

US-China relations

Honduras becomes new front in US-China struggle over Taiwan

President Xiaomara Castro's pledge to shift diplomatic ties to Beijing from Taipei irks Washington



Xiomara Castro, the new leftist president, says relations with China will provide access to economic opportunities, Covid-19 vaccines and low-cost medicine, but the move would reduce Taiwan's diplomatic allies to just 14 © REUTERS

Kathrin Hille in Taipei and **Christine Murray** in Mexico City YESTERDAY

Taiwanese diplomats are on a rollercoaster. While they revel in avowals of support from [Japan](#) and the west, they worry over Honduras's allegiance — one of the few countries to maintain diplomatic ties with Taipei in defiance of China.

Xiomara Castro, the leftist politician [elected president](#) of the central American country last week, pledged during her campaign to establish diplomatic relations with China, which would reduce Taipei's diplomatic allies to just 14.

A coalition partner and an aide to Castro have subsequently walked back on that commitment but many observers believe Honduras will eventually side with China.

A tug of war between the US and China for influence in Central America — a region Washington has long dominated politically and economically, and views as its strategic backyard — hangs over the shifting relationship.

“The end of a diplomatic truce between Beijing and Taipei, financial needs of Central American governments, the increasing economic importance of China, and vaccine diplomacy are all pushing these countries away from the US and towards China as a partner,” said Evan Ellis, a professor at the US Army War College who researches Latin America's relationships with China. “Another reason is the resurgence of populist leaders in the region.”

4%

External debt Honduras owes to China compared with 0.01% to the US

getting close with China.

2018, the US has [pushed back](#). Washington recalled its ambassador and put Salvadoran officials it accused of corrupt and undemocratic practices in support of Beijing on a sanctions list. Some analysts believe the US will do anything to keep Honduras from

Washington has had to handle large migration flows from the country. Almost [320,000](#) Hondurans were encountered by US law enforcement at the southern border between October 2020 and September 2021, equivalent to over 3 per cent of the country’s population.

Honduras is also strategically important to the US, as it hosts the Joint Task Force Bravo air base, Washington’s most important military unit for fighting Latin American drug networks.

“The US will not let Honduras go because it is crucial for homeland security,” said Antonio Yang, a Taiwanese Latin America expert and honorary professor at the National Defence University in Tegucigalpa.

Brian Nichols, the US assistant secretary for western hemisphere affairs, made a last-minute trip to Honduras just before the elections and met Castro — an encounter analysts say was partly used to discourage her from embracing China. A spokesman for Castro did not respond to a request for comment.

The US remains a crucial partner and the largest market for Honduras, a fragile democracy threatened by drug trafficking, corruption and gang violence. Its economy contracted by 9 per cent last year. A fifth of the country’s gross domestic product comes from remittances, mostly from the US, and almost a third of exports, which include coffee, bananas and sugar, go there.





Honduras is strategically important to the US as the host of Joint Task Force Bravo, Washington's most important military unit for fighting drug networks in Latin America © Orlando Sierra/AFP via Getty Images

But China has become ever more active. Last year, state companies completed construction of a 105MW hydropower dam in Honduras. According to World Bank data, the country owes 4 per cent of its outstanding external debt to [China](#) and only 0.01 per cent to the [US](#).

“Chinese local-level engagement is extensive, like across all of Latin America, including trade promotion and sister-city activities,” said Margaret Myers of the Inter-American Dialogue, a Washington-based think-tank. “We also see activities from the Chinese Communist party’s international liaison department intended to facilitate a formal relationship.”

Castro said during her [campaign](#) that a switch to relations with China would give Honduras access to economic opportunities, Chinese-made Covid-19 vaccines and low-cost medicine.

But much of Honduras’s business elite is keen to maintain ties with Taiwan, fearing damage to a US relationship they see as essential.

Luis Larach, who has businesses in tourism, energy and real estate, thinks Honduras should focus on nearshoring — trying to attract US companies to move factories to the region from Asia — to drive economic growth.

“You don’t need to have a lot of information to figure out that our big potential for development is with the United States,” he said. “The historic diplomatic relations with Taiwan have been good for our country and our region and, I think, should continue.”

But Taiwanese analysts worry over Beijing’s growing economic clout.

remain strong, given the US need for reliable allies in the region.

“It’s really hard to know what’s going to happen,” Julio Raudales, vice-rector of the National Autonomous University of Honduras, said. “It’s going to depend on how effective the negotiations with the US are.”

Whatever the final decision, analysts believe, it is in Castro’s interest to drag out discussions.

“Their recognition of Taiwan is a useful point of leverage to attract support, or at least a lesser degree of criticism, from Washington,” Myers said. “Honduras’s importance to China will diminish once diplomatic relations are established. This is the only leverage they have. Once they use it, it is gone.”

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