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CHINA *local / global*

China's Improvised Mask Diplomacy in Chile

Francisco Urdinez

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China Local/Global

China has become a global power, but there is too little debate about *how* this has happened and what it means. Many argue that China exports its developmental model and imposes it on other countries. But Chinese players also extend their influence by working through local actors and institutions while adapting and assimilating local and traditional forms, norms, and practices.

With a generous multiyear grant from the Ford Foundation, Carnegie has launched an innovative body of research on Chinese engagement strategies in seven regions of the world—Africa, Central Asia, Latin America, the Middle East and North Africa, the Pacific, South Asia, and Southeast Asia. Through a mix of research and strategic convening, this project explores these complex dynamics, including the ways Chinese firms are adapting to local labor laws in Latin America, Chinese banks and funds are exploring traditional Islamic financial and credit products in Southeast Asia and the Middle East, and Chinese actors are helping local workers upgrade their skills in Central Asia. These adaptive Chinese strategies that accommodate and work within local realities are mostly ignored by Western policymakers in particular.

Ultimately, the project aims to significantly broaden understanding and debate about China's role in the world and to generate innovative policy ideas. These could enable local players to better channel Chinese energies to support their societies and economies; provide lessons for Western engagement around the world, especially in developing countries; help China's own policy community learn from the diversity of Chinese experience; and potentially reduce frictions.

Evan A. Feigenbaum

Vice President for Studies, Carnegie Endowment for International Peace

Introduction

Throughout the coronavirus pandemic, China has been forced to adapt its foreign policy agenda to respond to Western accusations that it both exported the virus and covered up its origins.¹ In response, China's Ministry of Foreign Affairs and Ministry of Commerce developed a policy of donating health supplies across the globe. The international press dubbed this outreach “mask diplomacy.”²

Many observers argue that China has a one-size-fits-all approach to diplomacy: settling on a singular model and then exporting it, largely at the direction of the central government.³ This is certainly the expectation that many analysts have held for China's mask diplomacy, a high-profile diplomatic initiative closely tied to Beijing's reputation.⁴ In practice, however, that has not been the case.

In fact, Chinese donations during the pandemic to countries in Latin America and the Caribbean in general—and to Chile in particular—have not been centralized around a single actor or program. Instead, these donations from China have been channeled through multiple parallel tracks. Ultimately, mask diplomacy is best thought of as a hodgepodge of actions by a diverse cast of Chinese donors rather than the centralized outgrowth of a unitary national policy. In Chile, at least, Chinese actors have displayed considerable improvisation in carrying out this mask diplomacy.

This adaptive, decentralized approach also reflects the unique conditions of Chile, a country whose system for receiving foreign assistance has been shaped by its prior experience dealing with frequent earthquakes. When the coronavirus pandemic arrived, Chile's track record on international disaster relief gave it an advantage over its Latin American neighbors in terms of distributing Chinese donations to community health centers in affected areas. Chilean officials were able to quickly develop and shape fruitful public-private partnerships between the Chilean Embassy in Beijing and a diverse array of Chinese companies and foundations.

Notably, Chile—a country with a per capita gross domestic product (GDP) of roughly \$15,000 dollars—is not a net recipient of foreign aid, unlike others in the region such as Bolivia, Colombia, or Haiti.⁵ Prior to the pandemic, Chinese aid to Chile was virtually nil.⁶ In the early months of the pandemic, however, Chile was among the top recipients of Chinese donations to Latin America and the Caribbean. Between February to June 2020, Chile received medical supplies worth \$9.5 million in donations from various Chinese companies, foundations, and provinces as well as the Chinese central government.⁷ This made Chile the third-largest recipient of Chinese medical assistance in Latin America, behind only Brazil (\$23 million) and Venezuela (\$43 million).⁸

This paper—drawing on original data sets, in-depth interviews, and secondary literature—explores the diverse cast of Chinese actors that donated to Chile and the motives behind their donations. It also examines how the Chilean government organized to solicit—and then distribute—this Chinese aid and how Chilean government officials shaped the choices and actions of the various Chinese players in the process. Finally, the paper looks at the broader policy lessons stemming from this mask diplomacy for both China and the recipient countries.

Chinese Mask Diplomacy Is More Mosaic Than Monolith

Like in many other countries, Chile found that masks, ventilators, and other health equipment were in short supply in the early months of the pandemic. The Chilean government turned to a variety of Chinese actors to help fill the gap during the pandemic's first wave.

The Challenges of Tracking Chinese Aid

In early February 2020, it quickly became apparent that it would be difficult to gauge which actors in China were donating which medical supplies amid the first wave of the pandemic because there was no single, centralized source tracking these donations. Between February 11 to June 20, 2020, the author and his collaborators scraped the web each day for news, tweets, and social media posts, including official communications, referring to Chinese donations to any of the thirty-three countries of Latin America and the Caribbean.⁹

Another challenge in tracking these donations was the frequent conflation of donations and purchases, especially in the press. In Chile, for example, the line between donations and purchases was so blurred that even ministers and ambassadors confused them at times. To compile accurate records, the author and his research assistant triangulated sources and, for the most confusing cases, consulted government agencies with detailed questions by email.

Ultimately, the resulting data set comprised 537 donations in thirty-three countries throughout Latin America and the Caribbean, with detailed information about the donors, receivers, dates, and contents of each donation.¹⁰ Each donation was georeferenced at the city level since cities were the final destinations for each Chinese donation. These donations were divided into five categories by kind: non-N95 masks, N95 masks, test kits, ventilators, and other supplies (such as chloroquine tablets, ambulances, thermometers, and so on). To compare donations, the compilers standardized

the values of these donations to the equivalent amounts in U.S. dollars. To do this, the data set defined a reference list of twenty-six different products with their corresponding values (in U.S. dollars) that considers the average costs by product on the top Chinese e-commerce retailer Alibaba on the date of the donation.

Further, the data set classified Chinese donors into eight categories: the Chinese central government, Chinese provincial governments, Chinese municipal governments, Chinese universities, Chinese companies (state-owned and private), Chinese private foundations, and members of Chinese diaspora associations living in the recipient country.¹¹

Key Trends

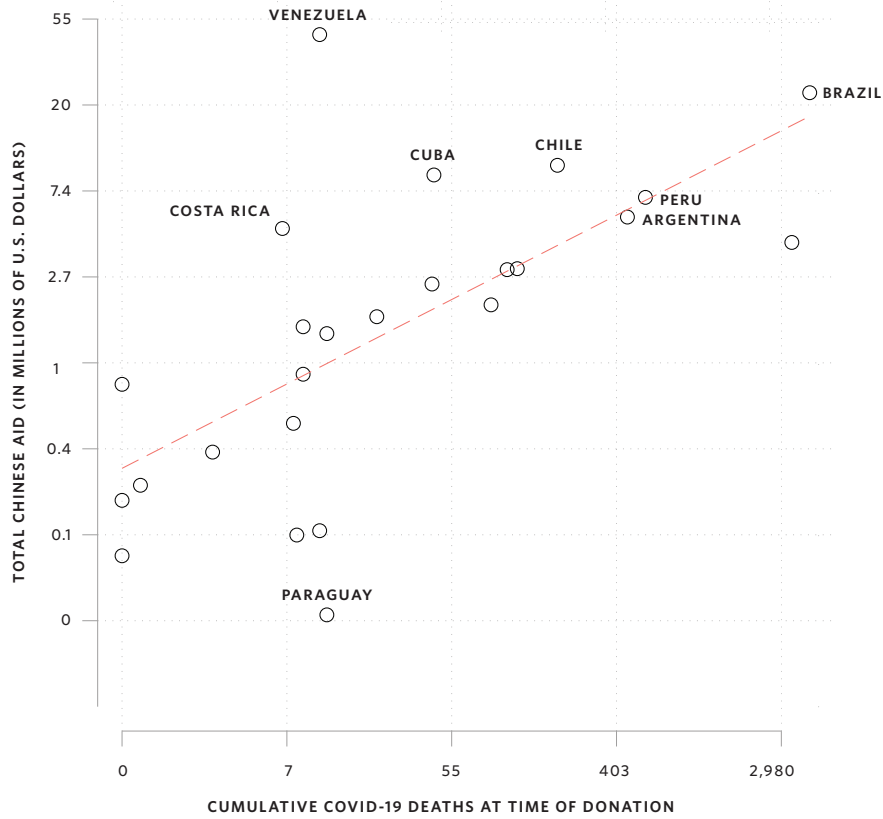
According to the author's estimates, the amount of donations each country received is positively associated with mortality rates during the first wave of the pandemic to some degree (see figure 1). In other words, countries with the highest mortality rates also tended to be the top recipients of Chinese pandemic-related aid. However, there were exceptions to this general pattern. For example, Venezuela and Paraguay both suffered similar levels of mortality, but Paraguay received little aid compared to Venezuela. There is an obvious political explanation for this: Venezuela is a strategic comprehensive partner of China. The two countries have a robust relationship at the government level, and Venezuela is the main destination of Chinese credit and fourth in Chinese investment throughout the region.¹² Paraguay, by contrast, is the only country in South America that still recognizes Taiwan diplomatically.

And although Chile had higher mortality rates than Cuba, the two countries received similar levels of assistance. Again, political affinities seem to account for this: Cuba, the only communist regime in the Western Hemisphere, was the first country in Latin America or the Caribbean to recognize the People's Republic of China in 1960 and continues to have a strong relationship with Beijing.

A forthcoming article co-written by the author found that, regardless of the lethality of the pandemic's coronavirus strain, China's mask diplomacy in Latin America and the Caribbean was strongly affected by political variables.¹³ The diplomatic status afforded to China's strategic partners and adherence to the One-China policy were important country-level drivers of aid from not only the Chinese central government but also other participating donors, such as cities, companies, and foundations.

FIGURE 1

Comparing Latin American Mortality Rates and Chinese Aid Allocations



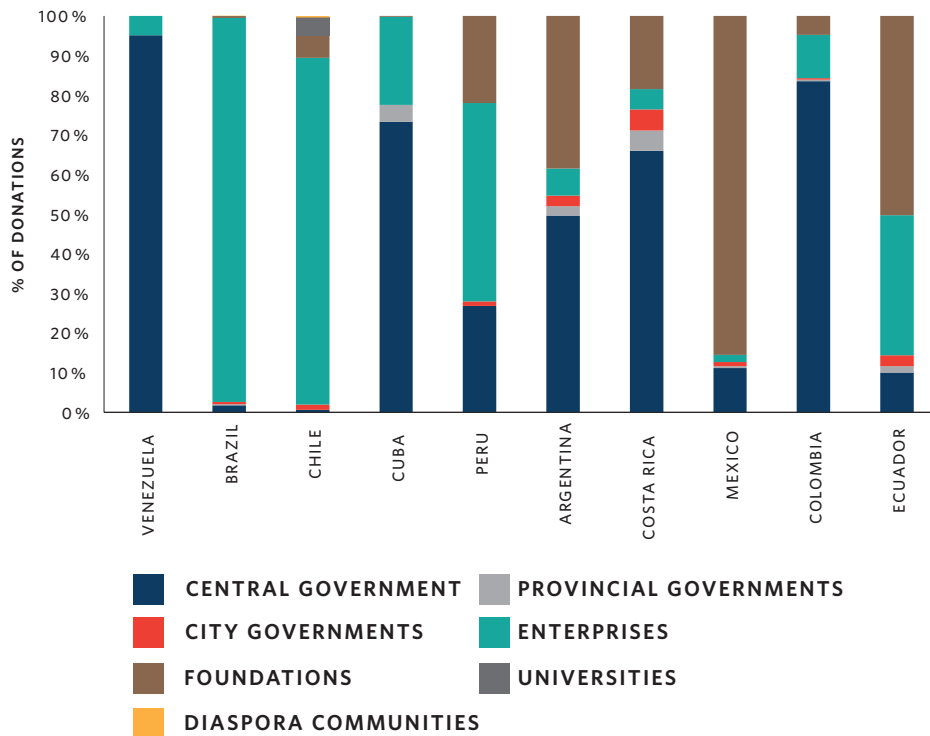
SOURCE: Data on Chinese aid totals were from the author’s own data set. See Diego Telias and Francisco Urdinez, “Mask Diplomacy in Latin America and the Caribbean (MDLAC) Dataset v. 1.0,” Pontifical Catholic University of Chile UC Center for Asian Studies, <https://www.estudiosasiaticos.uc.cl/humanidades-digitales/mask-diplomacy-v-1-0>. The data on COVID-19 deaths were taken from government reports of each country.

NOTE: The axes are log-transformed to better visualize the relationship between the two variables. COVID-19 deaths are calculated on the date of each donation. This graph expresses the average of all deaths.

The political actors and motivations behind Chinese mask diplomacy, however, should not be misrepresented as monolithic. In fact, this mask diplomacy best resembles a mosaic. Although China set up its official aid agency, the China International Development Cooperation Agency, in 2018, it was just one of the many players involved.¹⁴ Among the top ten aid recipients in Latin America and the Caribbean, China’s different mask diplomacy strategies are striking (see figure 2). China’s great adaptability in taking advantage of its established channels for donations to various countries around the region are quite evident. For example, Venezuela alone received 65 percent of donations from the central government, while Brazil and Chile together received 75 percent of all corporate donations; meanwhile, Cuba garnered 38 percent of all provincial donations, and Mexico got 20 percent of all foundation donations (see appendix 1 for more information).

FIGURE 2

Origins of Chinese Donations Among the Leading Latin American Recipients



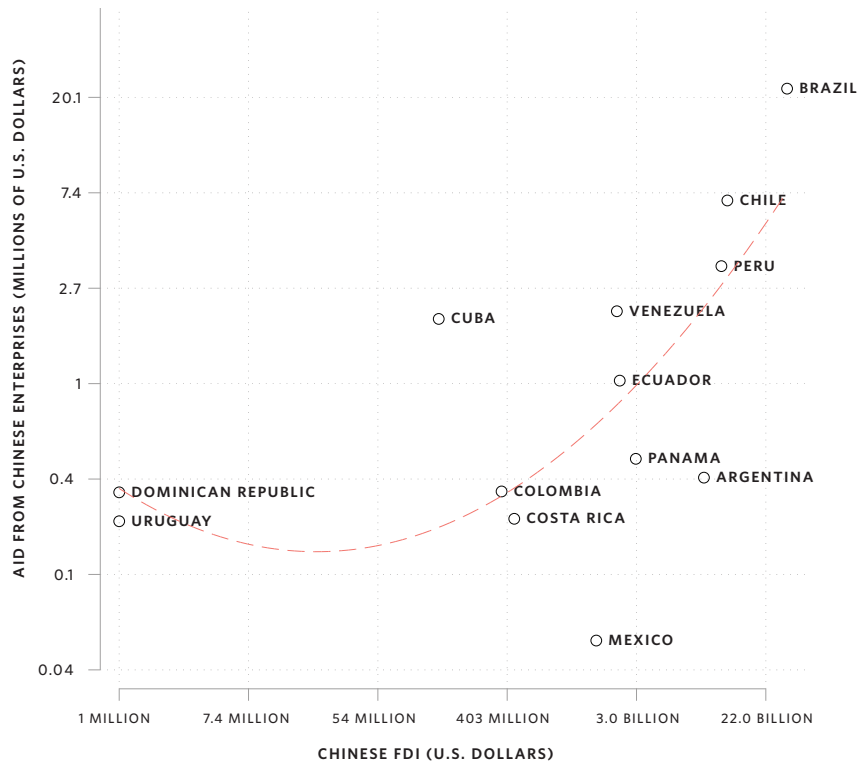
SOURCE: Author's data.

NOTE: This graph covers Chinese donations from February 11, 2020 until June 20, 2020.

China took advantage of the links that Chinese provinces, cities, companies, foundations, universities, and diaspora communities had in each country to achieve a greater influx of donations. Take, for example, Brazil, Chile, and Peru, which received the highest share of corporate donations over total donations according to figure 2. These are, coincidentally, the countries that have attracted the largest amounts of Chinese investments over the last five years, and figure 3 shows an exponential relationship between previous Chinese investment and company donations. This indicates that Chinese companies, both state-owned enterprises under the wing of the Chinese government oversight body known as the State-Owned Assets Supervision and Administration Commission and private companies alike, took advantage of their prior knowledge of the countries where they were already operating to deliver donations.

FIGURE 3

Chinese FDI in Latin America and the Caribbean and Mask Diplomacy (2015–2020)



SOURCE: Data on aid from Chinese enterprises is from the author’s data set. For FDI data, see Derek Scissors “China Global Investment Tracker,” American Enterprise Institute, <https://www.aei.org/china-global-investment-tracker>.

NOTE: The axes are log-transformed to better visualize the relationship between the two variables. The FDI data is from between 2015 and 2020.

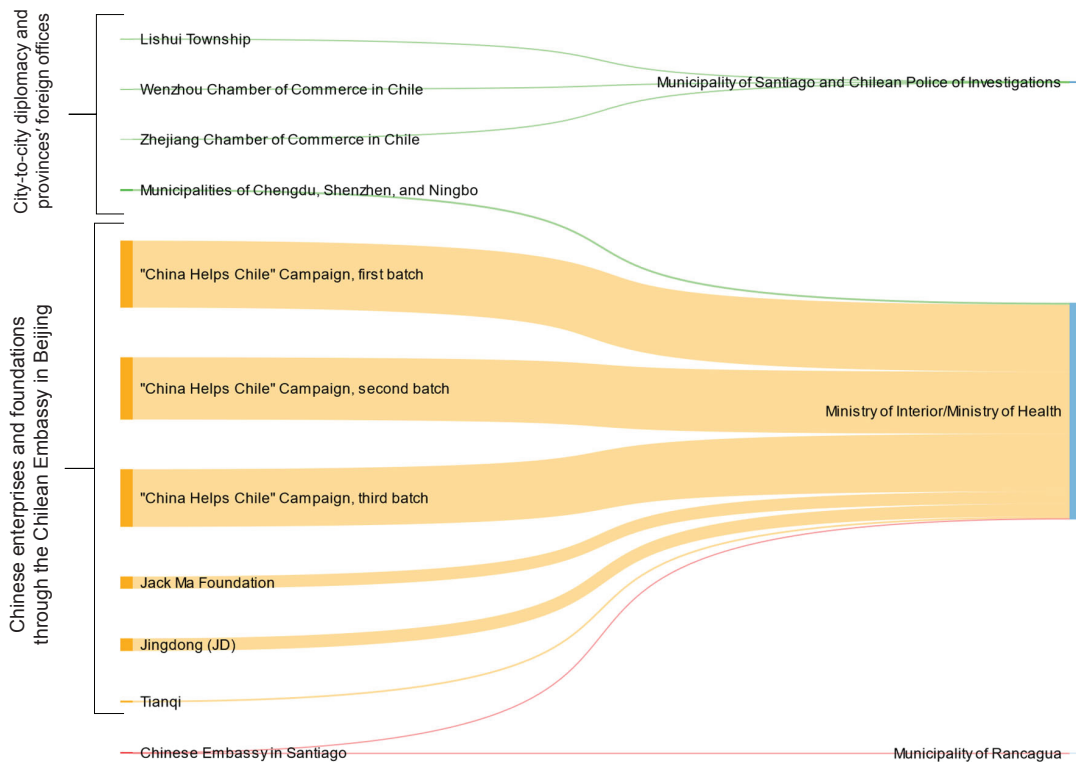
How China Leveraged Local Players to Channel Aid

For its part, Chile managed to secure a share of Chinese pandemic aid disproportionately larger than its modest population size. With a population that represents 3 percent of the region, Chile managed to capture 11 percent of the total aid from Chinese cities, 21 percent of the total donations from companies, 88 percent of total donations from universities, and 86 percent of total donations from diaspora organizations (see appendix 1 for more details). It is worth highlighting the precise ways that China’s mask diplomacy in Chile was adaptive to the country’s unique institutional and political conditions. Most notably, China used companies with investment interests in Chile to make and distribute the bulk of its pandemic-related donations there.

In the ten weeks covered by the database, an average of 1.4 Chinese donations to Chile were recorded per week. More than a dozen Chinese actors made donations. These donations were channeled through three main hubs. The majority of Chinese donations of all types (97.5 percent) came

through the Chilean Embassy in Beijing, including all of the donations from Chinese companies and foundations. Chinese provinces and city-to-city donations, meanwhile, made up just 2 percent of the total donations (see figure 4). The Chinese Embassy in Santiago was the least used channel, responsible for just 0.5 percent of total Chinese donations to Chile.

FIGURE 4
Three Streams of Chinese Donations to Chile



SOURCE: Author's data set.

NOTE: The magnitude of the lines denotes the proportional size of the donations. Green denotes city-to-city donations or donations made by Chinese diaspora communities in Chile. Orange denotes donations made by Chinese enterprises and foundations through the Chilean Embassy in Beijing. Red denotes donations by the Chinese central government. For more information, see table 1.

Chinese Enterprises and Foundations and the Chilean Embassy in Beijing

The largest donations were composed of three shipments channeled through the Chilean Embassy in Beijing totaling about \$9.5 million. Many of these donations were made through the China Helps Chile (China Ayuda a Chile) campaign organized by the Chilean ambassador in Beijing, Luis Schmidt, which totaled \$8.1 million. In addition, the Chilean Embassy channeled multiple donations from Chinese companies and foundations, including the Jack Ma Foundation and the associated Alibaba Foundation, which donated \$530,000 in supplies.¹⁵

Schmidt leveraged the fact that 2020 was the fiftieth anniversary of the establishment of diplomatic relations between Chile and China to reinforce the symbolic value of Beijing's national campaign as well as to lobby other Chinese actors to participate in the donation drive.¹⁶ Schmidt knew China well and was on his second stint as ambassador to Beijing (2010–2014 and 2018–present). He was also able to draw on his contacts with Chinese investors in Chile during his time as president of Chile's National Agricultural Society, a large guild association, to encourage donations to the China Helps Chile campaign.¹⁷

Thus, many Chinese companies that had made recent investments in Chile joined the donation drive at Schmidt's urging. Indeed, it was companies with investments in Chile, not *direct* Chinese government donations, that became the main contributors to the China Helps Chile campaign (see table 2). One of the donors was Tianqi Lithium, a former local state-owned enterprise that was subsequently bought out by private investors and became the second-largest lithium producer in the world.¹⁸ In 2018, Tianqi Lithium acquired a 23.8 percent stake in Chile's largest lithium company, SQM, for \$4.1 billion—the largest Chinese investment in Latin America that year.¹⁹ But by 2020, when Schmidt persuaded the company to make a donation of \$80,000 to Chile's pandemic relief effort, the firm was in financial trouble, nearly defaulting on nearly \$1.9 billion in loans it had taken out in 2018 to finance its stake in SQM.²⁰ Tianqi followed through on a donation of 120,000 masks despite this financial trouble.

Another donor was the private ride-sharing firm DiDi, which employs about 120,000 drivers in Chile and has grown significantly in the passenger transport market since entering the Chilean market in early 2019, where it competes with Uber and Cabify. Chilean President Sebastián Piñera visited DiDi's offices in Beijing during his 2019 state visit to China.²¹

A third example was Jingdong, a major Chinese e-commerce firm and the second-largest online retailer in China after Alibaba, which contributed an estimated \$549,000.²² Jingdong has had a special relationship with Chile because it sells Chilean cherries on its platform. Currently, China consumes 85 percent of all Chilean cherry exports, and Jingdong, together with the Chilean export promotion agency and the Chilean Fruit Exporters Association, organize an annual shopping event called Super Cherries Day to encourage Chinese consumers to buy Chilean cherries.²³

Schmidt leveraged his past relationships with other Chinese firms to secure donations too. As he told the press, "I am very friendly with the president of [the] Changyu winery [a state-owned firm based in eastern Shandong Province], because I was supporting him when they bought [Chile's] Indomita winery. . . . When I called him to tell him that we were having complications, he . . . [made] a very important donation," he said. Similarly, Schmidt noted a donation from Joyvio (the food industry subsidiary of Legend, the controlling shareholder of computer maker Lenovo) that in 2018 acquired Chile's Australis Seafood.²⁴

Schmidt's roster of donors exemplifies the diversity of players in China's economic statecraft in Latin America. China is Chile's main trading partner and, since 2017, the second-largest foreign investor in the country.²⁵ Chile's linkages with Chinese business are among the most mature and developed in all of Latin America. Ultimately, according to information from the Chilean Embassy in Beijing, the China Helps Chile campaign received donations from some 140 firms, including both state-owned and private Chinese companies, and was considered a diplomatic success.²⁶

The donors of the Schmidt-led campaign went beyond corporations. Tsinghua University in Beijing, one of China's most elite universities, also got involved. In 2019, Tsinghua established in Chile its first center in Latin America, partly financed by the family of the businessman Andrónico Luksic, whose family is one of the richest in Chile.²⁷ The center is intended to increase the quality and quantity of applications from Latin American students to Tsinghua.²⁸ This made Chile only the third country in the world to have a Tsinghua-affiliated center outside of China, the others being in Indonesia and Italy.²⁹ Another campaign donor, the state-owned China Construction Bank, opened its first branch in South America in Chile in 2015, which was then designated by the Chinese central bank, the People's Bank of China, as the first clearing bank for renminbi in South America.³⁰

City-to-City Diplomacy and the Role of the Chinese Diaspora in Chile

While smaller in size than Chinese enterprises' contributions, donations made by the Chinese diaspora community in Chile were much appreciated because they were made earlier, when they were most needed. Five donations from the Chinese diaspora community in Chile comprised just 2 percent of the total aid received, but this aid does reflect the growing diversity of China-Chile linkages and the sprouts of civic activism in this community.

The first of these pandemic-related donations was made by a group of Chinese merchants affiliated with the Lishui Merchants Association in Santiago, which was established in Santiago on April 6, 2020 (see table 2). The Chinese diaspora community in Chile—mostly from the provinces of Zhejiang, Fujian, and Jiangsu along China's east coast—has grown considerably over the last ten years, and there are now approximately 15,000 Chinese living in Chile.^{31,32} Since then Chinese president Hu Jintao and then Chilean president Ricardo Lagos signed a free trade agreement (FTA) in 2005, a thriving community of Chinese migrants has emerged, mostly importing consumer goods and technology from China through locally established businesses in Chile. In this way, the FTA helped the Chinese community grow and settle into the country's wholesale market.

In 2018, the municipality of Santiago launched a project together with Chinese diaspora organizations and the Chinese Embassy to establish a "Chinatown" in a neighborhood known as Meiggs, a wholesale trade zone where the community's most important businesses are located.³³ This growth

and influence in part explains the donations made by place-based community associations between April 6 and April 28, 2020, including shipments from the Wenzhou Chamber of Commerce and the Zhejiang Chamber of Commerce, totaling 120,000 masks (see table 1).

Another reason for early donations from the Chinese diaspora in Chile is that they were intended to help counteract growing discrimination toward people of Chinese descent living in Meiggs, a problem that cropped up during the first weeks of the pandemic in the Chinese city of Wuhan.³⁴ Former Chilean president and current United Nations High Commissioner for Human Rights Michelle Bachelet stated that “the coronavirus epidemic has caused a worrying wave of prejudice against ethnic Chinese and East Asians.”³⁵

These place-based donations from the diaspora community coincided with place-based donations from China itself. On May 15, according to Chile’s Ministry of the Interior and Public Security, three Chinese cities joined the effort: Chengdu, the capital of Sichuan Province in southwestern China; Shenzhen, in the southern province of Guangdong straddling the border with Hong Kong; and Ningbo, in the eastern province of Zhejiang, near Shanghai.

These three cities reflect the core of Chinese commercial interests in Chile. For example, in October 2020, Chile became the first Latin American country to establish a consulate general in Chengdu.³⁶ And because this city has played a prominent role in the development of the infrastructure-financing efforts of the Belt and Road Initiative,³⁷ the Chilean government sees Sichuan Province, and western China more broadly, as full of business opportunities for its firms.³⁸ Shenzhen, meanwhile, was one of the cities Piñera visited in 2019, when negotiations between the Chilean government and Huawei, China’s telecoms giant, for the deployment of 5G technology were still under way. For its part, Ningbo has one of the world’s most important ports, through which a large share of Chilean exports of copper, salmon, cherries and other fruits, wine, and other exports enter China. Many of these exports leave from Chile’s most important port, San Antonio, whose mayor visited Ningbo in 2015.

Notably, one reason the donations made by Chinese cities and the Chinese diaspora appear to be such a small share of the total donations is because these more localized donations consisted exclusively of inexpensive regular masks, whereas Chinese companies, foundations, and government actors donated more expensive supplies and equipment, such as N95 masks, COVID-19 diagnostic tests, and ventilators.

The Chinese Embassy’s Limited Activism

In contrast to the Chilean Embassy in Beijing, very few donations were channeled through the Chinese Embassy in Santiago—just two small donations for a total of \$60,000, one made in April and the other in June 2020. This seems to be the case because the bulk of donations to Chile came

from actors other than the Chinese central government, including local governments, businesses, foundations, and the diaspora community.

On April 21, 2020, the Chinese Embassy made its only donation to Chile at a public ceremony that allowed the embassy to take credit, an event in which the Chinese ambassador and Chilean authorities jointly took part. The donation boxes were accompanied by a slogan: “Distant Countries, United Peoples” [*Países lejanos, Pueblos unidos*] (see the photo below). The ambassador handed over the materials, valued at just \$50,000, directly to then Chilean minister of health Jaime Mañalich.

But even though the donation was small, it received substantial local media coverage because it was the only time then Chinese ambassador Xu Bu was seen at a public event on pandemic-related assistance and support. He had previously been portrayed by the Chilean media as an exemplar of so-called “wolf warrior diplomacy,”³⁹ whereby Chinese diplomats engage in aggressive rhetorical posturing and sometimes even threats against host countries. Most controversially, Xu published a harsh 2019 op-ed in the Chilean newspaper *El Mercurio* after Congressman Jaime Bellolio met in Hong Kong with democracy activist Joshua Wong.⁴⁰



At an April 21 ceremony, then Chilean minister of health, Jaime Mañalich (left), receives donations from the Chinese Embassy from then Chinese ambassador to Chile, Xu Bu (right). The boxes of donations list the aforementioned slogan: “Distant Countries, United Peoples.”

Photo credit: Chilean Ministry of Health.

Xu also sparked a controversy due to an ill-timed miscommunication over the donations. In late April, Chile's minister of health claimed that ambassador Xu had informed him that the Chinese government and some Chinese companies would be donating some ventilators. As detailed in the next section of the paper, this claim was confirmed to be false within weeks when Xu revealed that he had never made such a promise, demonstrating to the public that Chilean authorities were somewhat disorganized and confused in the face of the public health crisis.⁴¹

A second Chinese Embassy donation, made without public fanfare, was made to the municipality of Rancagua, facilitated by Chilean parliamentary deputy Issa Kort, who serves as president of the Committee on Political Dialogue with China in the Chilean parliament. This position allowed Kort to develop a close relationship with the Chinese Embassy in Santiago, and he was therefore able to secure from the embassy a roughly \$10,000 donation to the city that had elected him as a deputy.⁴²

Despite the formation of this committee in 2005, Chile lacks a strong pro-China parliamentary lobby like those that have emerged in Argentina or Brazil.⁴³ Yet in recent years, many legislators from across the Chilean ideological spectrum have received invitations from the Chinese Embassy in Santiago to visit China, including Senate President Jaime Quintana (Party for Democracy); Senator Ena von Baer (Independent Democratic Union); and deputies like Alejandro Santana (National Renewal), Francisco Undurraga (Evópoli), Javier Macaya (Independent Democratic Union), Pepe Auth (independent, formerly of the Party for Democracy) and Carlos Abel Jarpa (Radical Party). It seems likely that a group of parliamentarians who will publicly defend Chinese investment and loans will emerge, much as such blocs have cropped up in neighboring countries.⁴⁴

But no such strong, pro-investment parliamentary lobby has emerged yet in Chile, even as a legislative coalition opposed to outside investment has begun to materialize. In 2020, following a major investment deal that secured the Chinese state-owned company StateGrid control of more than half of Chile's electricity grid, Congressmen Jaime Naranjo (Socialist Party) and Miguel Mellado (National Renewal) introduced a bill to limit foreign investment in strategic sectors, such as energy and minerals.⁴⁵ This bill, mainly aimed at limiting Chinese investment, is currently the subject of parliamentary discussions.

TABLE 1

Chinese Donations to Chile (April–June 2020)

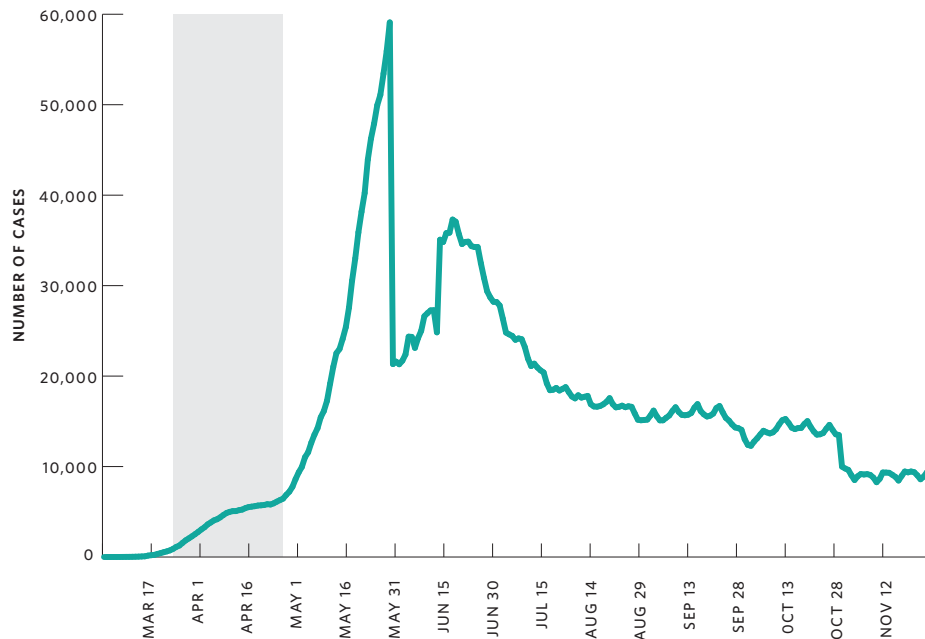
Date	Donor	Recipient	Estimated donation size (U.S. dollars)	Donated materials				
				Non-N95 masks	N95 masks	Test kits	Ventilators	Other supplies
April 6, 2020	Lishui Merchants Association in Santiago	Municipality of Santiago and Chilean Police of Investigations	\$44,000	100,000	-	-	-	-
April 16, 2020	Wenzhou Chamber of Commerce in Chile	Municipality of Santiago and Police Department	\$28,000	70,000	-	-	-	-
April 21, 2020	Government of China through Chinese Embassy in Santiago	Ministry of Interior and Public Security/Ministry of Health	\$50,000	6,700	-	-	-	11,000 items (infrared thermometers, goggles, disposable jumpsuits)
April 28, 2020	Zhejiang Chamber of Commerce in Chile	Municipality of Santiago and Chilean Police of Investigations	\$20,000	50,000	-	-	-	600 face shields and 1 sanitation tunnel
May 14, 2020	China Minmetals, Chinalco, Youtong, DiDi, Dahua, ChangYu, Joyvio, China Construction Bank, Tsinghua University, among others (through the Chilean Embassy in Beijing) (first batch)	Ministry of Interior and Public Security/Ministry of Health	\$2.9 million	300	-	1,200	25	7,500 pairs of gloves, 9,980 digital thermometers, 900 pairs of goggles, 2 disinfection cabins, 2 temperature kiosks, infrared thermal imaging cameras, and a quarantine epidemic unit
May 14, 2020	Jack Ma Foundation and Alibaba Foundation (through Chilean Embassy in Beijing)	Ministry of Interior and Public Security	\$530,000	200,000	-	-	10	-

TABLE 1 CONTINUED
Chinese Donations to Chile (April–June 2020)

Date	Donor	Recipient	Estimated donation size (U.S. dollars)	Donated materials				
				Non-N95 masks	N95 masks	Test kits	Ventilators	Other supplies
May 14, 2020	Jingdong (through the Chilean Embassy in Beijing)	Ministry of Interior and Public Security/ Ministry of Health	\$549,000	800,000	-	-	-	100,000 pairs of gloves and 15,000 gowns
May 15, 2020	Tianqi Lithium (through the Chilean Embassy in Beijing)	Ministry of Interior and Public Security/ Ministry of Health	\$80,000	100,000	20,000	-	-	-
May 15, 2020	Municipalities of Chengdu (Sichuan), Shenzhen (Guangdong), and Ningbo (Zhejiang)	Ministry of Interior and Public Security/ Ministry of Health	\$80,000	200,000	-	-	-	-
May 24, 2020	Chinese entrepreneur's donation coordinated by the Chilean Embassy in Beijing (second batch)	Ministry of Interior and Public Security/ Ministry of Health	\$2.7 million	200,000	-	1,000	-	50,000 pairs of gloves, 16,000 isolation suits, and 10,000 facial protection masks
May 24, 2020	Chinese entrepreneur's donation coordinated by the Chilean Embassy in Beijing (third batch)	Ministry of Interior and Public Security/ Ministry of Health	\$2.5 million	-	-	-	-	50,000 pairs of gloves, 16,000 isolation suits, and 10,000 facial protection masks
June 15, 2020	Chinese diaspora in Rancagua	Municipality of Rancagua	\$14,000	-	7,000	-	-	400 boxes with gloves, masks, and disinfectant alcohol
June 18, 2020	Chinese Embassy in Santiago	Municipality of Rancagua (through Deputy Issa Kort)	\$10,000	-	-	-	-	Undisclosed

SOURCE: Author's data set.

FIGURE 5
Active Cases of COVID-19 in Chile



SOURCE: Bastián Olea Herrera and Mauricio Vargas Sepúlveda, “Visualizador Covid-19 Chile,” Pontifical Catholic University of Chile, <https://coronavirus.mat.uc.cl/>. (Based on data from the Chilean Ministry of Science, Technology, Knowledge and Innovation.)

NOTE: The shaded area shows the duration of the Ventilator-Gate controversy between the initial announcement of the donation and the subsequent announcement that it would not be made.

Mask Diplomacy as a Learning Process

Chile faced two obstacles related to the donation of medical supplies that ended up being economic opportunities for China. The first was the conflation of sales and donations of Chinese ventilators that, at least in part, led to the diplomatic embarrassment that could be termed Ventilator-Gate (see below). The second was the enormous lack of medical supplies—especially masks, gloves, and face shields—in the first weeks of the pandemic. These mistakes offered lessons on how the donations were handled and how the personal ties between Chinese and Chilean businesspeople and diplomats were crucial to mitigating Chile’s shortage of medical supplies and later proved to be pivotal in a successful subsequent deal between Chile and Sinovac Biotech to purchase vaccines.

A Diplomatic Dustup Over Ventilators

The Ventilator-Gate case is important because it shows that the success of Beijing’s mask diplomacy—as a foreign policy overture intended to improve China’s image abroad—did not necessarily depend on the involvement of the Chinese embassies in the recipient countries. In fact, as the Chilean case suggests, direct embassy involvement may have been an obstacle at times.

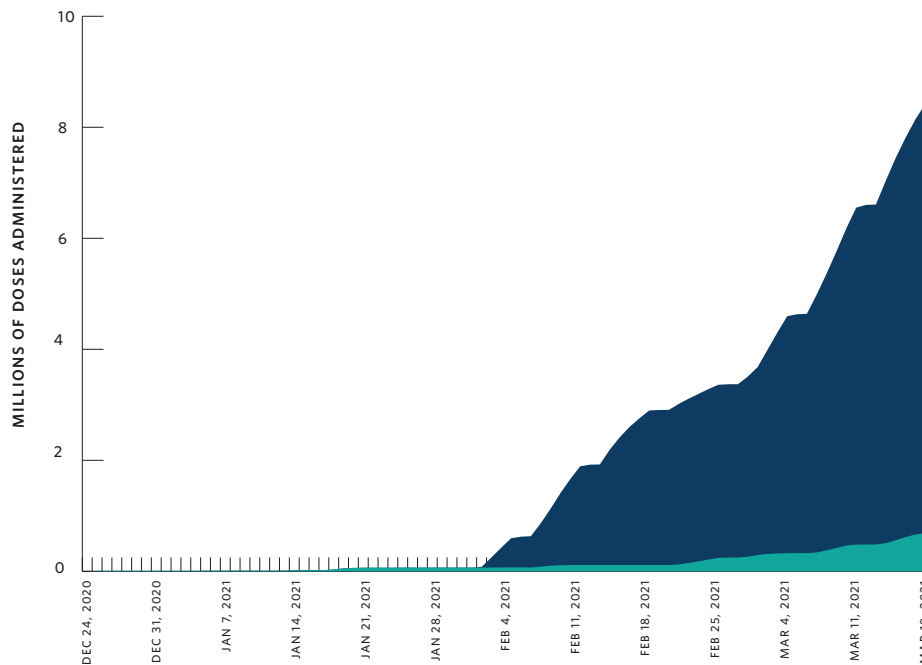
On March 19, 2020, Mañalich told the press that the Chinese government would donate 1,000 mechanical ventilators after the former health minister had held a meeting with ambassador Xu. In its March 24 Spanish-language news broadcast, the Chinese state-owned network China Global Television Network reported that the donation would be made by the Chinese Embassy in Santiago, leading the Chilean undersecretary of public health, Paula Daza, to “deeply thank the Chinese government.”⁴⁶

But the 1,000 ventilators never materialized—and both the Chilean Ministry of Health and the Chinese Embassy in Chile ended up embarrassed. In an April 4 tweet, Mañalich halved the supposed donation figure to 500, but on April 19 he ended up confirming in a press conference that there would, in fact, be no donation of ventilators at all.⁴⁷

The donation would have increased Chile’s stock of ventilators by more than 30 percent.⁴⁸ The failure of this donation to materialize prompted the Chilean government to urgently search for ventilators elsewhere to cover rapidly rising domestic demand. At that time, Chile was five weeks away from the country’s worst moment of the pandemic to date, when it reached 60,000 active cases of COVID-19 on May 30 (see figure 5). The urgent need for ventilators, therefore, together with the botched Chinese donation combined to produce an overhaul of Chile’s logistics system for bringing in various forms of assistance, purchases, and aid.

Simply put, Chilean officials abandoned a government-led effort to purchase ventilators and turned to the private sector. With a committed private fund of around \$23 million, the Chilean Confederation of Production and Commerce, a powerful domestic business association, took the lead.⁴⁹ Going forward, this meant that Chile began seeking to buy ventilators without the need for public bids, with a private agent donating procured ventilators to the Ministry of Health.⁵⁰ This fund, known as *Solidaridad e Innovación Empresarial* (the Solidarity and Business Innovation Fund) and colloquially called *SiEmpre por Chile*, administers contributions from Chile’s largest business associations to finance various corporate social responsibility activities and initiatives. Piñera, being a former businessman with close links to Chile’s business community, embraced this idea. From Beijing, Schmidt,

FIGURE 6
COVID-19 Vaccine Doses Administered in Chile



SOURCE: “Coronavirus (COVID-19) Vaccinations,” Our World in Data, <https://ourworldindata.org/covid-vaccinations?country=-CHL>.

NOTE: The figures reflect the number of doses administered, not the total number of people vaccinated.

who is a friend of the confederation’s president (Juan Sutil), offered his embassy as an intermediary for storing any equipment in China, since he feared that Chinese authorities otherwise might confiscate these resources and then redirect them to other countries instead.⁵¹

These fraught weeks saw an intense battle among buyers from all over the world to get a hold of the few Chinese ventilators that were available for sale on the global market. As a result, a lively black market for ventilators emerged in several Chinese cities to respond to this global demand. Sometimes, Chinese sellers only accepted cash payments.⁵² With ventilators costing between \$40,000 and \$60,000, mobilizing cash in bags became a logistical feat for the Chileans and others who sought to procure them locally in China.⁵³ Schmidt went so far as to conceal the route of shipments “for fear that other countries would [commandeer] the ventilators at the airports.”⁵⁴

Interviewees acknowledge how difficult and irregular such transactions became in what they called the “wild west” of fraying supply chains.⁵⁵ Some Chilean private players ended up negotiating with Chinese counterparties completely outside the law in a fragmented marketplace in which many foreign customers were trying to acquire, store, and ship these prized ventilators. Often, the Chinese and Chilean counterparts arranged ventilator deliveries directly in factories or in warehouses located in Chinese industrial districts. In total, the Chilean business confederation purchased 515 ventilators and 485 high-flow oxygen therapy devices in China (see table 2).

TABLE 2
Healthcare Supplies Procured in China by the Chilean Confederation of Production and Commerce

Item	Cost (U.S. dollars)
515 ventilators	\$13 million ⁵⁶
700,000 rapid tests	\$4 million
200,000 polymerase chain reaction tests	\$4 million
485 high-flow oxygen therapy devices	\$2 million

SOURCE: Author’s calculations based on stakeholder interviews and SiEmpre por Chile data. See “Collaborative Initiatives With the State,” SiEmpre por Chile, October 2020, https://siempreporchile.cl/uploads/archivos/VER_DETALLE_RECURSOS_General_OCT2020.pdf.

Even once the ventilators were secured, transporting them to Chile was a challenge. Despite Schmidt’s dedicated logistics channels, which entailed shipping the ventilators out on the same flights as the China Helps Chile donations, Chinese customs intervened because of an unrelated problem with testing kits sent to Spain. Because Beijing sought to forestall further reputational damage, it “did not allow anything to go out,” including to Chile.⁵⁷ Schmidt noted that China’s Ministry of Commerce had “a list of certified companies but reduced the list of companies authorized to export to avoid accusations that donated equipment is not of a high quality.” “When I wanted to send the donations” to Chile, Schmidt recalled, “they asked me to hand [over] certificates of origin, and of course I didn’t have any of that.”⁵⁸ Ultimately, permission was granted for these donations and confederation-procured ventilators to be loaded onto a chartered Chilean military plane that delivered these supplies from China to Chile.

Once Chinese equipment was set to head to Chile, the undersecretary for international economic relations at the Chilean Ministry of Foreign Affairs took charge of making the link between the Chilean Embassy in Beijing, the Confederation of Production and Commerce in Chile, and the Chilean Ministry of Health in Santiago. According to several interviewees, the flights from China booked for this purpose included commercial flights by LATAM Airlines, Chilean air force planes, or private charters paid for by the confederation.⁵⁹ However, regardless of the type of carrier, officials

from the Chilean Ministry of Foreign Affairs took charge of cargo and instructed stakeholders on the space available on each flight. High-level negotiations were held with Australia, New Zealand, and Singapore to allow the Chilean planes to stop in those countries without having their cargo be confiscated.⁶⁰ Some flights were also used to repatriate Chilean citizens in China who wanted to return home or, on the outbound legs, to transfer Chinese citizens who wanted to return to their country. All of this logistical wrangling involved extensive consular cooperation between Chile and China.

The Key Role of Chinese Chambers of Commerce in Importing Supplies

The Ventilator-Gate diplomatic misunderstanding revealed that mask diplomacy was not a monolithic policy dictated by China's Ministry of Foreign Affairs. In fact, the Chinese Embassy played a secondary role in the shipments of donations. Notably, the Chinese diaspora community in Chile played an important role in offering early donations and managing the importing of supplies in the months that followed.

Donations channeled through the Chilean Embassy in Beijing and the smaller number of donations made directly by the Chinese Embassy in Santiago were administered by the National Emergency Office of the Ministry of the Interior and Public Security (ONEMI) with the Central Supply of the National Health Service System (CENABAST). These donations were then distributed to hospitals or public organizations that had the greatest need.⁶¹ CENABAST is the public agency that aims to supply drugs and clinical supplies to Chile's National Health Services System and municipal health facilities; during the pandemic, it was responsible for managing the stock of available supplies. ONEMI depends on the Ministry of Interior and Public Security and was established to respond, in particular, to the earthquakes that regularly affect Chile. ONEMI's emergency protocols and network of offices throughout the country helped distribute materials in the critical days of the pandemic. Together, these two organizations formed the central core of logistics for the distribution supplies from the China Helps Chile campaign. Yet these donations arrived after mid-May, when COVID-19 cases in the country were already surging and almost two months after the quarantine had started.

Before that, the Lishui Merchants Association in Santiago and the Wenzhou Chamber of Commerce in Chile made the first two donations in Chile in early April, which went directly to the Municipality of Santiago. Dating back to February, there were almost no masks available in Chile because most of them had been sold to Chinese importers, when the pandemic was not yet a problem in Chile.⁶² While seemingly a small donation in terms of its market value, the 170,000 masks donated between the two chambers were very valuable at a time when there were no masks on the market. At the donation ceremony, the mayor of Santiago, Felipe Alessandri, expressed his gratitude for the donation, saying that the police did not have enough masks to patrol the city.⁶³ A few days later, the Zhejiang Chamber of Commerce in Chile donated 50,000 masks and 600 face shields to the Chilean Police of Investigations.

Donations made by Chinese diaspora associations in Chile and donations from Chinese provinces through their commercial offices in Chile were delivered directly to Chilean municipalities, which then directed these donations without intermediary coordination from ONEMI or CENABAST.

CENABAST also bought medical supplies from Chilean companies with direct links to factories in China. Chinese importers in the Meiggs neighborhood benefited greatly from their role as a link between Chilean demand and Chinese suppliers and were able to capitalize on the huge sales throughout 2020. The trade liberalization of the two countries' FTA helped to make purchasing more agile than in other South American countries. According to Chilean customs data, between March 26 and April 12, 2020, mask imports from China increased by 3,300 percent, shipments of common thermometers jumped by 198 percent, imports of infrared thermometers climbed by 111 percent, and shipments of plastic gowns spiked by 125 percent, compared to the same period in 2019.⁶⁴ As the pandemic was brought under control in China and exploded in Chile, the supply of inputs from China flooded the local market. By the end of June 2020, donations became less relevant than they had been in previous months, since masks and other supplies were by then more available in Chile.

Lessons for Chinese Foreign Policy

While in some Latin American countries like Venezuela and Cuba, China-originating donations of healthcare supplies were led by the Chinese Embassies, Chile stands out as a case where the leading actors were Chinese companies with economic interests in the country, and to a smaller degree, the Chinese diaspora in Chile.

The Ventilator-Gate incident shows that the relationship between the Chinese Embassy in Santiago and the Chilean government ended up being more of an obstacle than a boost to the success of China's mask diplomacy in Chile. Xu paid a high price for the Ventilator-Gate and stepped down as ambassador in October 2020, less than three years after his arrival in Chile.⁶⁵ Meanwhile, strengthening business-to-business ties, and the preexisting relations of Chinese business elites with their Chilean counterparts, proved to be more efficient actors in the mask diplomacy than state-to-state ties.

This lesson has had a huge subsequent impact on the way China and Chile have cooperated during the COVID-19 vaccination campaign in Chile. When Sinovac Biotech—a Chinese biopharmaceutical company based in Beijing—began testing its CoronaVac vaccine against COVID-19, Chile was, alongside Turkey, Indonesia, and Brazil, one of the first countries to approve testing. Initially, in June 2020 an agreement was signed between the Catholic University of Chile and Sinovac Biotech, which opened the door for Chile to obtain 20 million doses for three years at a 30 percent discount.⁶⁶ Thanks to this initiative, Chile has been one of the most successful countries in the world at

vaccinating its population (together with Israel, the United Arab Emirates, and the United Kingdom). One in four Chileans has received at least one dose as of March 15, 2021 (see figure 6).⁶⁷ This would not have been possible if Sinovac Biotech had not provided the vast majority of vaccines to Chile.⁶⁸

For China's foreign policy agenda, the case of Chile is a success story because it served to reinforce Beijing's narrative that China has made great contributions to the eradication of COVID-19, including the development of a reliable vaccine. By delegating agency to Chinese enterprises, China has been a key partner in the quest for a solution against the pandemic in Chile, something that Beijing has not achieved in other countries in the region due to an impulse to centralize its foreign policy through the channel of ministerial relationships. One way China's Ministry of Foreign Affairs can avoid falling into the trap of overstretch is by relying more on its enterprises, diaspora communities, and substate actors.⁶⁹

Conclusion

China's mask diplomacy in Chile reveals much about the diversity of Chinese players abroad and how decentralized Chinese activities can be—even on issues the central government in Beijing regards as strategic interests.

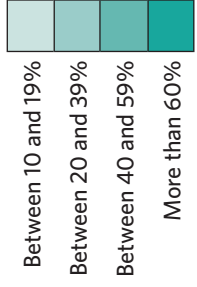
In just three months, Chile received donations of medical supplies worth \$9.5 million from a diverse array of Chinese companies, local and corporate foundations, cities, provinces, and the central government. Meanwhile, an equally diverse array of Chilean actors leveraged their own long-standing connections to these Chinese players to purchase ventilators and other supplies from Chinese enterprises to the tune of some \$23 million (see table 2).

Instead of a story of two governments making big bilateral deals, China's mask diplomacy in Chile showcases how prior connections forged by local actors can be repurposed and can evolve. This paper fills a gap in understanding China's foreign policy, particularly on the critical issue of the coronavirus pandemic. This analysis of China's mask diplomacy in Chile is particularly relevant since it shows how improvisation and adaptation plays a key role in China's current foreign policy in terms of translating policy guidelines with a global reach into practice. Presumably, other works that study this policy in depth in other countries around the world, in parts of Africa, Europe, or Asia, will also find adaptations to local contexts on the part of China. Such mask diplomacy encompasses an enormous number of different micro-level policies adapted to the realities of each country that has diplomatic relations with China.

Appendix 1: Top Ten Recipients of Chinese Aid in Latin America Early in the Pandemic (February to June 2020)

As a percentage of total Chinese aid (by type)

Total aid (in millions of U.S. dollars)	As a percentage of total Chinese aid (by type)									
	Venezuela	Brazil	Chile	Cuba	Peru	Argentina	Costa Rica	Mexico	Colombia	Ecuador
Central government \$63.9	65%	1%	0%	10%	3%	4%	5%	1%	4%	0.5%
Provincial governments \$-1.0	0%	6%	0%	38%	0%	13%	25%	2%	1%	4.9%
City governments \$-1.1	0%	13%	11%	0%	8%	13%	23%	4%	1%	7.4%
Enterprises \$40.9	5%	54%	21%	5%	8%	1%	1%	0%	1%	3%
Foundations \$15.9	0%	1%	3%	0%	9%	13%	5%	20%	1%	9%
Universities \$0.5	0%	0%	88%	0%	0%	0%	0%	0%	0%	0%
Diaspora \$0.04	0%	11%	86%	0%	0%	0%	0%	0%	0%	0%



SOURCE: Author's data set.

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