

## AMERICAS

# Can Javier Milei Be A Partner Of The US in Latin America Against China?

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On December 10th, firebrand populist libertarian Javier Milei was inaugurated as president of Argentina. President Milei promised to take Argentina away from the bloc of left-wing nationalist governments that have dominated Latin American politics for the last two decades and are close to China. Milei wants his country to get closer to the US and Israel and has been a vocal critic of China's economic practices. Milei's victory presents a scenario of change in the region. Given how Washington seems to have been losing ground in the Americas in front of Beijing, in what could certainly be a risky move, could Milei become a partner in the region to counter China's influence?

## Rhetoric and Economic realities.

During the campaign, Milei made several promises that will have to adjust to economic realities. Milei has chosen relatively moderate ministers and has softened his stand on issues like the rapid dollarization of Argentina. Nevertheless, Milei has followed suit on his promise of cutting Argentina's deficit with a plan of [adjustment and devaluation of the peso](#).

China is another issue where Javier Milei may need to reevaluate some of his words during the campaign. Javier Milei, when asked during a Bloomberg interview about his position on trading with China, replied, "[Would you trade with an assassin?.](#)"

Nevertheless, Argentina has been increasing its trade relations with China for the last decade. That dynamic remained even the center-right government of Mauricio Macri - where Milei worked for some time, and many of his ministers come from. Following Brazil, China is Argentina's second-largest trading partner. Their trade relationship is highly unbalanced, with Argentina's exports valued at \$ 5.93 billion and imports from China reaching \$12.6 billion in

2021, according to the [Observatory of Economic Complexity](#). Argentina's exports to China consist primarily of food products: meat, soybeans, and sorghum. But also other [valuable resources like lithium](#), which is vital for China's EV sector. On the other hand, Argentina imported computers, communication equipment, and chemical components. That means that Argentina can't halt its trade with China anytime soon.

This is why, despite its harsh words, Milei tried to play a more diplomatic hand with China after taking office. After being appointed president, [Javier Milei sent a letter](#) to Xi Jinping asking him to renew their swap to allow Argentina to meet the IMF payments. Xi Jinping wrote a personal response to Milei, asking him not to change Argentina's plans to join the BRICS. Nevertheless, despite the economic risk, Milei stuck to his position regarding the BRICS. Xi decided to put pressure on Argentina, [halting the 6.5 billion currency swap](#) to allow the country to meet the IMF payments in late 2023. Milei, however, managed [to make the payment to the IMF](#) through a bridge loan from the CAF, the Latin American Bank of Development.

This episode sets the tone for the new relationship Buenos Aires is establishing with Beijing and shows how, although Milei will have to adjust to economic realities, his ideological convictions will trump economic risks in the diplomatic space. Milei's position, [retiring Argentina's commitment to join the BRICS in 2024](#), is good proof of that. Since its creation, the BRICS have been trying to project an alternative articulation of global relations as opposed to the US-led world order. Given that the BRICS do not even have a functioning website, considering that forum as the seeds of an international order might be a little bit of a stretch. However, the power of the BRICS lies in its symbolism. Their existence and expansion have helped to project the sensation that the Western-led order is coming to an end. That has indeed helped reinforce China's position in the Global South.

Milei's rejection of Argentina's joining the BRICS provides an equally symbolic blow to Beijing's narrative in the developing world. In this regard, Milei could work along similar lines in other forums, such as the G20 or the UN General Assembly, shifting Argentina's position in key geopolitical issues like the war in Ukraine or Israel and Palestine.

## **China, the US, and Latin America**

China's presence in South America has facilitated the consolidation of a bloc of governments that actively challenge the US influence in Latin America and have presented a critical stand to US positions in other regions. There is a second yet crucial dimension of Beijing's efforts in South America, which is China's access to cheap natural resources that can feed its strategic industries. Even if the US is not directly dependent on those resources, Beijing's investment in lithium exploitations is securing China's dominance in the electric vehicle and battery sectors that directly compete with the US and its allies companies.

Argentina is key in both dimensions. The already mentioned Chinese purchases and investments in Argentina's mineral industry are securing the provision of lithium and other key resources for China's EV industry. On the diplomatic level, Argentina hasn't been traditionally the most anti-US country in South America, even with Peronist governments. But ties with China have progressively changed that. For example, in the context of the war in Ukraine, Argentina has opposed sanctions against Russia and also has called to lift sanctions against Cuba and Venezuela.

The US has been struggling to find a coherent strategy to counter China's influence in Latin America, in part because Washington feels that the US strategic interests in the region have declined since the Cold War. While China offers a straightforward deal of investment and cheap technology in exchange for commodities and a diplomatic agenda more aligned with the sentiments of developing nations, the US seems to have failed to present a similarly attractive package.

Nonetheless, the battle for Argentina is far from over. The US is also one of Argentina's top trading partners, in third position behind Brazil and China. US exports to Argentina counted for \$6.41 billion, and imports \$4.55 billion in 2021. Argentina's exports to the US consist of crude petroleum, gold, and aluminum, while US exports consist of refined petroleum, gas, and pharmaceutical products. These goods might not have the same strategic technological importance that Argentina gets from China, but they are still vital products for Argentina's economy.

More importantly, the kind of deal China offers to a country like Argentina might reinforce a commodity-export-dependent economy, which many see as one of the sources of Argentina's economic malaise. Overreliance on China as an economic partner is also detrimental to Argentina's sovereignty. For better or worse, Argentinean citizens have voted for a president who wants to take a radical shift on this path, and here is where the US could find an opening in the country. Milei's liberalizing reforms aim to make Argentina's industries more competitive. It is still a long way to go there, but if that works, Argentina might find an opportunity in the US and EU to de-risking strategies from China – like Mexico and South Korea are doing. That would indeed generate distance between Argentina's and China's common interests, and US companies and investors could work to make this happen.

There are other aspects involving China and Argentina's bilateral relations that might be worth paying attention to, where Milei might be willing to take the risks of confronting China. For instance, [Argentina's collaboration with space exploration and satellite infrastructure with China](#). That partnership already generated suspicion in the US military. Also, Milei's government recently [sent the navy to prevent China's illegal fishing](#) in Argentinean waters, another signal of the will of the new Argentinean president to face Beijing.

In recent studies performed by [Pew Research Center](#), we can see how, across Latin America, negative opinions about China have reached a historic high, [including in Argentina](#). Indeed, we should see Milei's victory in Argentina as proof that China might have conquered South American pockets but not their hearts and minds. So that shows a scenario in which the US needs to present a nuanced strategy, combining diplomatic and economic statecraft tools, avoiding heavy-handed approaches to balance China's influence.

### **How should the US act?**

In terms of policy recommendations, Milei offers both risks and opportunities for Washington. To start with, Milei's term will likely be a bumpy ride. How successful will his reform be? How much will he be able to resist internal opposition from unions and segments of the state bureaucracy? Will Milei's words on China meet his action? Those are all important questions for the US to decide its approach towards Milei, which can't yet be answered.

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If the US is seen as close to Milei, and he doesn't last long in office, the opposition could rely on combined anti-Milei and anti-American sentiment to win the country back. Other Latin American governments might not be happy with open support from Washington to Milei. That would reinforce the long-existing discourses about "American imperialism" present in Latin American societies, which has made things easier for China in the region. Nonetheless, leaving all things equal, any Peronist government will likely try to become closer to China, no matter what kind of collaboration the US establishes with Milei – besides recent attempts to reach out to left nationalists in South America, [like Maduro's Venezuela doesn't seem to have played well](#). So, working with Milei might be a risk worth taking.

On the other hand, the Biden Administration's focus on reelection in 2024 might be reluctant to be seen close to Milei. Due to their similar political styles, Milei's success might be seen as a vindication of Donald Trump's growing momentum. The ideological distance between Biden and Milei is evident, and Argentina is unlikely to share a progressive agenda in international forums on issues like climate change, abortion, or LGBT rights. However, beyond these issues, Milei offers an opening in the region for US diplomacy that could help advance American interests.

An advantage that Milei offers to the US is that Milei is clearly pro-American. Right after winning the election, he made [a private trip to New York and Washington](#) to talk with potential investors and partners. Milei wants to increase the US involvement in Argentina, and his economic reforms aim to facilitate that. Milei is at odds with other governments in the region that are not especially fond of the US either, like Lula's Brazil. So, Milei is in a position where he clearly needs Washington's support. In a region where it seems that Washington hasn't yet managed to figure out a successful approach, that could be a useful asset.

In order to have a working relationship with Milei, Washington doesn't need to openly endorse his views if the difference in terms of values is seen as an obstacle. To start with, the US could use its influence in the IMF and the World Bank to give oxygen to Milei's government, which might be enough to keep him afloat until Washington can decide if he is someone they can work with to counter China's influence in Latin America. From there, the US could find venues of collaboration in those areas where Buenos Aires and Washington might have similar views,

like in trade rules and geopolitical fronts in Ukraine and the Middle East, and, of course, China. Finally, in order to build a long-lasting relationship, it is important to facilitate trade and investment in Argentina, establishing a solid base for the US to become a solid partner for Argentina's economic transformation that will keep Buenos Aires far from Beijing.

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