



Global Economic
Governance Initiative

China and Latin America

South-South Economic Partnership

Kevin Gallagher

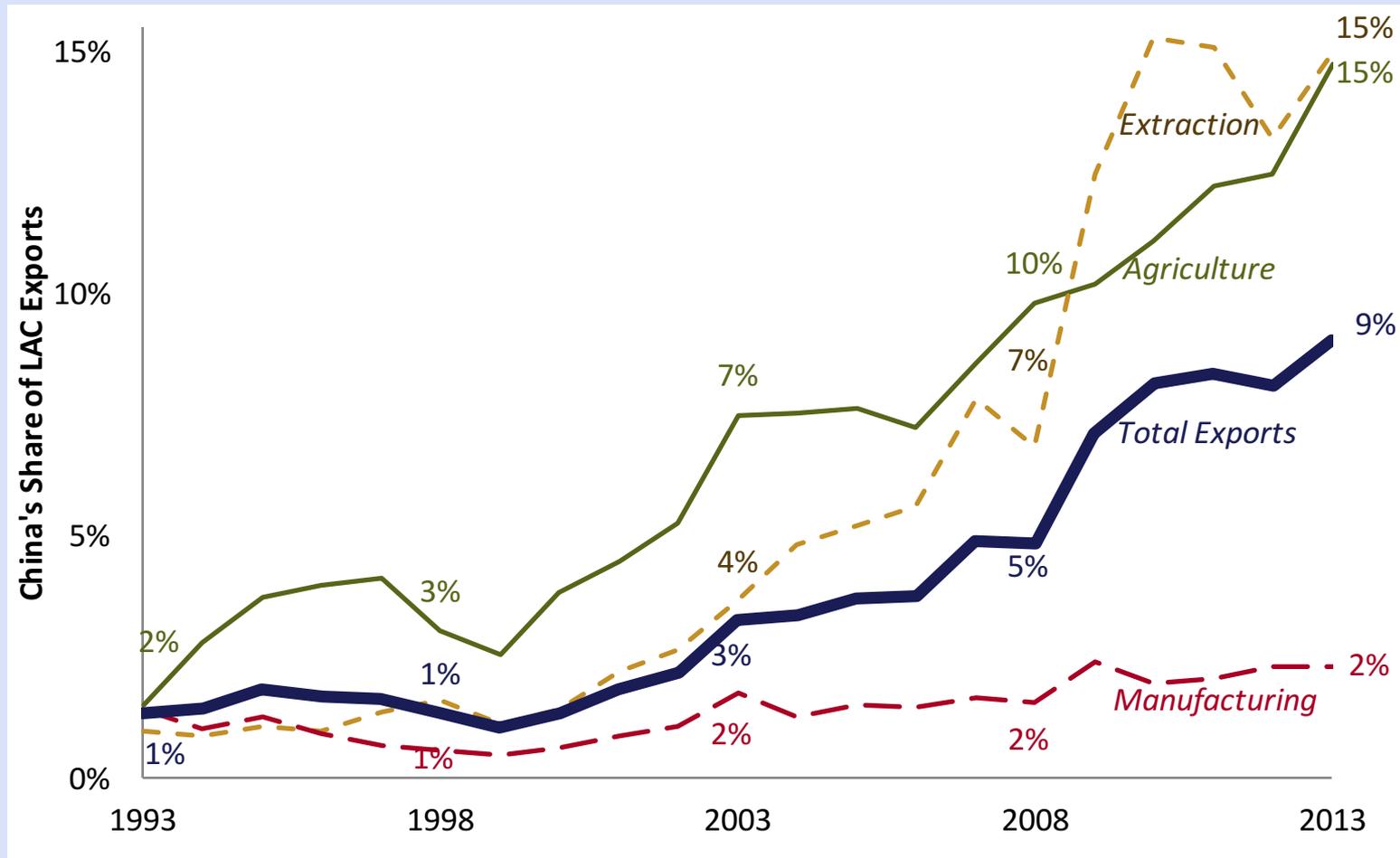
Three Points

- **China** has triggered a surge in trade, investment and finance in Latin America that **contributed to one of the region's best growth performances in decades.**
- The new China-LAC economic relationship has also **accentuated decades-old problems** such as de-industrialization and environmental degradation.
- The economic landscape **is entering a new phase** and new arrangements are being established to maximize the benefits of China-Latin America economic relations.



Trade: LAC-China Exports

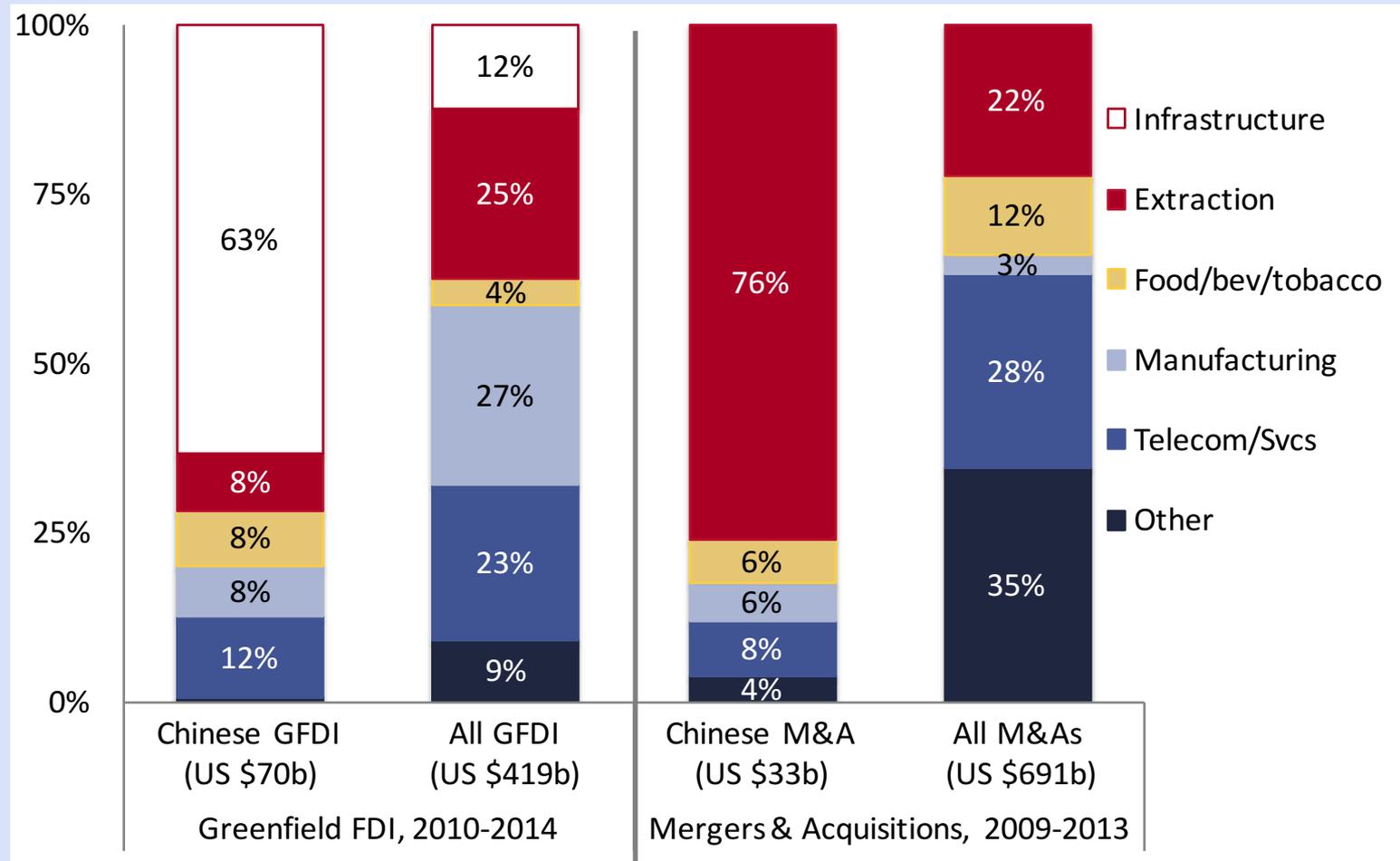
China's share is growing rapidly, mostly in commodities



Source: Rebecca Ray and Kevin Gallagher, 2015.
"2015 China-Latin America Economic Bulletin." Boston: BU GEGI.
Note: Sectors refer to ISIC categories A, B, and C.

Chinese FDI

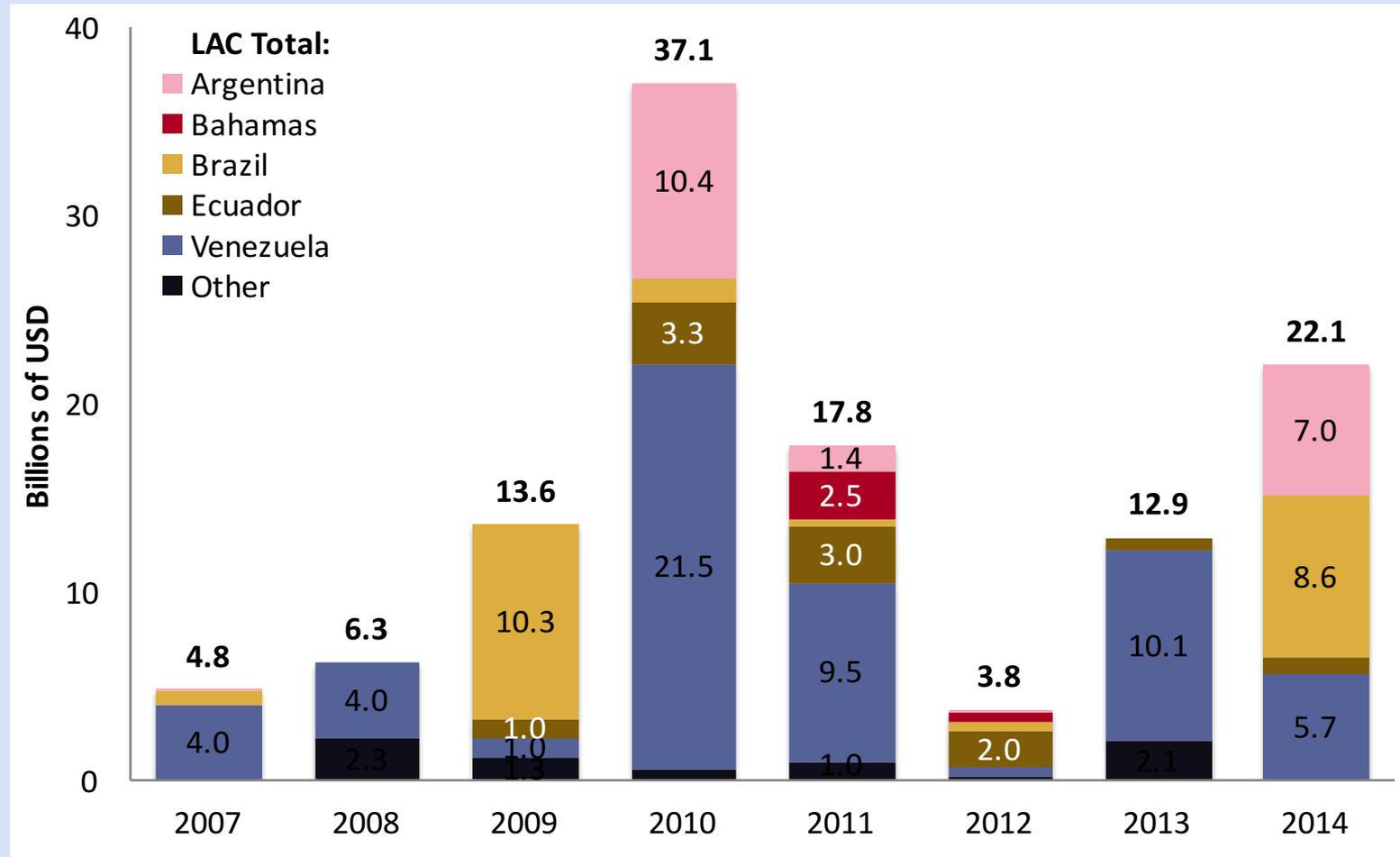
Mostly Infrastructure, Extraction



Source: Rebecca Ray and Kevin Gallagher, 2015.
 "2015 China-Latin America Economic Bulletin." Boston: BU GEGI.

Chinese Finance

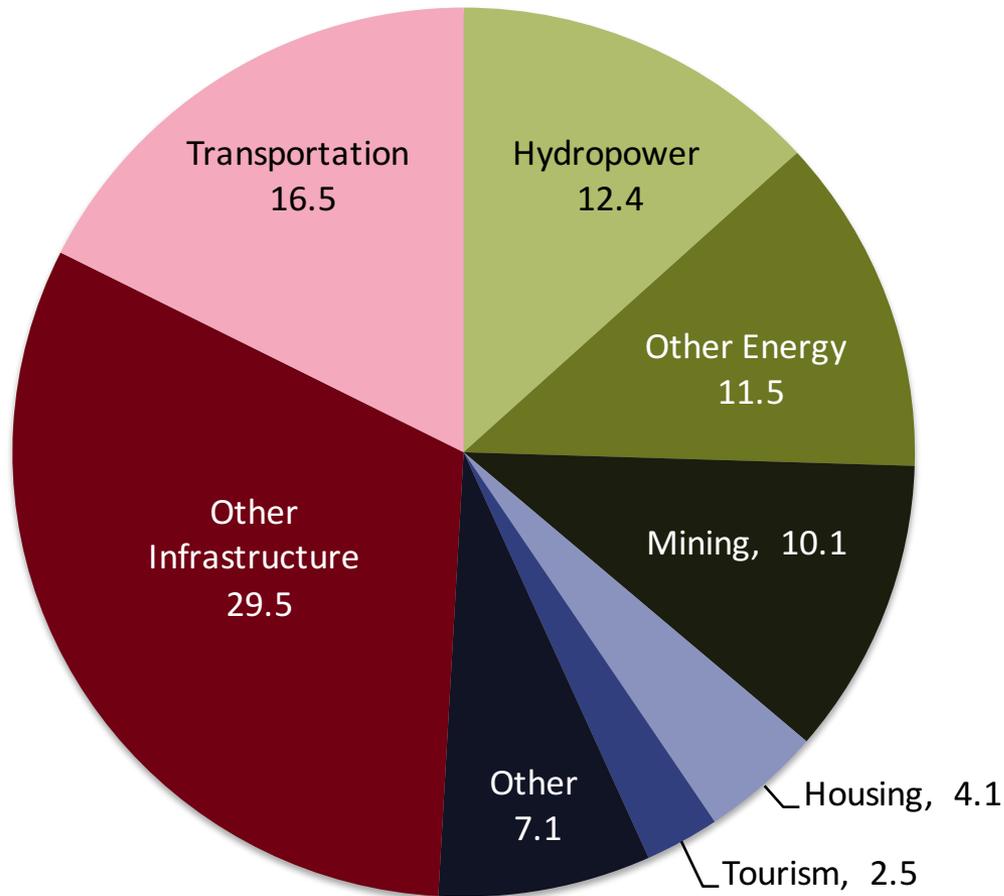
Growing Rapidly, Mostly to Argentina and Venezuela



Source: Rebecca Ray and Kevin Gallagher, 2015.
"2015 China-Latin America Economic Bulletin." Boston: BU GEGI.

Chinese Finance

Mostly Infrastructure, Extraction



Source: Rebecca Ray and Kevin Gallagher, 2015.
"2015 China-Latin America Economic Bulletin." Boston: BU GEGI.

Trade: Chinese Competition

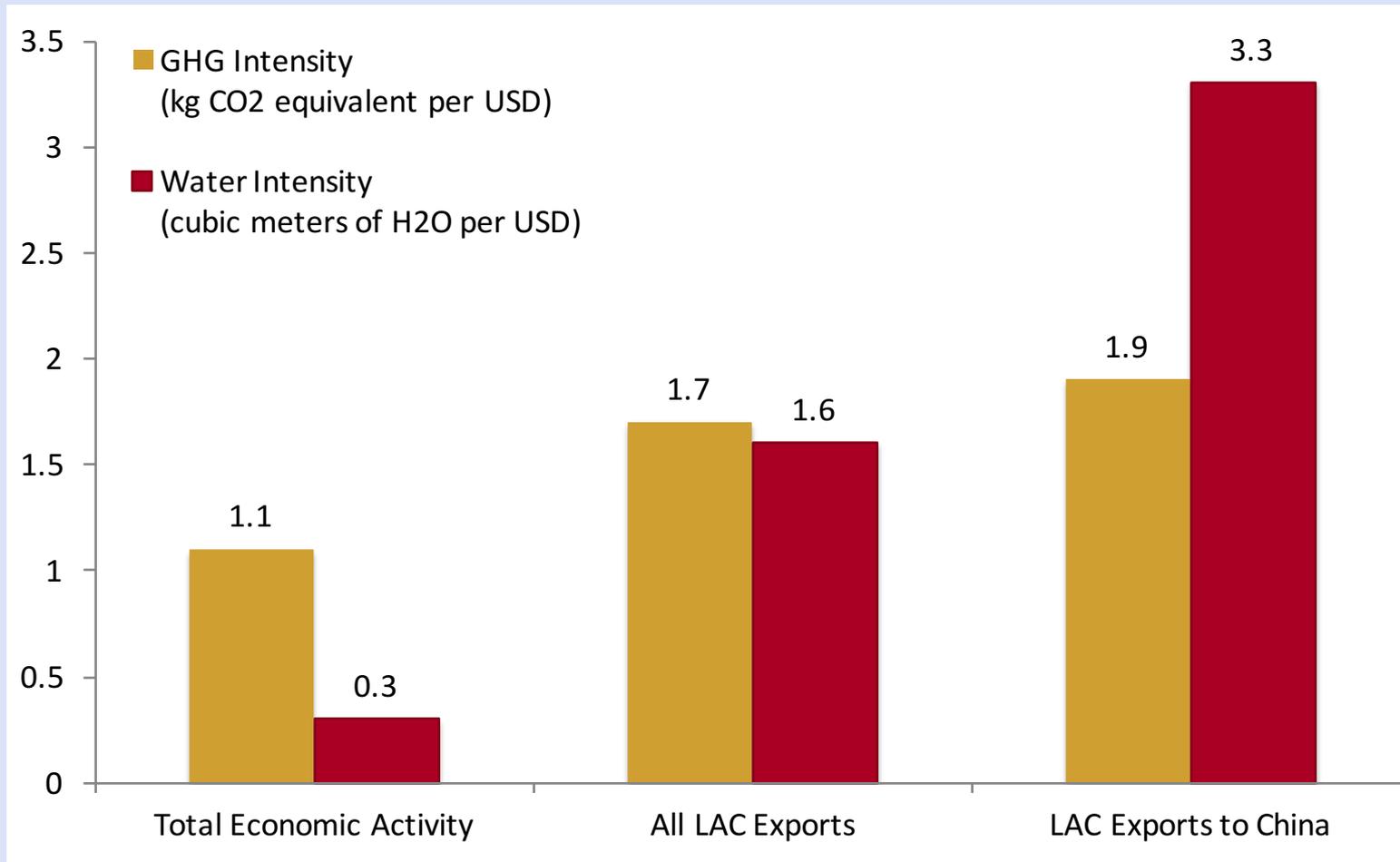
LAC Manufacturing Exports under Threat

	2003-2013			2003-2008			2008-2013		
	Direct Threat	Partial Threat	Total	Direct Threat	Partial Threat	Total	Direct Threat	Partial Threat	Total
LAC Region	36%	41%	78%	47%	36%	83%	31%	43%	75%
Sub-Regions:									
Caribbean	68%	28%	96%	54%	23%	76%	32%	64%	96%
Cent. Amer. & Mex.	31%	56%	86%	55%	32%	87%	26%	50%	76%
South America	24%	55%	79%	29%	49%	78%	45%	33%	78%
Major LAC Economies:									
Argentina	16%	62%	77%	15%	64%	80%	38%	19%	57%
Brazil	25%	64%	89%	28%	50%	78%	48%	39%	87%
Chile	18%	74%	92%	32%	62%	94%	38%	55%	93%
Colombia	28%	62%	90%	24%	71%	95%	42%	49%	91%
Mexico	31%	54%	85%	54%	33%	87%	27%	48%	75%
Peru	22%	75%	98%	4%	90%	94%	43%	54%	97%

Source: Rebecca Ray and Kevin Gallagher, 2015.
 "2015 China-Latin America Economic Bulletin." Boston: BU GEGI.

Trade and Pollution: LAC-China Exports

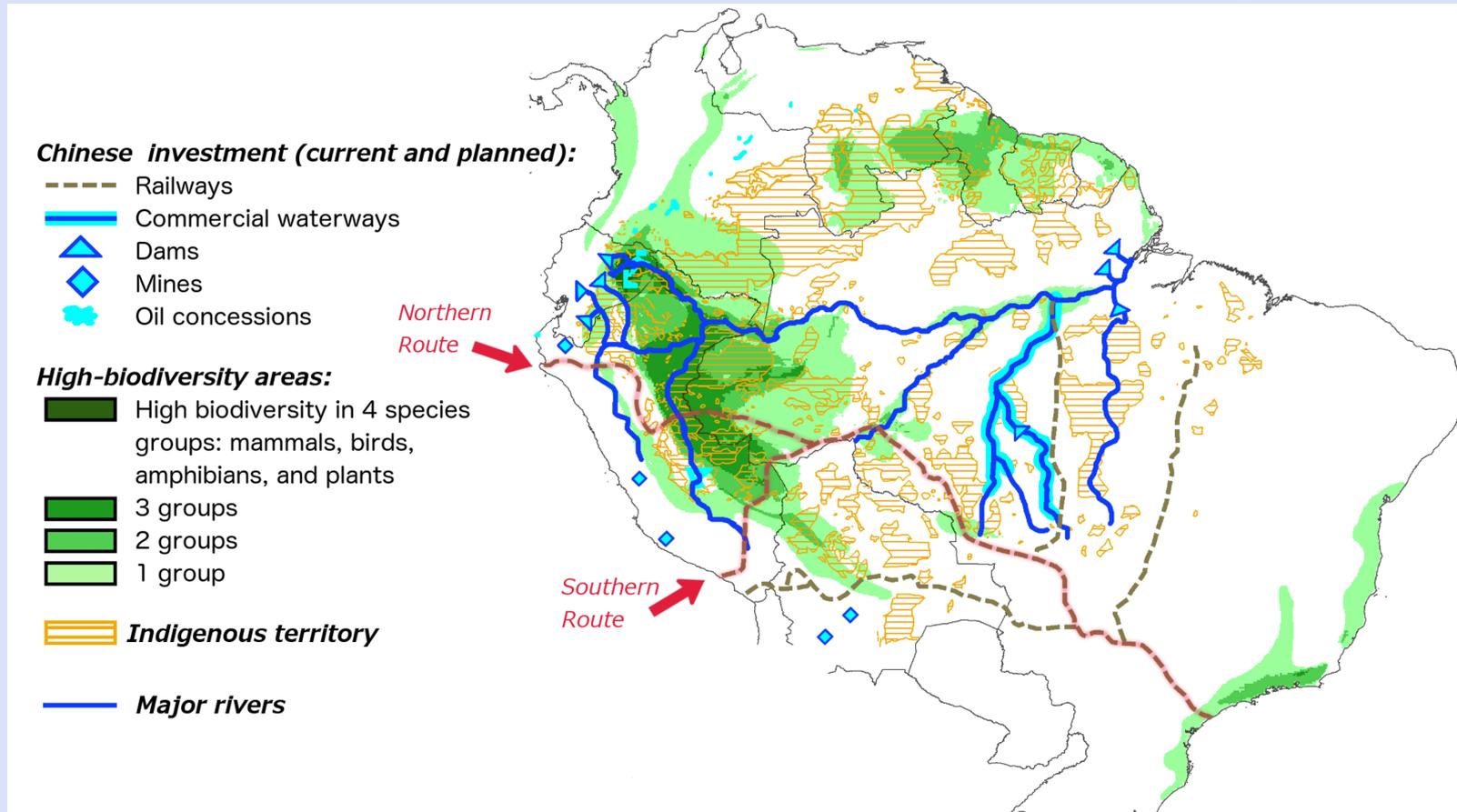
High environmental impact from commodity-heavy exports



Source: Rebecca Ray and Kevin Gallagher, 2015.
"2015 China-Latin America Economic Bulletin." Boston: BU GEGI.

Challenging Future

Concentrated in sensitive areas



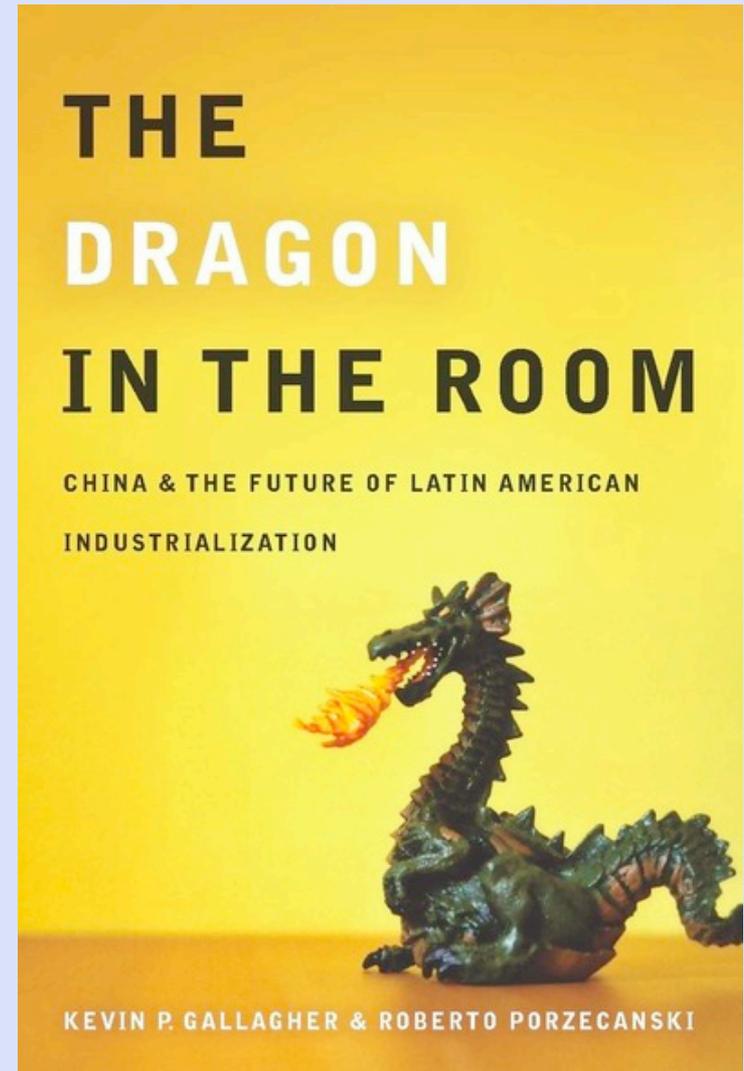
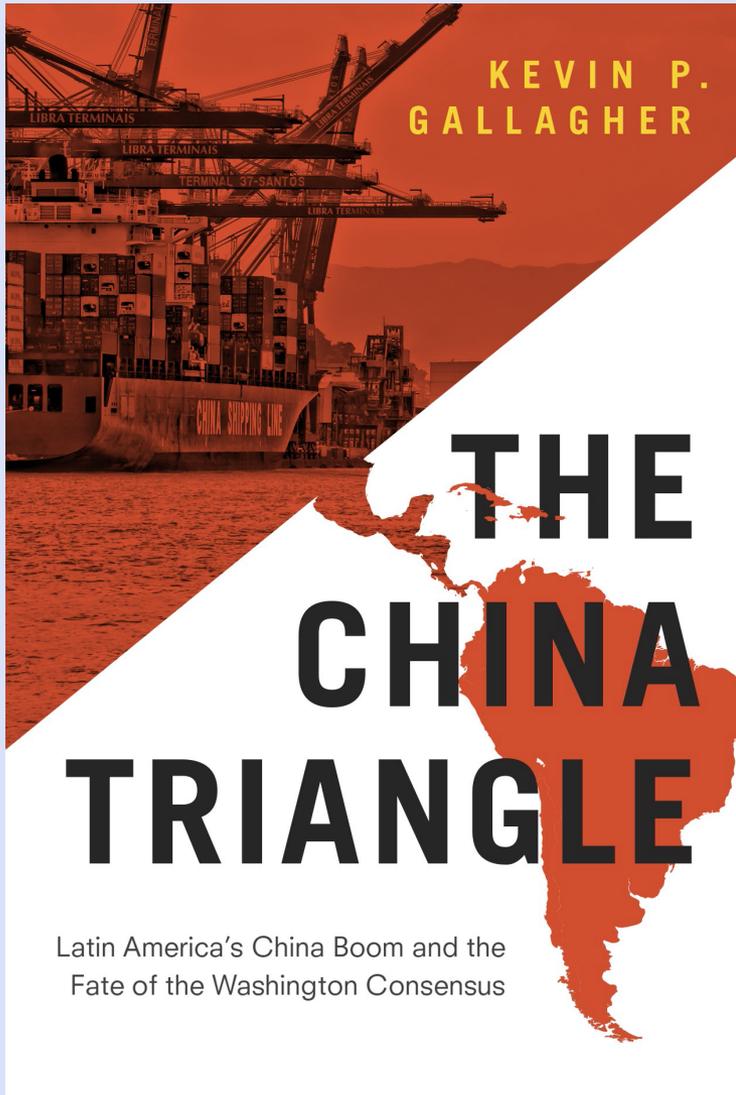
Source: Rebecca Ray and Kevin Gallagher, 2015.
"2015 China-Latin America Economic Bulletin." Boston: BU GEGI.

Looking forward

- **China growth expected to slow, shift toward consumption**
 - Less import demand for commodities
 - subsequent price impact
 - Capital outflows and exchange rate pressures
- **Pressure on LAC governments**
 - Need to resist weakening institutions to attract investment
 - Need to invest some of proceeds of China boom into innovation, environment, and people
- **China investment still strong**
 - FDI increasing to gain market share
 - Loans continue to rise
 - New development banks
- **China-LAC: new wave of cooperation**
 - CELAC-China cooperation plan
 - Infrastructure and related new ‘funds’
 - Currency swaps and trading
 - Softer demand for consumption
 - Industrialization and environment on agenda...



THANK YOU!



THANKS

GEGI Resources:

www.bu.edu/gegi

- China-LatAm News “round up”
 - China-LAC Finance Database (inter-active)
 - China-LAC Economic Bulletin
 - Working papers, policy briefs, **new book**
 - Working group on Environment and Development: **China-LatAm program**
- Join our e-distribution list: **gegi@bu.edu**