

THE OPPORTUNITIES AND THREATS POSED BY CHINA'S GLOBAL RISING TO LATIN AMERICA

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Presentation Structure

- **China and Latin America External Relations: a Historical Perspective**
- **General Indicators**
- **Indicators by Country**
- **Different Patterns of Economic Relations**
- **China and Latin America Today: Partners or a New Form of Imperialism?**
- **Does China Open New Avenues for External Policy?**
- **Risks Faced by Workers and Social Movements**

China and Latin America External Relations: a Historical Perspective

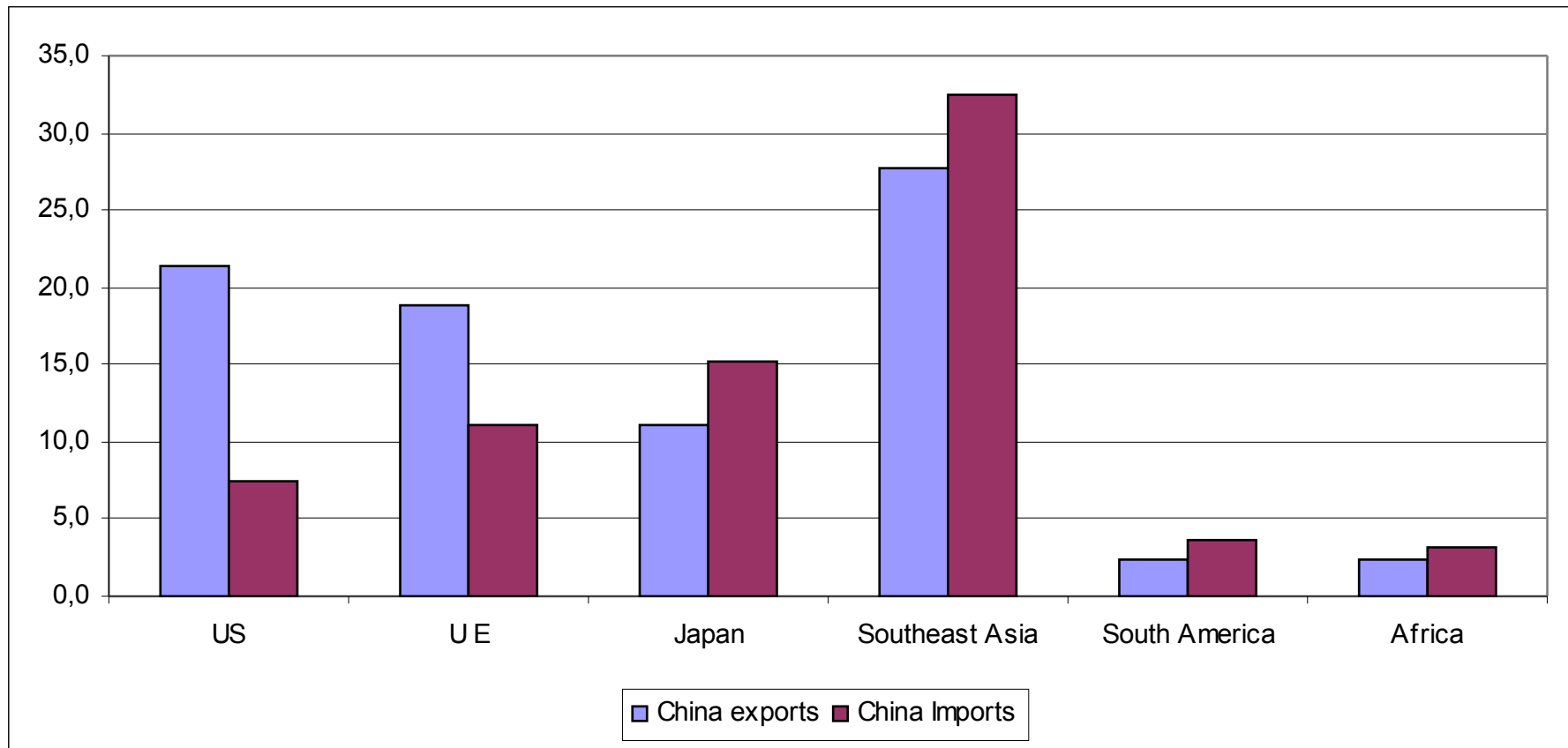
- **50's: China's attempt to diversify economic and cultural relations, especially with Third World countries;**
- **60's: with the exception of Cuba, relations with the region faded, as China supported ant-imperialism movements and the US backed military regimes in Latin America;**
- **70's: China comes up with its "three worlds' theory" and enhance its cooperation with Latin American countries, what is aided by Nixon visit.**
- **80's and 90's: turn to a more pragmatic approach in Chinese diplomacy, what coincides with democratization process in the region;**
- **first half of 2000: booming of trade and investment between Latin America and China. Two high level visits of Chinese authorities in less than 5 years. It's not a coincidence that it takes place during the US isolation policy regarding Latin America.**

General Indicators

Annual Average GDP per capita growth - 1990-2002



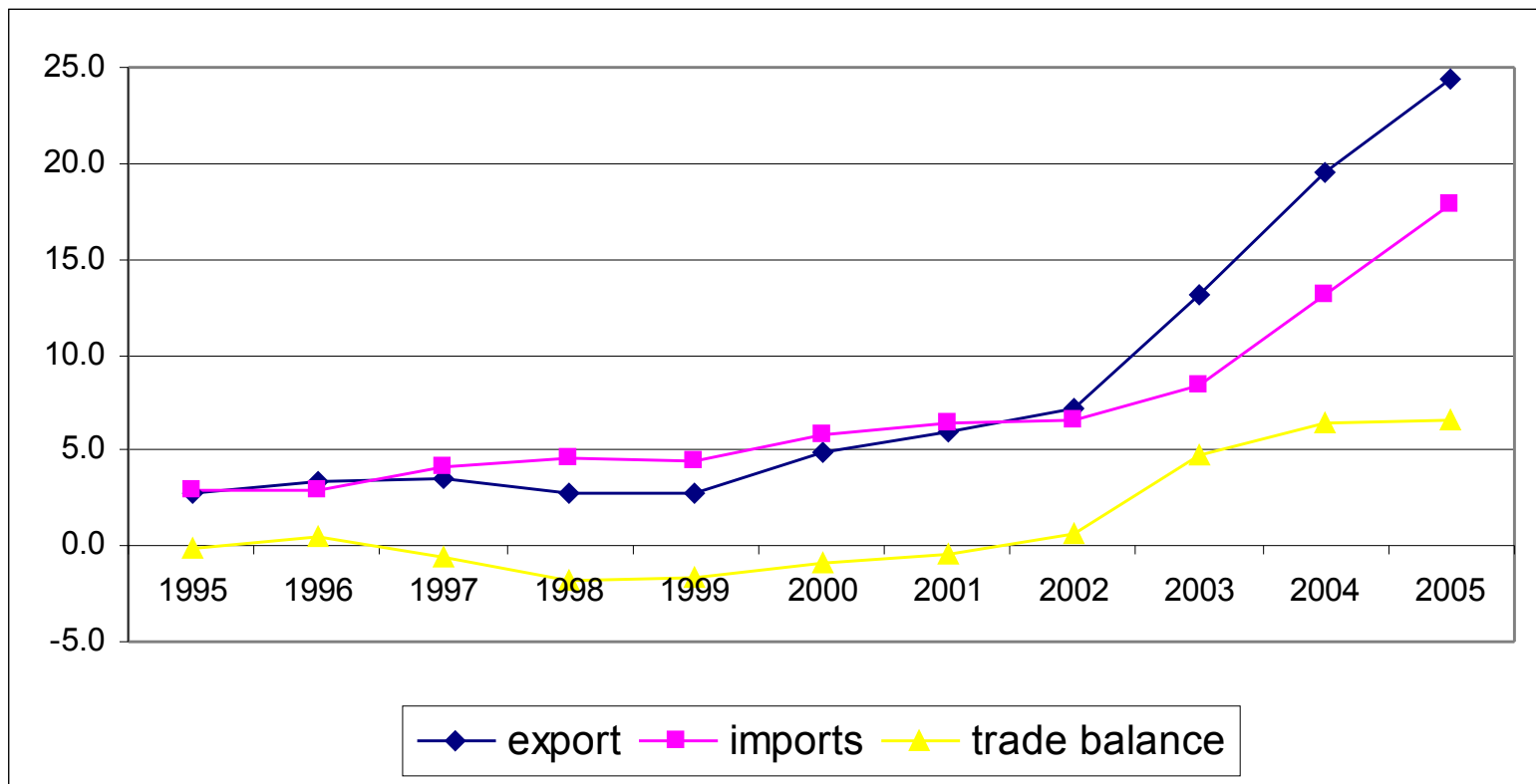
Ditribution of Chinese Exports and Imports by Country/Region



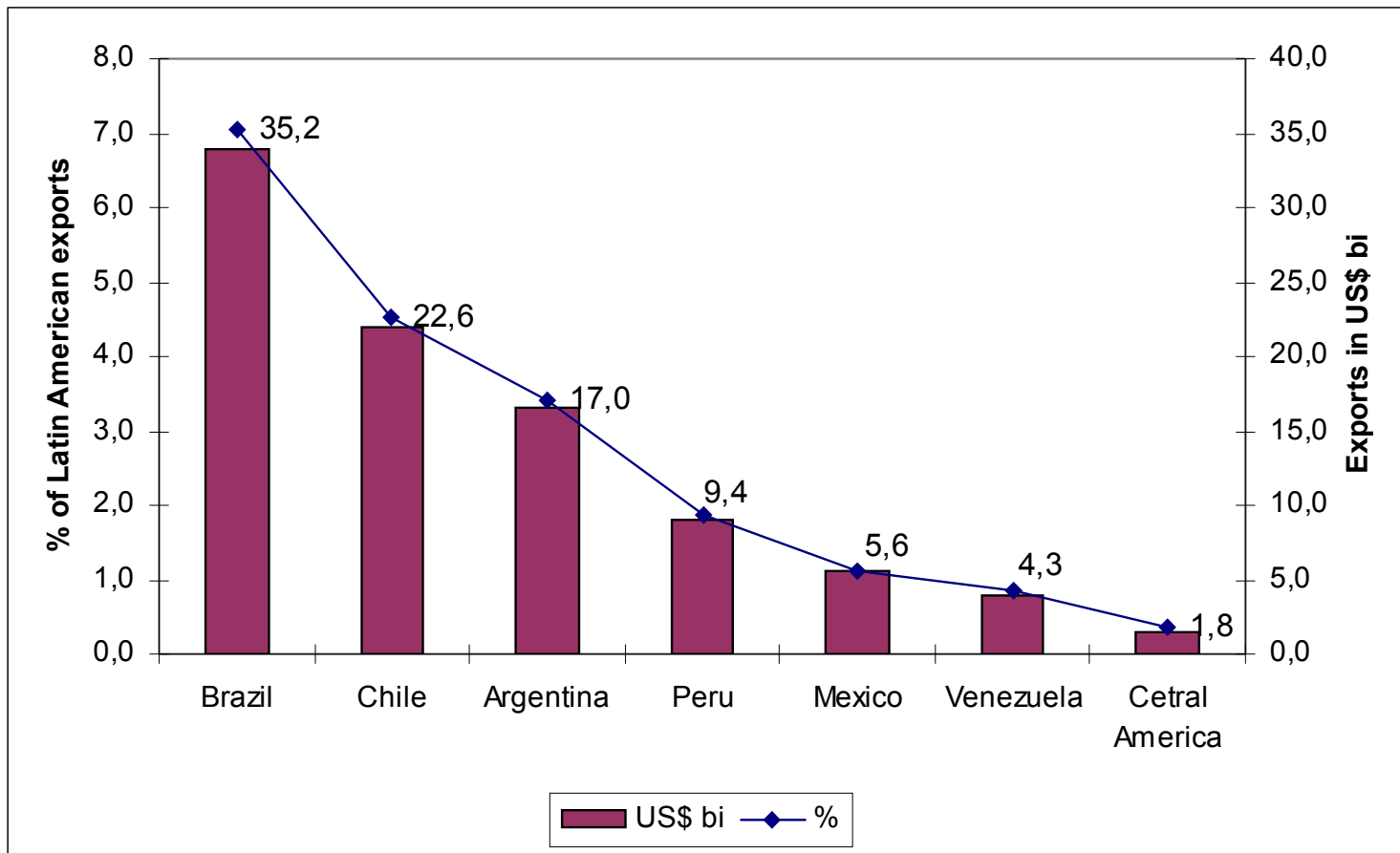
Data About China Imports from LA Countries

	US\$ bi	% total China imports from LA	% China import of these goods
agricultural products	8,6	35,1	20,3
fuel and mining products	12,3	50,2	10,3
manufactures	3,6	14,7	0,7
total	24,4	100,0	3,7

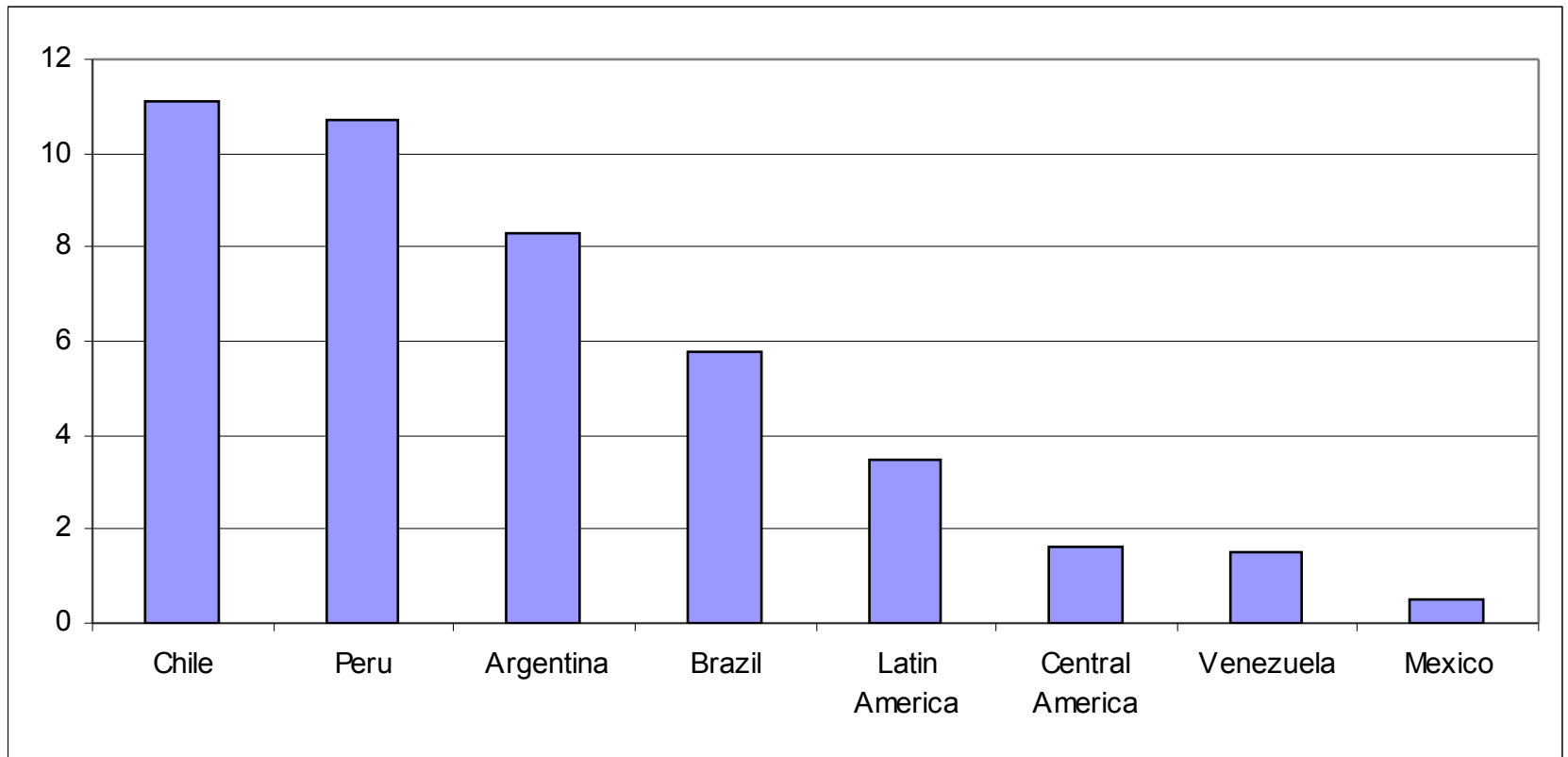
Latin American Exports and Imports to China



Latin American Exports to China by Country



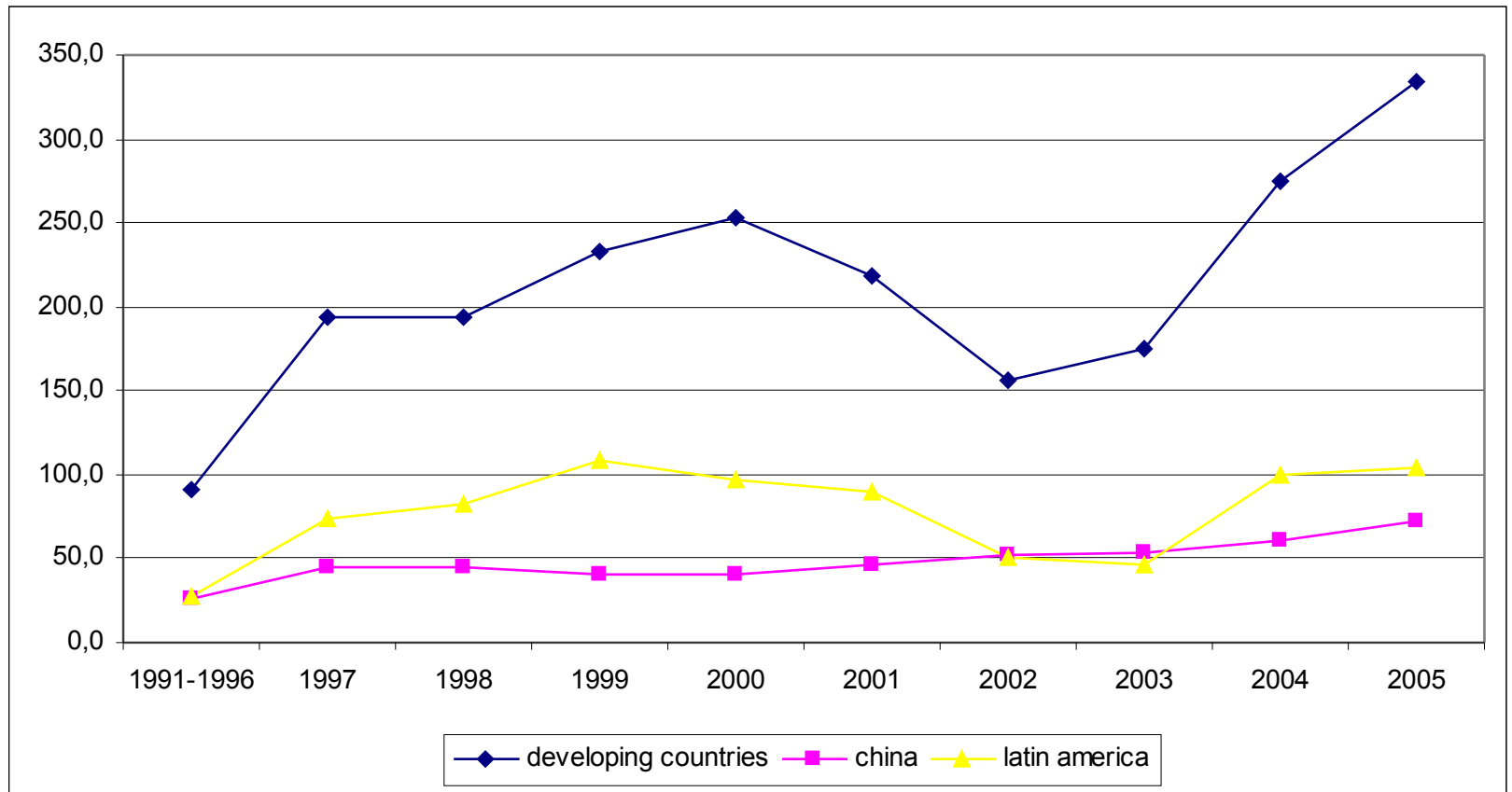
Importance of China for Each Country Exports (%)



Participation of Principal Goods in Total Importance Exports to China (%)

	% principal goods	first	second	third
Argentina	78,5	soy		
Brasil	67,7	iron ore	soy	
Chile	76,2	copper		
Peru	85,2	copper	fish flour	iron ore

FDI Trends in China and Latin America



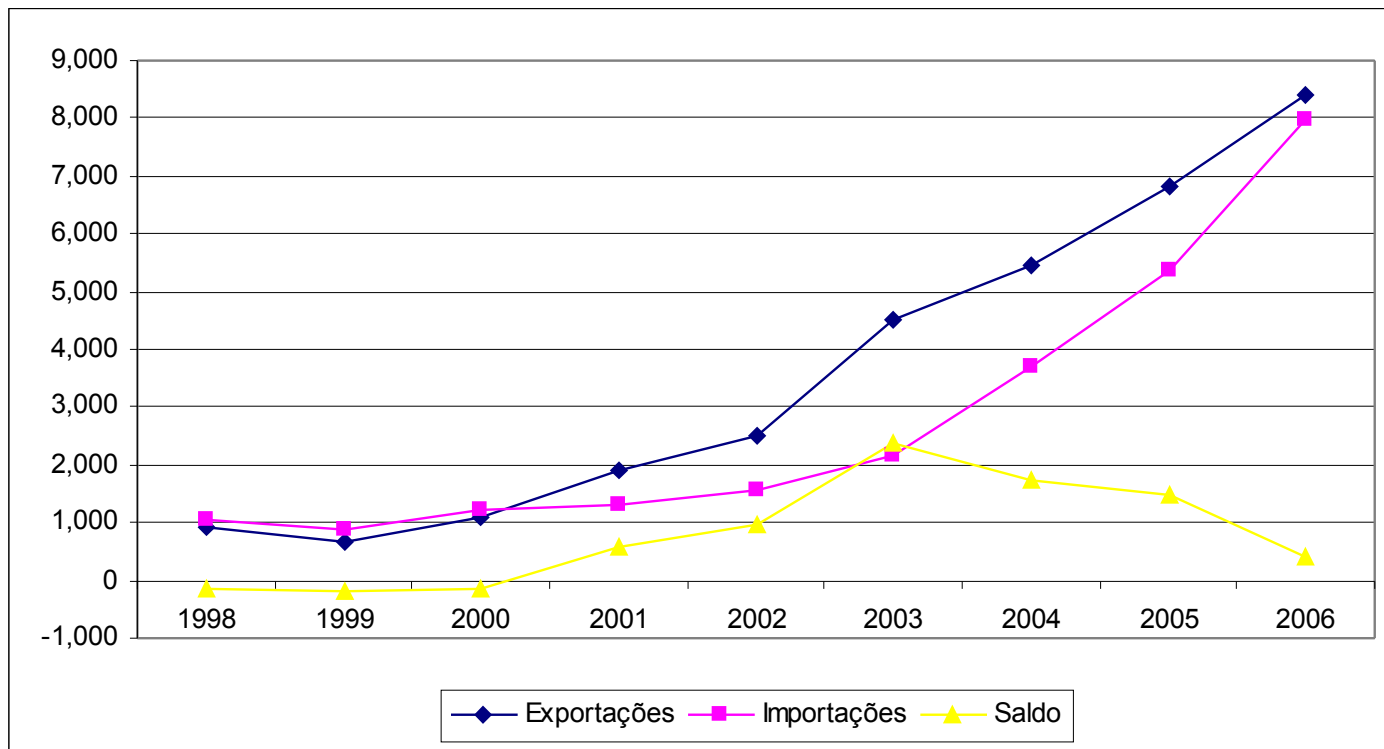
Chinese FDI Stock in Latin American Countries

Country	Ranking as Host of Chinese FDI	US\$ millions
Peru	7	201,2
Mexico	9	183,7
Brazil	11	119,7

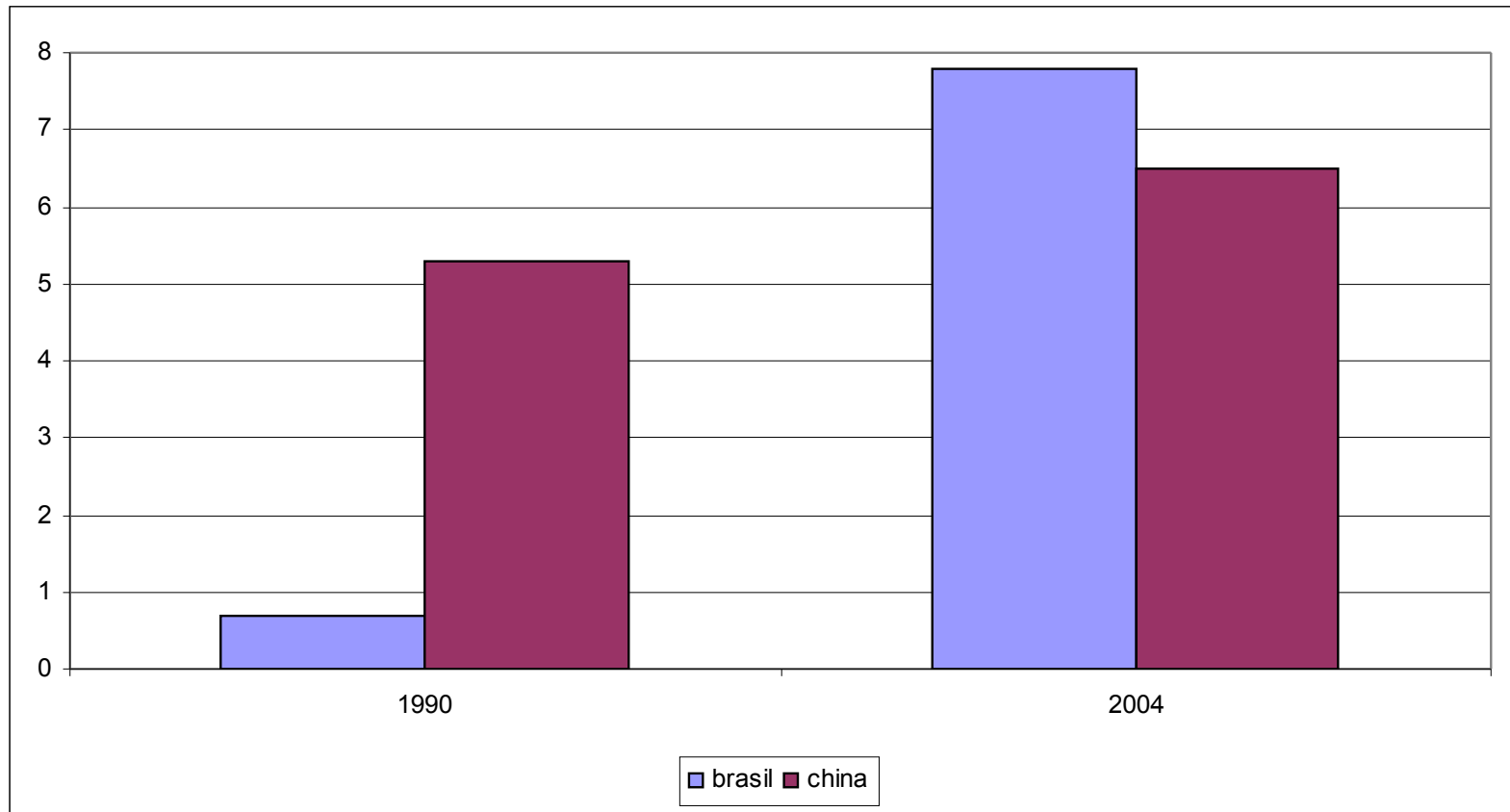
Patterns of Economic Relations between China and Latin American Countries

- **Mexico and Central America: small amount of exports to China, huge trade deficits especially in industrial goods; use of anti-dumping procedures; and huge loss of market in the US;**
- **Souther Cone pattern + Peru: very concentrated exports in primary products, trade surplus and new investments from China;**
- **FTA between Chile and China (ratified in 2006);**
- **Brazilian case: large exports of primary goods, some industrial exports to China (steel and autoparts), more diversified trade; but also more penetration of Chinese industrial goods in the internal market; competition with Chinese goods in the region and in the US;**
- **Cuba: government assistance plus investment in nickel, tourism and biotechnology;**
- **Venezuela: petroleum agreements, but US is still the largest buyer of this country's oil; small trade volumes between both countries; Chavez acts ideologically, whereas China pragmatically;**

Brazil: From Surplus to Deficit



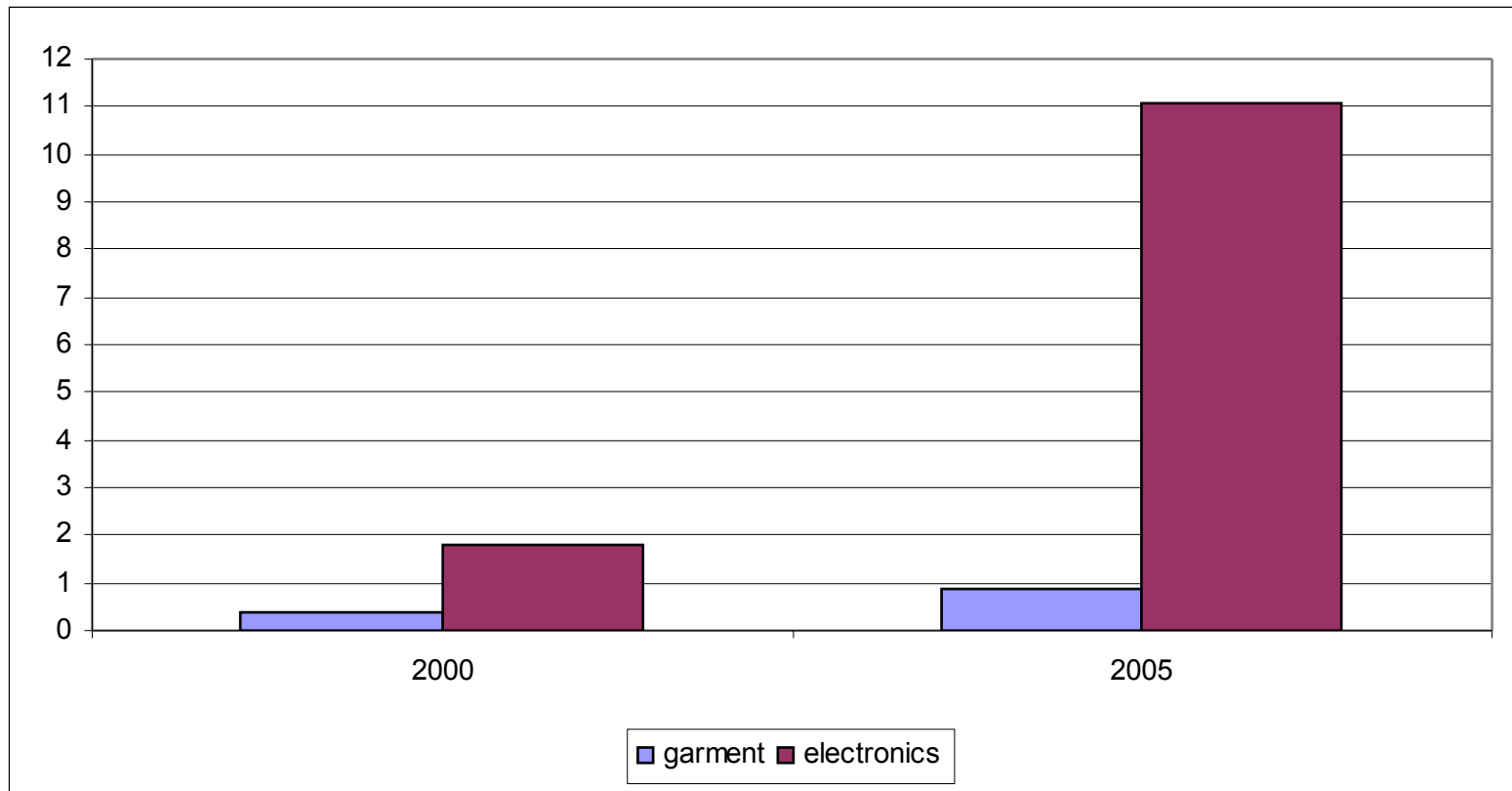
Latin American Manufacturing Imports from Brazil and China (in %)



Chinese Dynamic Exports to Brazil

		1999			2004		
		Total Exports (US\$)	Market-Share (in %)	Ranking	Total Exports (US\$)	Market-Share (em %)	Ranking
Chapter 84	Mechanical Machines and Devices	127,231,047	1.4	11	438,666,512	4.7	5
Chapter 85	Machines, Electrical Materials	254,380,582	3.3	7	1,496,239,913	16.6	1
Chapter 90	Optical and Photographic Instruments	41,866,498	2.4	7	244,382,149	10.3	3
Chapter 54	Synthetic Filaments	3,715,557	0.9	18	152,851,536	23.4	1
Chapter 61	Clothing and Accessory Knitted Goods	15,615,617	28.7	1	22,812,714	42.2	1
Chapter 62	Clothing and Accessories, excepting knitted goods	23,391,400	20.8	2	51,387,211	52.4	1
Chapter 95	Games and Toys	55,929,868	42.1	1	77,866,862	72.2	1

Sectoral Exercises in Garment and Electronics: Garment and Electronics Imports from China (US\$ billions)



Sectoral Exercises in Garment and Electronics: China Participation in Country's Imports (%)

	garment	electronics
Argentina	4,15%	8,68%
Brazil	50,91%	21,02%
Chile	77,47%	17,18%
Colombia	46,22%	16,36%
Mexico	1,86%	14,75%
Peru	37,44%	23,29%
Venezuela	7,42%	8,90%

Partners or a New Form of Imperialism?

Concentration of exports in raw materials and agricultural goods, with large surplus for some countries, that tend to vanish in the long run;

Risks of displacing the industrial internal production in both ends of the productive structure: labor-intensive and capital-intensive.

Reactions: some countries use anti-dumping measures, whereas other sign agreement with China to restrict its export volumes;

Reproduction of a pattern of center-periphery international relations;

Rising Chinese investment on infrastructure, energy, mining and electronics;

How to analyse these trends?: a combination of Eclac and Leninist approaches?

What does China Seek in Latin America?

Support for its alleged attempt to built up a fair internation order and a multipolar world (alliance with development countries);

Acess to natural resources (pramatic side of the Chiese foreign policy);

A place for employing its excess of external reserves; A way to diversify its foreign suppliers;

There is also the intention to put its fingerprint in a region seen as the “US backyard”; China was really concerned and worried about FTAA negotiations;

The issue of Taiwan: It is important, as 12 out of the 25 countries that recognize Taiwan as a nation are located in the region;

Lessons from Latin America: caution to undertake liberal economic policies because of social costs. Fear of “latinamericanization” of China.

Does China Open New Avenues in terms of Foreign Policy for Latin America?

On the one hand, it may allow to counterbalance the US influence; The rising of China in the region would open an avenue to force “better” trade agreements with the US and EU;

It may also increasing the level of reserves, for some countries, making it possible for them to protect against short-term capital flight;

On the other hand, China doesn't seem like wanting to threat US in its “own” region;

Its attitude toward multilateral fora is considerably changing, assuming a less developmentalist approach (especially at WTO);

Moreover, it should be stressed that there is no regional policy at all in the region to tackle with the China issue, what is troublesome as it could bring negative impacts to the existing trade agreements;

Risks Faced by Workers and Social Movements

in the most industrialized countries of the region, there is a threat of actually dislocating local industrial production, thus generating job losses;

In less industrialized countries, there is a risk of huge lay offs in textile and garment industries;

In lots of different sectors in the region, imports from China are breaking down the internal and regional productive chains;

The most important threat is the “importing” of labor and social conditions by Latin America, either through Chinese investment, or through increasing competitiveness from trade;

Even if there is a common acknowledgement about the Chinese threat in the region, there is no discussion about the issue from the social movement’s perspective, and even less when we talk from a regional and integrated approach.