US\$ 20 billion"<sup>8</sup> trade agreement with China was to be reached, his picture –meaning, perhaps, portrait- "should be hanged above the one belonging to San Martín"<sup>9</sup>, a heroic Argentine general considered as "the Father" of Argentina, as well as the liberator of Chile and Perú. Such was the impact that the Argentine President thought his announcement of the supposed-to-be Chinese investments would have.

Naturally, Kirchner's phrase was quoted in several Argentine newspapers, having been taken, in this case, from popular leftist *Página 12*. It is only fair to point out the affinity between this newspaper and the Kirchner administration, which was a left-leaning government itself.

It goes without saying that, when knowing that their reputation was being put on display in Argentina while the Chinese delegation led by Hu Jintao was still in Brazil, the Chinese government was forced to react rapidly and to deny any figures that were being attributed to them by the Kirchner administration in a disrespectful, dishonoring gesture in the antipodes of the impeccable manners that were to be expected from a fellow head of state. Tactless remark: inexcusable in Chinese culture, in which honor, reputation and good name have always been object of the highest appreciation.<sup>10</sup> And things just get worse when the advice of Chinese consultant Marcus Lee is heard: "when dealing with Chinese people, be very careful of their feelings. Never embarrass them in public, nor make a fool of them in front of other people, not even if they are wrong".<sup>11</sup> But it was the Argentine government the one that was

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<sup>8</sup> "La culpa la tuvo el cartero," *Página 12*, November 11, 2004.  
<http://www.pagina12.com.ar/diario/elpais/1-43456-2004-11-11.html> (accessed November 12, 2004)

<sup>9</sup> *Ibid.*

<sup>10</sup> Xuezhi Guo, *The Ideal Chinese Political Leader: a Historical and Cultural Perspective* (London, UK: Praeger Publishers, 2002), 55-70; 125-140.

<sup>11</sup> "El Gobierno debe promocionar el país para venderle a China," *La Nación*, April 28, 2008.  
[http://www.lanacion.com.ar/economia/nota.asp?nota\\_id=1007977](http://www.lanacion.com.ar/economia/nota.asp?nota_id=1007977) (accessed April 28, 2008).

wrong indeed, and here lies the first seed which, in time, grew into the present strained relation between the governments of the two countries.

Furthermore, what must be remember here is that, up to a point, the Kirchner administration made the provoked his Chinese counterpart to "loose face", which "has to do with self-respect, dignity, reputation".<sup>12</sup> Following the same line of analysis, it should be taken into consideration the fact that it has been said that "you can cause your counterparts to lose face by expressing sharp disagreement, embarrassing them, criticizing them in public or by showing disrespect. Causing serious loss of face can completely disrupt a promising business negotiation."<sup>13</sup>

When realizing –or, more accurately, when suspecting- the magnitude of what it had done, and unwilling to face the consequences, the Kirchner administration decided to blame the media, denying any wrongdoing on its part. Indeed Mr. Kirchner argued that "the whole issue was just a "novel" created by the media".<sup>14</sup> Needless to say, such a contention can hardly be accepted as a sound and valid argument for explaining the unanimous reaction that all major Argentine newspapers –from the complete ideological spectrum, conservative, liberal, center, right or left-oriented- had by publishing the information as directly obtained from the Presidential Office and as Kirchner's own words.<sup>15</sup>

In Beijing, the spokesman of the Chinese Ministry of Foreign Affairs Zhang Qiyue issued a statement noting that "officials of the Argentine government itself had already denied"<sup>16</sup> the supposed amount of the Chinese investments in the country.

At the same line, and after a meeting with Press Secretary Enrique Albistur that took place at the so-called "Pink House" –the Argentine presidential palace- the Vice Minister of Information of the PRC, Li Bing, was forced to diplomatically state that

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<sup>12</sup> Richard R. Gesteland, *Cross-Cultural Business Behaviour: Marketing, Negotiating and Managing Across Cultures* (Copenhagen: Copenhagen Business School Press, 1999), 155.

<sup>13</sup> Ibid.

<sup>14</sup> "Para Kirchner todo resultó una "novela" de los medios," *La Nación*, November 10, 2004. <http://www.lanacion.com.ar/652761> (accessed November 10, 2004).

<sup>15</sup> In a literal translation, it was reported that the leak had filtered to the media from 'Kirchner's mouth,' in "La culpa la tuvo el cartero," *Página 12*, November 11, 2004.

<http://www.pagina12.com.ar/diario/elpais/1-43456-2004-11-11.html> (accessed November 11, 2004).

<sup>16</sup> "Para Kirchner, fue una novela," *Página 12*, November 10, 2004.

<http://www.pagina12.com.ar/diario/elpais/1-43415.html> (accessed November 10, 2004).

“before leaving my country, I did not hear this information”.<sup>17</sup> It is noteworthy that Hu Jintao was still in Brazil, and that Li Bing was part of a Chinese delegation that had arrived to Argentina in advanced and that was headed by the General Director of the Information Office of the State Council, Yang Yang, who said that, although China was still analyzing the investments to be made in Argentina, the figures that were being mention “did not correspond to very reasonable expectations”.<sup>18</sup>

It was in such a context that Mr. Kirchner received President Hu on November 16 in the Argentine Presidential Palace. President Kirchner welcomed him with a speech that had been modified and properly adapted to the circumstances -since it was quite similar to the one that had been recently offered to two other Asian presidents with great emphasis on human rights-. The Chinese President made several remarks regarding the need to strengthen mutual trust –a particularly curious comment, given the circumstances- and to intensify the contacts between the executive and legislative branches, as well as the ones between political parties. The advantages of cooperating in a larger extent regarding economic and commercial issues –as well as scientific and technological exchange- were highlighted. The benefits that an increase in mutual cooperation and coordination would have in the immediate future were emphasized by Mr.Hu, who, on behalf of the Chinese people and government, congratulated Argentina for having been elected as a non-permanent member of the UN Security Council for the 2005-2006 period.

Finally, the Chinese President stressed the identical notions that China and Argentina have with regard to national sovereignty and territorial integrity –a clear reference to both the Falklands/Malvinas and Taiwan- as well as the need to stimulate and support bilateral cooperation on agriculture –soy beans, wheat, corn and other grains-, industry –aviation, locomotives-, telecommunications, energy –particularly nuclear energy<sup>19</sup> -, mining – including uranium in Salta province, as well as other mineral

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<sup>17</sup> Ibid.

<sup>18</sup> Ibid.

<sup>19</sup> It must be pointed out that “China plans to build thirty-two nuclear power plants over the next twenty years, and France, the United States, and other governments of countries with nuclear power industries have moved into high gear to capture part of the business. The Chinese, no doubt, will pit all against each other and end up with the best technology mix possible and a strong Chinese nuclear power plant industry as well”. See Fishman, *China, Inc.: How the Rise of the Next Superpower Challenges America and the World*, 286.

resources mostly located in North-Western and South-Western provinces- and, specially, infrastructure –such as railways, harbors, and roads.<sup>20</sup>

Following the comments and remarks made by the Chinese President, Mr. Kirchner underlined the importance than China has for Argentina as a “strategic cooperation partner”. It could not have really been any different, since, reportedly, “Hu Jintao offered \$18 billion to Argentina to help forgive its national debt in exchange for Buenos Aires recognition of China as a “market economy”.”<sup>21</sup>

Once the meeting was over, several agreements of bilateral cooperation were signed by the two governments, including several Memorandums of Understanding –such as the program regarding the approval for groups of Chinese tourist to visit Argentina –in its new character of “approved Chinese group travelers destination”-, the memorandum establishing bilateral cooperation in railways projects –which was equally welcomed by prominent local businessmen and several provincial governors, since it would be highly beneficial for the remote North-Western provinces- education programs and technological cooperation on the peaceful use of outer space.<sup>22</sup>

The following day, on his speech at the Argentine Congress, President Hu underlined the reciprocal benefits of establishing and developing a “strategic partnership” between the two countries, and highlighted the mutual compromise to promote a healthy and stable friendship<sup>23</sup> and cooperation relation between them.<sup>24</sup> On this regard, and in spite of the incident, it had been noted that the character of the Chinese-Argentine

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<sup>20</sup> “Conversation between Hu Jintao and the Argentine President”- People’s Republic of China Embassy in the Argentine Republic Website.

<http://ar.chineseembassy.org/esp/zagx/t210395.htm> (accessed November 20, 2004).

<sup>21</sup> Hsiang, “China Challenges US in Latin America”, 137.

<sup>22</sup> “Conversation between Hu Jintao and the Argentine President”- People’s Republic of China Embassy in the Argentine Republic Website.

<http://ar.chineseembassy.org/esp/zagx/t210395.htm> (accessed April 28, 2008).

<sup>23</sup> On this regard, it should be taken into consideration that it has been noted that Chinese government negotiators sometimes may flatter their counterparts by referring to them as “an “old friend”. Be aware that “friends” are expected to help China by offering better terms.” See Gesteland, *Cross-Cultural Business Behaviour: Marketing, Negotiating and Managing Across Cultures*, 155.

<sup>24</sup> “President Hu Jintao Speech at the Argentine Congress”- People’s Republic of China Embassy in the Argentine Republic Website.

<http://ar.chineseembassy.org/esp/zagx/t210397.htm> (accessed April 28, 2008).

partnership was being strengthened and heightened from “a “full-range cooperative” one to a "strategic" one”.<sup>25</sup>

Having being in Argentina for two days -less than half the time it spent in Brazil, where it was for 5 days<sup>26</sup>-, the Chinese delegation continued its way to Santiago, Chile, where a much more serious trade-partner –so reliable that Chile is currently the only Latin American country that has a Free Trade Agreement with the PRC- and the 12<sup>th</sup> APEC Meeting were waiting for him. The delegation led by Hu stayed for two days in Santiago, and, after attending the APEC meeting, a series of negotiations with the Chilean government –that would eventually lead to the signing of the 2006 FTA between the two countries- were started.

The underlying reasons behind the Kirchner administration’s decision of leaking the inaccurate news to the press were never made public and remain unclear at the time of writing. What –unfortunately– was crystal clear then -and has become even clearer with each passing day- is the fact that, as could have been predicted, such a leak provoked unnecessary discomfort and gratuitous uneasiness among the Chinese delegation, as well as it caused a reaction that, understandably, was far from being good. Not surprisingly, it stirred up severe criticism from common people, scholars, businessmen and opposition parties as well.

It is important to point out that such a regrettable incident is largely responsible for the bitterness that affected the political relation between the two governments to such an extent that, until today, it has not been possible to normalize it. Interestingly, and in spite of the fact that it happened more than three and a half years ago, it is the last event to be mentioned in the “Main Events in the China-Argentina Relations” listed in the website of the PRC Embassy in Argentina.<sup>27</sup> A clear sign on itself.

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<sup>25</sup> Teng, Chung-chian. *Hu Jintao dingdao xiazhongzhi dui ladingmeizhou waiwen guanxi de xinfangxiang* (胡錦濤領導下中共對拉丁美洲外交關係的新方向 -The New Direction of China’s Foreign Relations in Latin America Under Hu Administration) Peace Forum Website (February 2005): 3.

[http://www.peaceforum.org.tw/onweb.jsp?webno=333333305&webitem\\_no=1152](http://www.peaceforum.org.tw/onweb.jsp?webno=333333305&webitem_no=1152)  
(accessed April 18, 2008).

<sup>26</sup> Eduardo D. Oviedo, “Crisis del Multilateralismo y Auge de la Diplomacia Bilateral en la Relación Mercosur-China”, Paper presented at the 6th REDEALAP Meeting (Buenos Aires: October 12-13, 2005), 11.

[www.iadb.org/intal/aplicaciones/uploads/ponencias/Foro\\_REDEALAP\\_2005\\_16\\_OVIEDO.pdf](http://www.iadb.org/intal/aplicaciones/uploads/ponencias/Foro_REDEALAP_2005_16_OVIEDO.pdf)

<sup>27</sup> “Main events in the China-Argentina Relations”- People’s Republic of China Embassy in the Argentine Republic Website

As stated, the damage that Mr. Kirchner had inflicted to the bilateral relation was considerable and, although both President Hu Jintao and Vice- President Zeng Qinghong travelled to the region during this year, there where –predictably- no Chinese visits to Argentina in 2005, the year in which “China became the world’s fourth largest economy, after the United States, Japan, and Germany, as well as the world’s third largest importer/exporter, after the United States and Germany”.<sup>28</sup>

But, by the end of the same year, Argentine Foreign Minister R. Bielsa travelled to the PRC and visited his Chinese counterpart, Li Zhaoxing, in what might have considered an initial contribution of the Argentine government to relieve some of the existing tension it had created the previous year. The gesture was far from being considered as a sign of regret, but just as an attempt to relieve the strained relation.

Both ministers exchanged views “on bilateral relations and international and regional issues of common interest”<sup>29</sup>, as well as “indicated that they will further implement important consensus reached between leaders of the two countries on establishing and developing bilateral strategic partnership in a bid to jointly advance bilateral friendly cooperation in various areas”.<sup>30</sup>

Another event that may help improve the relation took place a month later, when “the Shanghai Academy of Social Sciences organized the first “Shanghai Forum on Latin America” on December 19, 2005”.<sup>31</sup>

As it has already been stated, there was a growing sentiment of discomfort and uneasiness among Argentine provincial governors and other local authorities with the incident President Kirchner had provoked the year before –and that was the main cause of no Chinese visits taking place in 2005. But what it should be stressed here is not only the fact that many of them were worried about the downturn relations between China and Argentina were experiencing, but specially that Salta province governor Juan C. Romero – who had, as former President Menem’s vice-presidential candidate, defeated Mr. Kirchner in the first round of the 2003 presidential elections, and who was known for

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<http://ar.chineseembassy.org/esp/zagx/t171826.htm> (accessed June 21, 2008).

<sup>28</sup> Cynthia J. Arnson, “Introduction,” in *Enter the Dragon? China’s Presence in Latin America* (Washington, DC: Woodrow Wilson International Center for Scholars), 8.

<sup>29</sup> “Bilateral Relations”- People’s Republic of China Ministry of Foreign Affairs Website- <http://www.fmprc.gov.cn/eng/wjb/zjg/ldmzs/gjlb/3453/3455/t223778.htm> (accessed June 20, 2008).

<sup>30</sup> Ibid.

<sup>31</sup> Hsiang, “China Challenges US in Latin America,” 125.

having a tense relation with Mr. Kirchner-, early in 2006, invited the Director of the Taipei Trade and Cultural Office in Argentina to visit Salta province.<sup>32</sup>

It can be said that the main objective of such an invitation was to give the national administration an even harder time in its already-damaged relation with the PRC, since foreign policy is an exclusive attribution of the federal government and provincial authorities are forbidden by the Argentine Constitution of interfering with it. It is just fair to remember that, starting from 1972, the Argentine governments adhere to the “One China Principle”.

It was a clear political movement, although it could be argued that Governor Romero had a “genuine” interest in inviting the Director of the Taiwanese office in Argentina to visit Salta, since his father –former Salta Governor Roberto Romero- had visited the island more than 20 years before, and specially taking into consideration that Taiwan had long been ranked among the 20 largest economies in the world and had been actively promoting cultural and academic exchanges with Argentine universities and similar institutions, as well as it was one of the Asian the destination of the mining exports of Salta province. Whatever the reason, it can not be denied that it was a risky move by the provincial governor, since the PRC has been one of the main destinations of tobacco and mining products of the province in recent years, and Salta’s 2<sup>nd</sup> largest buyer of mineral resources in 2007, as the Secretary of Mining was going to inform the author in an interview that year.<sup>33</sup>

As a matter of fact, and in a clear reference to both the Hu-Kirchner meeting and the one Romero himself was having with the Taiwanese Office Director, the Governor stated that “the main purpose [of such meetings] is, precisely, to generate friendship among the two peoples, and not discord”.<sup>34</sup>

In October that year, a quite weak attempt to bring the bilateral relation to better terms was made by Argentina national government, when Vice President Daniel O. Scioli travelled to the PRC upon an invitation of Vice- President Zeng Qinghong, who pointed out that “to enhance cooperation between China and Argentina... complies with the

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<sup>32</sup> “Governor receives Taiwan Director of Commerce”- Salta Province Government Website [http://www.salta.gov.ar/ver\\_noticia.php?id=1599](http://www.salta.gov.ar/ver_noticia.php?id=1599) (accessed July 10, 2006)

<sup>33</sup> Dr. Ricardo N. Alonso, Mining Secretary of Salta Province. Interview with the author, Salta, Argentina, August 3, 2007.

<sup>34</sup> Ibid.

fundamental interests of the two countries”<sup>35</sup>, as well as hoped “the two countries will make joint efforts to lift China-Argentina strategic partnership to a new height”.<sup>36</sup> The following month, the Vice Foreign Minister Yang Jiechi was going to receive a delegation of Argentine deputies headed by the Chair of the Chamber of Deputies’ Foreign Affairs Committee. By late November, Argentine Foreign Minister Jorge Taiana would also pay an official visit to the PRC.

But political contacts were not the only ones to be held, and -considering that academic issues are always less thorny than political ones- in June, 2007, a Memorandum of Cooperation was signed between the Center for Latin American Studies (CLAS) of Nanjing University and the Argentine Foreign Service Institute (ISEN).

The effects of Vice-President Scioli’s visit –in which he reiterated Argentina’s adherence to the one-China policy- were to be felt several months after taking place. Indeed, it was in 2007 that the Governor-to-be started taking into serious consideration the advantages and benefits that commercial exchanges with the PRC could have for his future personal plans. In spite of the fact that it exceeds the period of time analyzed by this study, it is important to mention that, later that year, Mr. Scioli became the governor of the biggest and richest –in agricultural as well as in industrial terms- Argentine province, Buenos Aires. And, in spite of having being in office for less than four months, in March 2008, Governor Scioli – realizing the ‘enormous potential that it represented for bilateral trade’<sup>37</sup> - visited the PRC and signed a cooperation agreement -on tourism, academic exchanges, production of agricultural machinery and other issues- with his Chinese counterpart in Shandong province.

It has been recently announced that, between June and July 2008, the Chief of Government of the Autonomous City of Buenos Aires, Mauricio Macri, will also visit Beijing and Shanghai<sup>38</sup>, which is another sign that not only provincial leaders will show the way, but also that other local non-provincial authorities will follow. Mr. Macri plans to attract Chinese investment in two main fields: infrastructure and new technologies,

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<sup>35</sup> “Chinese, Argentine Vice Presidents hold Talks,” *People’s Daily*, October 26, 2006. [http://english.peopledaily.com.cn/200610/26/eng20061026\\_315103.html](http://english.peopledaily.com.cn/200610/26/eng20061026_315103.html) (accessed October 26, 2006).

<sup>36</sup> Ibid.

<sup>37</sup> “Scioli busca tentar a los inversores chinos,” *La Nación*, March 3, 2008. [http://www.lanacion.com.ar/economia/nota.asp?nota\\_id=994541](http://www.lanacion.com.ar/economia/nota.asp?nota_id=994541) (accessed March 3, 2008).

<sup>38</sup> “Macri viaja a China por inversiones y un plan para sanear el Riachuelo,” *La Nación*, March 21, 2008. [http://www.lanacion.com.ar/informaciongeneral/nota.asp?nota\\_id=997543](http://www.lanacion.com.ar/informaciongeneral/nota.asp?nota_id=997543) (accessed March 21, 2008).

which, if he success, would be beneficial for Buenos Aires City in the present and for Argentina in the foreseeable future, if Mr. Macri –who has presidential ambitions- decides to run as a candidate in the elections of 2011.

### **Tensions between Federal and Provincial governments (I)**

Being China a unitary country, the tensions being analyzed here refer exclusively to those among Argentine authorities. The information related to the Salta and Buenos Aires (both the province and the City) governments is particularly relevant for the guiding hypothesis of this study, since, following the unpleasant incident provoked by the Kirchner administration, it is noteworthy that the main efforts to repair the damaged relation with the PRC and to bring it back into good terms have been mostly put forth by Argentine local (provincial and municipal) governments.

That is to say, the efforts that a political rapprochement between the national Argentine government and the central authorities in Beijing require have been made not by national nor central but rather by provincial –including the new administration in charge of Salta province<sup>39</sup>- and local authorities from both countries. It has been noted that, in Argentina, “provincial governors are important players in the national game, as they are often party bosses wielding substantial leverage over national politicians via electoral mechanisms and party practices”.<sup>40</sup> Roughly speaking, it could be said that Argentina, being constitutionally organized as a federal country, has always experienced tensions between the federal/national and the aforementioned provincial and municipal governments.

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<sup>39</sup> Indeed the new administration of Salta province –in office since December 2007- has been recently visited by the Chinese Ambassador, public officials and numerous businessmen. Naturally, it has encouraged commercial exchanges with the PRC with regard to tobacco, mining and oil industries. However, one would be tempted to ask how is the new provincial administration –very close to the federal government of President Fernández de Kirchner- going to deal with the divergent interests between the province and the nation.

For further details, see Gobierno de Salta Website-

‘Recibió el Gobernador al Embajador de China’

[http://www.salta.gov.ar/ver\\_noticia.php?id=6809](http://www.salta.gov.ar/ver_noticia.php?id=6809)

[http://www.salta.gov.ar/ver\\_noticia.php?id=6899](http://www.salta.gov.ar/ver_noticia.php?id=6899)

[http://www.salta.gov.ar/ver\\_noticia.php?id=5503](http://www.salta.gov.ar/ver_noticia.php?id=5503)

<sup>40</sup> Mariano Tommassi, “Federalism in Argentina and the Reforms of the 1990s,” in *Federalism and Economic Reform: International Perspective*, ed. Wallack, Jessica S. and Srinivasan, T.N. (New York, NY: Cambridge University Press, 2006), 25.

In the case being analyzed here, a large majority of provincial governors and municipal authorities have been much more interested in establishing, strengthening and maintaining political contacts and commercial links with neighboring countries and the rest of the world –the PRC certainly included- than the federal government.

Such behavior on behalf of provincial governments is perfectly understandable at the light of the isolationist foreign policies adopted by the previous as well as the current national administrations. As a matter of fact, both administrations can be considered as being the same, since the current president happens to be married to the previous one.

It is important to mention that –although it exceeds the time period this study analyzes, but it is extremely relevant for the purposes being pursued- this strange situation happens to be so because former President Kirchner was succeeded by his wife, Cristina Fernández de Kirchner, in what has been reported as the first intra-marital presidential succession case in world history.

As aforementioned, various factors have contributed to explain the current situation and the adoption of such a behavior by provincial and local authorities, a major reason to take into consideration would be that the isolationism of the national government does not represent nor properly defend the interests of the provinces.

After having based her campaign in the promise of maintaining the economic growth the country experienced during her husband’s administration –“helped by record prices for Argentina’s farm exports”<sup>41</sup> - and, especially, by emphasizing the attention she would pay to foreign policy –“in which Mr. Kirchner showed no interest”<sup>42</sup>, to the point that a well-known American newspaper had as headlines “In Argentina, the campaign of “Queen Cristina” focuses on global relations”<sup>43</sup> - it is possible to say that, since taking office on December 10, 2007, Mrs. Fernández de Kirchner did quite the opposite of what she had been promising.

In her very first week in office she managed to deal with Argentina’s foreign relations in a way that was even worse than that of her husband. A diplomatic scandal

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<sup>41</sup> “Cristina in the land of make-believe”, *The Economist*, May 3, 2008, 50.

<sup>42</sup> *Ibid.*, 51.

<sup>43</sup> “In Argentina, the campaign of “Queen Cristina” focuses on Global Relations,” *The New York Times*, September 24, 2007.  
<http://www.nytimes.com/2007/09/25/world/americas/25argentina.html?emc=eta1> (accessed June 20, 2008).

involving Venezuelan President Hugo Chávez strained the Argentine relation with the United States to the point that State Secretary Condoleeza Rice did not include Argentina in her Latin American tour last March, but only Chile and Brazil. The honey moon that every incoming administration enjoys when taking office had lasted less than ten days. Just to illustrate the state of increasing isolationism in which the previous and the current administrations have drag Argentina into, it can be said that just last April Pratibha Patil, the president of India –a country that happens to be nothing less than Argentina’s second largest Asian trade partner, following the PRC- was in Chile without including Argentina in her travelling agenda.<sup>44</sup> In May, German Chancellor Angela Merkel also omitted coming south, her agenda including Perú, Mexico, Brazil and Colombia. As a result, Argentina became even more closely linked to Venezuela and distanced itself from the U.S and a good number of other nations, among which is, not surprisingly, the PRC.

And it is precisely with China that the government seems to be trying to spoil the economic relation Argentina has with it, after straining –if not ruining- the political one. On this regard, it can be said that in March 10<sup>th</sup>, tempted by soaring soy bean prices, the Fernández de Kirchner administration decided to raise taxes on agricultural exports, the revenues to be used in financing the functioning of the government, subsidies and –as argued in the last attempts to justify the rise of the taxes- public works projects. The government thought it was fair to look for “more revenues from the agricultural sector, which has been benefiting from a global surge in commodity prices and a growing demand in China and India for Argentina’s grains”.<sup>45</sup>

It was certainly not the first time, but this time Mrs. Kirchner went too far, raising taxes on soy bean exports from an already high 35% to a confiscatory 45%. Naturally, the move sparked a series of unseen protests, which hit particularly hard the PRC, since farmers suspended ‘the export of grain and meat exports’<sup>46</sup> – as well as had severe domestic consequences, such as blocked roads, traffic jams, riots and food shortages in major cities. Naturally, the destination countries of the blocked exports were to be

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<sup>44</sup> “La Argentina puede esperar,” *La Nación*, April 20, 2008.

[http://www.lanacion.com.ar/externo/nota.asp?nota\\_id=1005855](http://www.lanacion.com.ar/externo/nota.asp?nota_id=1005855) (accessed April 20, 2008).

<sup>45</sup> “Argentine Farmers Cut Off Exports,” *The New York Times*, May 9, 2008.

<http://www.nytimes.com/2008/05/09/world/americas/09argentina.html?emc=eta1> (accessed May 9, 2008).

<sup>46</sup> “Argentine farmers block exports” - British Broadcasting Corporation- BBC Website

<http://news.bbc.co.uk/2/hi/business/7424040.stm> (accessed June 22, 2008).

included in the list of those who had to suffer from a crisis that the Argentine national government had created. The national government itself was affected, both economically -because “grains and oil seeds accounted for 80% of total export revenues”<sup>47</sup> - and politically, since not only the Economy Minister had to resign, after less than half a year in office, but popular protests seriously damaged the image of the president, which is currently even lower the one her husband had by the time he stepped down, after being in office for four years. And she has only been there for half a year.

The interests of the provinces, in the last analysis, would eventually be the same as those of the nation. A reasonable question to ask would be what happens when the people who have been elected to represent the ones who elected them are no longer representative? Argentina is not only undergoing a domestic representation crisis –in which, as noted by a distinguished Argentine academic, Dr. Pedro J. Frías, “political parties might currently get votes, but not adhesions”- but it is also going through a period of time in which the domestic consequences of foreign policy and, vice-versa, the external consequences of domestic policies have started to be seriously criticized.

When an explicit reference was made regarding the lack of international experience of former President Kirchner, as well as his lack of interest in world events, what was being implicitly pointed out were the possible risks of having such an unqualified official in charge of the country’s foreign policy. What would be the chances that the proposed adoption of a ‘trading state foreign policy’ would have in such a context? Not many, unfortunately.

According to the theoretical setting provided in the first chapters of this study, and taking into consideration the special features that Argentina has –a large and fertile territory, with vast extensions of arable land, skilled farmers, a good number of other natural resources, such as oil, minerals, forests, maritime resources and so forth- the benefits and advantages of adopting the foreign policy profile of a trading nation should be clear for the national government.

Quite on the contrary –and even though the consequences of the last economic crisis undergone by the country have been left behind- both the previous as well as the current administration have been characterized by their isolationist foreign policies.

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<sup>47</sup> Latin American Regional Report, Brazil & Southern Cone, March 3, 2008, 3.

### **Argentine Isolationist vs. Chinese Cosmopolitan Leaders**

When examining the rhetoric of the previous Argentine president, an Argentine journalist, quoting the White House Special Ambassador for Latin America, observed that, from the American perspective, Kirchner's "rhetoric was out-of-date" and his speeches were "Third World style, from the 1960s".<sup>48</sup>

Indeed it has been noted that, in Argentina, and "for a large part of the period between the 1930s and 1960s, significant –possibly very substantial- numbers of the political class and intellectual elite were at best equivocal about the commitment to, and the benefits to be derived from, internationalism. Relations, initially with the UK and subsequently with the USA, were equated with exploitation and an unwillingness to respect justified Argentine aspirations".<sup>49</sup> Therefore, the perspectives that Kirchner might have had when taking office were shaped during those years: "this was a period of growing isolationism –a sense that the country did not "need the world" and derived very little benefit from membership of the international community".<sup>50</sup>

In such a context, it makes sense for the provincial governments to try to avoid being dragged by Kirchner's isolationism, the reason why he -even in his role of local authority himself, as governor of Santa Cruz province- was "not very interested in exploring the world. When foreign companies wanted to buy oil or run the oil fields, they came to Santa Cruz. What was the need to go out looking for them, which would reduce his bargaining power?"<sup>51</sup>

Such a particular conception of the world was the one Kirchner kept having as president of Argentina. Therefore, it could be said that the behavior of the provincial governments could be described as some sort of self-defense, since, in a world characterized by the large number of countries struggling to attract foreign investments,

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<sup>48</sup> Oppenheimer, *Cuentos Chinos: el engaño de Washington, la mentira populista y la esperanza de América Latina*, 187.

<sup>49</sup> Lewis, *Argentina: A Short History*, 19.

<sup>50</sup> *Ibid.*, 20

<sup>51</sup> Oppenheimer, *Cuentos Chinos: el engaño de Washington, la mentira populista y la esperanza de América Latina*, 172..

where policies such as the adopted by China and Brazil are the models to follow, Kirchner's foreign policy had been defined as one designed to "frighten-capitals-off".<sup>52</sup>

As aforementioned, the differences the "new leaders of the PRC [the fourth generation] have spent half their lives and almost all their formative adult experiences after their mid-30s in the period of China's ingoing global involvement and integration".<sup>53</sup> And, just to make things clearer, when comparing the "trading state" foreign policy profile adopted by the Chinese and rejected by Argentine government, it should be added that "as core elements in China's strategic approach to comprehensive national strength, Beijing's new leaders will see trade and exchange rate management as a means and measure, and thereby as an instrument of international influence".<sup>54</sup>

As a matter of fact, and in order to increase their international influence, national governments tend to form new organizations –such as Mercosur, in the Argentine case- or to join existing ones –such as the Organization of American States (OAS). However, in Argentina, provincial governments have tended to form sub-national organizations – such as Zicosur- to counter the lack of support from the national government to play a role in the global stage.

### **Not the nation. The region**

A brief reference has already been made in this study with regard to the PRC's admission to the Organization of the American States and the role Argentina played as a founding member of MERCOSUR. It is about time to briefly analyze Zicosur. The acronym stands for "South America MidWest Integration Zone"<sup>55</sup> (南美中西部一体化区域) and the regional bloc has been defined as a sub-region of MERCOSUR as well as the "process of integration of peripheral regions of several South American countries, with the aim of strengthening their development through mutual cooperation". Among its members, and according to the respective administrative division involved, there are 9

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<sup>52</sup> Ibid., p. 19.

<sup>53</sup> Gerrit W. Gong, "The International Strategy of China's New Leaders," in *The New Chinese Leadership: Challenges and Opportunities after the 16<sup>th</sup> Party Congress*, ed. Chu, Yun-han; Lo, Chih-cheng and Myers, Ramon H., *The China Quarterly Special Issues New Series*, no. 4 (Cambridge University Press: 2004), 160.

<sup>54</sup> Ibid., 170.

<sup>55</sup> Zona de Integración del Centro Oeste de América del Sur, in Spanish, 南美中西部一体化区域, in Simplified Mandarin Chinese and *NanMeiZhongXiBuYiTiHuaQuYu*, in Roman Pinyin. See [www.zicosur.net](http://www.zicosur.net) (accessed June 23, 2008).

provinces of Argentina, 4 departments of Bolivia, all the departments Paraguay is divided in, 2 regions of Chile and 1 state of Brazil.<sup>56</sup> Altogether, 34 local governments are involved, and the sub-region covers 3,600,000 square kilometers in which over 30 million people live.

For the purposes of this study, Zicosur represents a clear example of how “adjacent units of local political organization (provinces, Länder, counties, metropolitan areas, municipalities, *départements*, and so on) search for regionwide coalitions as a means of dealing with the threats and the opportunities of globalization”.<sup>57</sup>

A few years ago, it was intelligently noted that ‘the creation of a great regional bloc might be one of the so-called “guiding fictions”... but it is, at the same time, much more than that. It is the old dream the *Libertadores* (Liberators) had. It is a philanthropic desire, a reality of the times, a consequence of our common culture. And it is also an obligation of the political authorities. It depends upon them that each country joins or not, the international competition that –whether many people like it or not- is already taking place. For what they do or what they refrain from doing, they can block a country’s access to it, or get things ready, take advantage of the high tide or, on the contrary, block the ports. But governments will not be able to impede investments, technology, information and goods from moving freely in this borderless world, with unprecedented ease and speed, nor the trade barriers from keep falling, nor the transference of knowledge from being immense, multi-directional and simultaneous, nor capital to allocate itself wherever it considers it is more convenient, nor enterprises to demand juridical security. They can, and they must, make or refrain from making decisions that can affect the unqualified majority, since the qualified minority is better prepared to –in extreme circumstances- deal with mistaken decisions”.<sup>58</sup>

### **Peripheral Realism and Regionalism**

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<sup>56</sup> Zicosur members are: Salta, Jujuy, Tucumán, Catamarca, Santiago del Estero, Formosa, Chaco, Corrientes and Misiones (Argentine provinces); Cochabamba, Chuquisaca, Santa Cruz and Tarija (Bolivian departments); Paraguay; Tarapacá and Antofagasta (Chilean regions) and Mato Grosso do Sul (Brazilian state).

<sup>57</sup> Allen J. Scott, , “Global City Regions,” in *Global City Regions: Trends, Theory, Policy*, ed. Allen J. Scott (New York, NY: Oxford University Press, 2002), 11.

<sup>58</sup> María Quintana, “Las raíces culturales de los nortes,” in *NOA-Norte Grande: Crónica de dos regiones integradas* (Santiago, Chile: Chilean Embassy in Argentina, 1999), 180.

Interestingly, the aforementioned phenomenon has a remarkable similarity to the theory this study relies upon, Peripheral Realism, and, therefore, it can be said that it exists a striking similarity between the Argentine provinces that integrate Zicosur and the peripheral role that Argentina plays in the global stage. It goes without saying that in both cases the theory indicates the most beneficial foreign policy profile to adopt for those powerless, remote and weak peripheral units (Argentine provinces, Argentina) with regard to the powerful center (the capital cities, the central states in the interstate system).

As stated, it is noteworthy that all Zicosur members are sub-national, remote and peripheral administrative units -with the exception of Paraguay- which reflects the fact that the policies adopted in the capital cities more often than not diverges from the needs and perspectives that the remote areas have. In the case of Paraguay –the only national unit involved- both the national and local interests will be, logically, reflected in the same foreign policy. On this regard, it has been noted that, until recently, the “nation-state has been the principal geographical unit of economic analysis, and the locus of economic policy has tended to be national. Today, the geographic unit of interest is becoming more varied .On the one hand, many dimensions of economic policy must now be addressed at least in part at the cross national level. On the other hand, the drivers of prosperity are increasingly sub-national, based in cities and regions”.<sup>59</sup>

It is important to mention that this organization considers integration as the “proper mechanism to develop regional economies by broadening the commercial exchanges and developing foreign trade”.<sup>60</sup> Reflecting the importance that trade and integration have for the objectives of Zicosur, the website is presented in Spanish, Portuguese, English and both traditional and simplified Mandarin Chinese. The inclusion of the Asian language clearly reflects the scope that Zicosur has adopted for its activities.

### **Zicosur: the regional door to Asia**

Indeed, it is just fair to point out the fact that Zicosur as such originated in the 1997 Zicosur-Asia Pacific Meeting that took place in Antofagasta, Chile. So far, 9 meetings and 4 extraordinary sessions have been held, and Zicosur’s successive

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<sup>59</sup> Michael E. Porter, “Regions and the New Economics of Competition,” in *Global City Regions: Trends, Theory, Policy*, ed. Allen J. Scott (New York, NY: Oxford University Press, 2001), 141.

<sup>60</sup> See [www.zicosur.net](http://www.zicosur.net) (accessed June 23, 2008).

Secretaries have actively been working in order to promote the goals of the regional bloc as well as the involvement and participation of not only the member local governments but also ‘the participation of the citizens of the region’, as the current Secretary pointed out in the Argentine province of Salta.<sup>61</sup>

The strategic geopolitical location of Zicosur has allowed its members to set as a main goal the so-called “Bio-Oceanic Corridor”, an ambitious project linking the Brazilian ports in the Atlantic Ocean to the Chilean ports in the Pacific Ocean through a complex system of roads, railroads and a waterway. The Corridor constitutes an attempt to avoid having to make the -currently necessary- detour from the Zicosur region to the – in the Argentine case- main ports of Buenos Aires and Rosario, and its strategic importance becomes clear when taking into consideration that Chilean ports are the regional door to the Asian-Pacific markets, particularly important in a time in which “impelled by its real and growing dependence on foreign supplies of oil, natural gas and other commodities –supplies transported predominantly by sea- China has turned its strategic gaze to the seas for the first time in centuries.”<sup>62</sup>

In this aspect, the detour that products have to make in order to get to Asia through the Atlantic Argentine ports turns out to be too expensive, not only because of the distance the products have to cover –up to 1,800 extra kilometers- but especially because the means of transportation involved –trucks- are far from being the most appropriate ones.

Following this line of analysis, the Bi-Oceanic Corridor would take advantage of the only railway that connects Chile and Argentina –as stated, the only one, although , intriguingly, both countries share about 5,000 kilometers of border- and would not only be beneficial in terms of costs involved –transportation improvements in the railway system would lower the costs by about 2/ 3<sup>rds</sup> the current costs by truck-<sup>63</sup> but also with regard to the punctuality and safety of the people involved in the transportation and the products. On this regard, it has been pointed out by the governor of the western province

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<sup>61</sup> El Tribuno- 2008/05/04- “Llega hoy a Salta el Secretario de Zicosur”  
<http://www.tribuno.info/verContenido.php?id=13564>

<sup>62</sup> James R. Holmes, “China Fashions a Maritime Identity,” in *Is There a Greater China Identity? Security and Economic Dilemma*, ed. I Yuan (Taipei, Taiwan, Republic of China: Institute of International Relations, NCCU, 2007), 247.

<sup>63</sup> “Los camioneros dicen que con trenes tendrán menos trabajo,” *El Tribuno*, March 17, 2006, 16.

of Mendoza that -due to hard snowfalls and bad weather that kept 1,000 trucks in the Argentine side of the Andes in their way to Santiago, Chile- “every winter 48 operating days are lost because of the snow that blocks the roads, of which 12 are lost due to snowing, 12 more are lost in cleaning up the snow, and the other 24 are lost in normalizing the traffic jam that it has been created”.<sup>64</sup>

Naturally, given the evident advantages that the railway connection offers, there were several companies interested in the bidding.

Reflecting the interest that exists in China for gaining easier access to the products of the northern and central regions of Argentina –and eventually to ones from other regions of Zicosur- a Chinese-Argentine joint-venture -formed by the leading soy-bean refinery Sanhe Hopefull Grain & Oil and its Argentine counterpart, the Macri Group, plus other minor partners- is in charge of repairing part of the Argentine section of the railway the Corridor will use.<sup>65</sup> However, and in spite of the fact that the branch line that connects the northern province of Salta with the Chilean mega-port of Mejillones can already be operated, the Argentine federal government has been delaying the authorization it needs to work due to “paperwork” problems.<sup>66</sup>

As stated, the Chinese company would be one of the first beneficiaries of the reactivation of the train, since it would allow it to import its products directly from the Chilean north, saving 3,000 kilometers that currently have to be covered to get access to the Atlantic ports.<sup>67</sup> It goes without saying that the numerous Argentine provinces would also benefit of such a reactivation, while the Argentine capital would be affected by it.

It is certainly hard to believe that a project in which about US\$ 3,000 million and 14 Argentine provinces<sup>68</sup> -more than half the total- are involved is being delayed due to “paperwork” of the National Customs Office, and even harder to understand what might possibly be the reasons that the national government have in order not to find a solution

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<sup>64</sup> “Mil camiones varados camino a Chile,” *La Nación*, April 29, 2008.

[http://www.lanacion.com.ar/informaciongeneral/nota.asp?nota\\_id=1008298](http://www.lanacion.com.ar/informaciongeneral/nota.asp?nota_id=1008298) (accessed April 30, 2008).

<sup>65</sup> “Gobernador argentino recibe a empresario chino,” Xinhua Website, April 25, 2006.

[http://www.spanish.xinhuanet.com/spanish/2006-04/25/content\\_245337.htm](http://www.spanish.xinhuanet.com/spanish/2006-04/25/content_245337.htm) (accessed June 22, 2008).

<sup>66</sup> “El tren a Chile continúa frenado por el papeleo,” *La Nación*, May 6, 2008.

[http://www.lanacion.com.ar/edicionimpresa/suplementos/comercioexterior/nota.asp?nota\\_id=1009428](http://www.lanacion.com.ar/edicionimpresa/suplementos/comercioexterior/nota.asp?nota_id=1009428) (accessed May 20, 2008).

<sup>67</sup> “Macri afina costos para reactivar el Belgrano cargas,” *El Tribuno*, November 17, 2005, 4.

<sup>68</sup> Including Salta, Tucumán, Mendoza, San Luis, Misiones, the 4 cities covered by the high-speed train and a few others.

for such a problem, considering that, only a few months ago, it spared no efforts in a project –the so-called “Bullet Train”, a highly unpopular high-speed train– that had become the last whim of President Fernández de Kirchner. Indeed, she did not hesitate to intrepidly jump into a US\$ 5,000 million adventure regarding a highly unpopular high-speed train that will<sup>69</sup> only cover 1,000 kilometers, connecting –certainly- the capital Buenos Aires with 3 other major cities, Córdoba, Mar del Plata and Rosario.

It goes without saying that there is not much expectation about the high-speed train in the PRC, since it will only transport passengers because it can not be used to transport freights. Furthermore, there are no Chinese companies involved in its construction, so it can be said that the caprice of the Argentine president should largely be indifferent to the Chinese government and companies. However, it can certainly not be ignored, considering that –with significantly less resources and half the shown willing- the other train, the one that the Chinese and Argentine companies expected to be working as soon as possible and which represents an urgent need to several provincial governments, could already be functioning and transporting Argentine products to the Chilean ports to be embarked with the PRC and other Asian ports as final destination.

When analyzing the cities which the Argentine president considered that the high-speed train should cover, it is important to notice that one is the federal capital –Buenos Aires-, the second one is the capital of the second largest and most important province – Córdoba-, the third one is a major touristic destination –Mar del Plata- and the fourth one, Rosario, happens to be one of the top-three most important cities in Argentina and is considered the country’s agricultural capital. As a consequence of its status, in 1997 Rosario signed a “city twinning agreement” with Shanghai.<sup>70</sup>

Indeed, the city of Rosario is particularly relevant for this study since it is the most important export centre of the country, collecting the agricultural products coming from central, west-northern and east-northern provinces, and adding its own production, since it is located in one of the most important agricultural provinces, Santa Fé. This means that Rosario would be one of the cities most interested in keeping thing the way

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<sup>69</sup> Since the high-speed train contract was signed on April 29<sup>th</sup>, 2008. See “Firman el contrato del tren bala y costará US\$ 3,800 millones,” *El Tribuno*, April 30, 2008.

<http://www.eltribuno.info/verContenido.php?id=13266> (accessed May 1, 2008).

<sup>70</sup> “An International City News: a Visit to Shanghai”- Rosario Municipal Government Website <http://www.rosario.gov.ar/sitio/verArchivo?id=1356&tipo=objetoMultimedia> (accessed June 12, 2008).

they are today, since the opening of the northern link to the Pacific would represent a threat to its port, from where grain is currently being directly exported to the PRC and other Asian countries.

For all these reasons, and during most of the Kirchner administration, the city remained quiet and in good terms both with the provincial and the national governments. Indeed, it did so to such an extent that it was included as one of the four stops the high-speed train would have. The good existing relations would indicate, if not common, at least non conflicting interests between the federal government and a central, important city, that –benefiting from it- would have no reason not to be satisfied with the foreign policy adopted by the former.

However, it is interesting to note that this happens not to be the case. For causes that are beyond reasonable explanations, the Fernández de Kirchner administration has succeeded in being in bad terms with both those who are not included in the foreign policy adopted by the national government –namely, the provincial governments- as well as with those that had supported it. Or at least had done so until recently, before the national government became too greedy. Indeed, it was in the city of Rosario itself that the largest popular demonstration against the government of Mrs. Fernández de Kirchner –and one of the largest protests in Argentine history- took place, in May 2008.

No wonder, then, that have provincial and municipal authorities been the ones interested in looking for solutions for the damaged relation Argentina has had for the last few years with the PRC. It would be an almost “suicidal” movement to remain in the current bad terms with such an important trade partner, not to say that –if the current policy towards China is not modified and fixed by Mrs. Fernández de Kirchner- Argentina would be overlooking a tremendous growth opportunity.

It is unfortunately clear that the Kirchners –both husband and wife, or current first gentleman and former first lady- do not have the solution for the conflict with the farmers, nor are interested in healing the wounds they have inflicted to the relation with China.

In such a scenario, and in spite of the positive answers and comments made by most of the interviewees few months ago, is the second question proposed in the hypothesis the one that seems to be confirmed by the facts. And the interviews that were

conducted just months ago seem to be outdated, describing a different reality and containing different prospects than the ones one could reasonably have today.