A Chinese Garden in America’s Backyard: Changing Patterns of Trade between China and Latin America

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First Proposition:

• The links that have emerged between Latin America and China in the past twenty years signify the region’s most important realignment in the past two centuries.

![Diagram showing goods trade with China, 2000-2017 (Billions of dollars)]

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from the United Nations Commodity Trade Statistics Database (COMTRADE).
*Figures for 2017 are projections.*
Second proposition:

• However, these links between China and the region are not new.

Third proposition:

• Globalization was actually kick-started by these links between China and the New World.

Fourth proposition:

- The pattern of exchanging raw materials for manufactured products was established early on, and continues to this day, with China selling industrial products and Latin America commodities.
Fifth proposition:

- Denouncing trade with China as tantamount to promoting deindustrialization is to put the cart before the horse.
Sixth proposition:

- During the “China boom” years, the main driver of Sino-LAC links was trade, which increased 26 times from 2000 to 2013, when it reached USD 265 billion.
- Yet, since then trade has flattened or even fallen.
- Investment and financial cooperation are now moving to center stage.

![Figure IV.10](Latin America and the Caribbean: estimated FDI inflows from China, 2005-October 2017 (Billions of dollars and number of transactions))

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Financial Times, fDi Markets, and Bloomberg.

Note: The estimate includes the value and number of mergers and acquisitions and projects announced.
Seventh proposition:

• China in LAC is no longer just about buying oil, and iron and copper and soybeans.

China in LAC today is also about development.

https://www.lowyinstitute.org/publications/understanding-belt-and-road-initiative
Eighth proposition:

• Latin America’s infrastructure could benefit tremendously from Chinese investment, which could integrate our own vast expanses.
  • Many of our economies are export-oriented, yet the infrastructure of our countries leaves much to be desired.

https://macaunews.mo/hong-kong-zhuhai-macao-bridge-open-new-year/
Ninth proposition:

• Much as in infrastructure, Latin America’s energy matrix could benefit considerably from Chinese cooperation and investment.

https://en.wikipedia.org/wiki/Renewable_energy_in_China
Tenth proposition:

- At this point in time, there is a basic convergence of interests between China and Latin America in terms of development priorities.