



# China and Latin America

*South-South Economic Partnership*

Kevin Gallagher

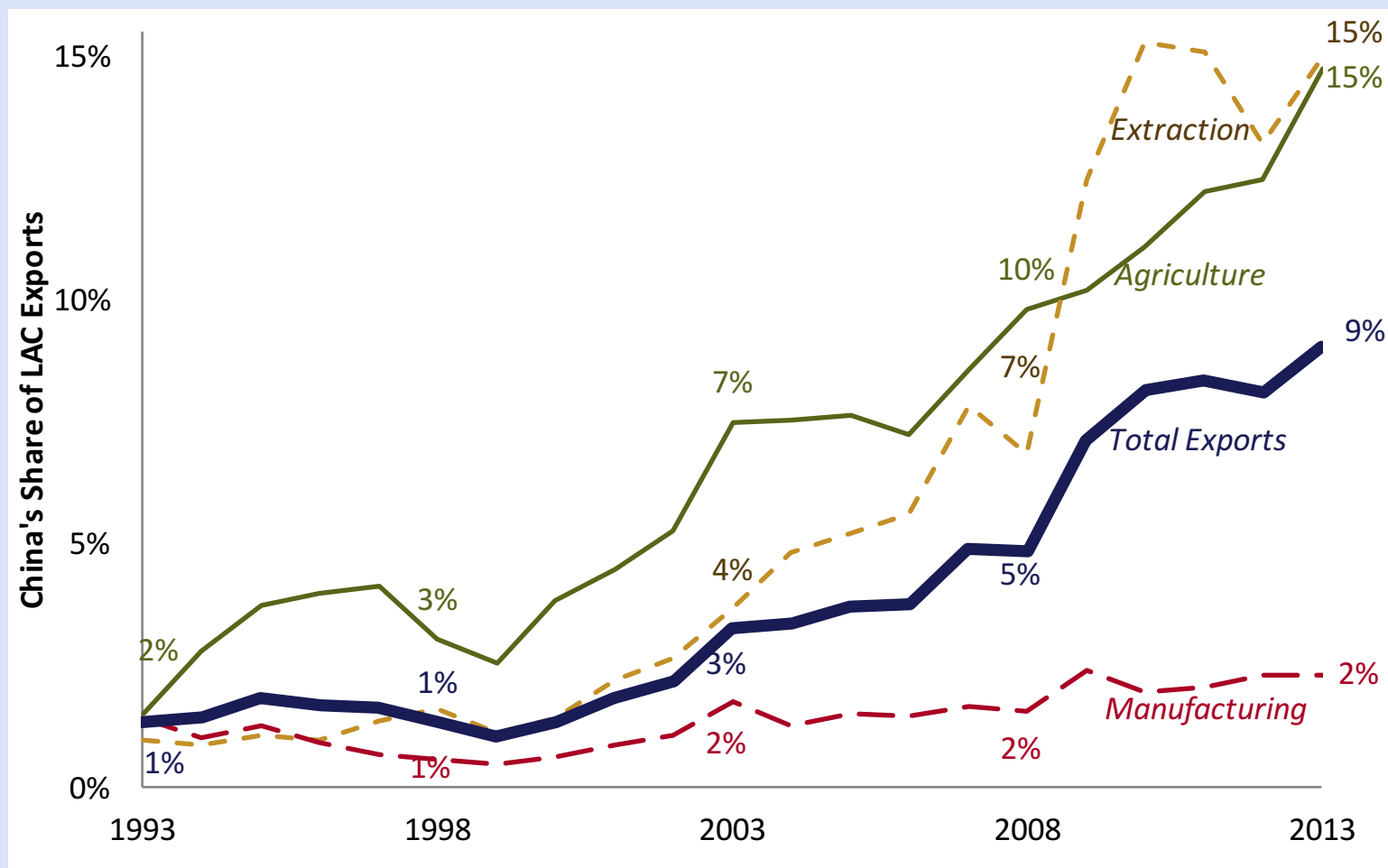
# Three Points

- **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

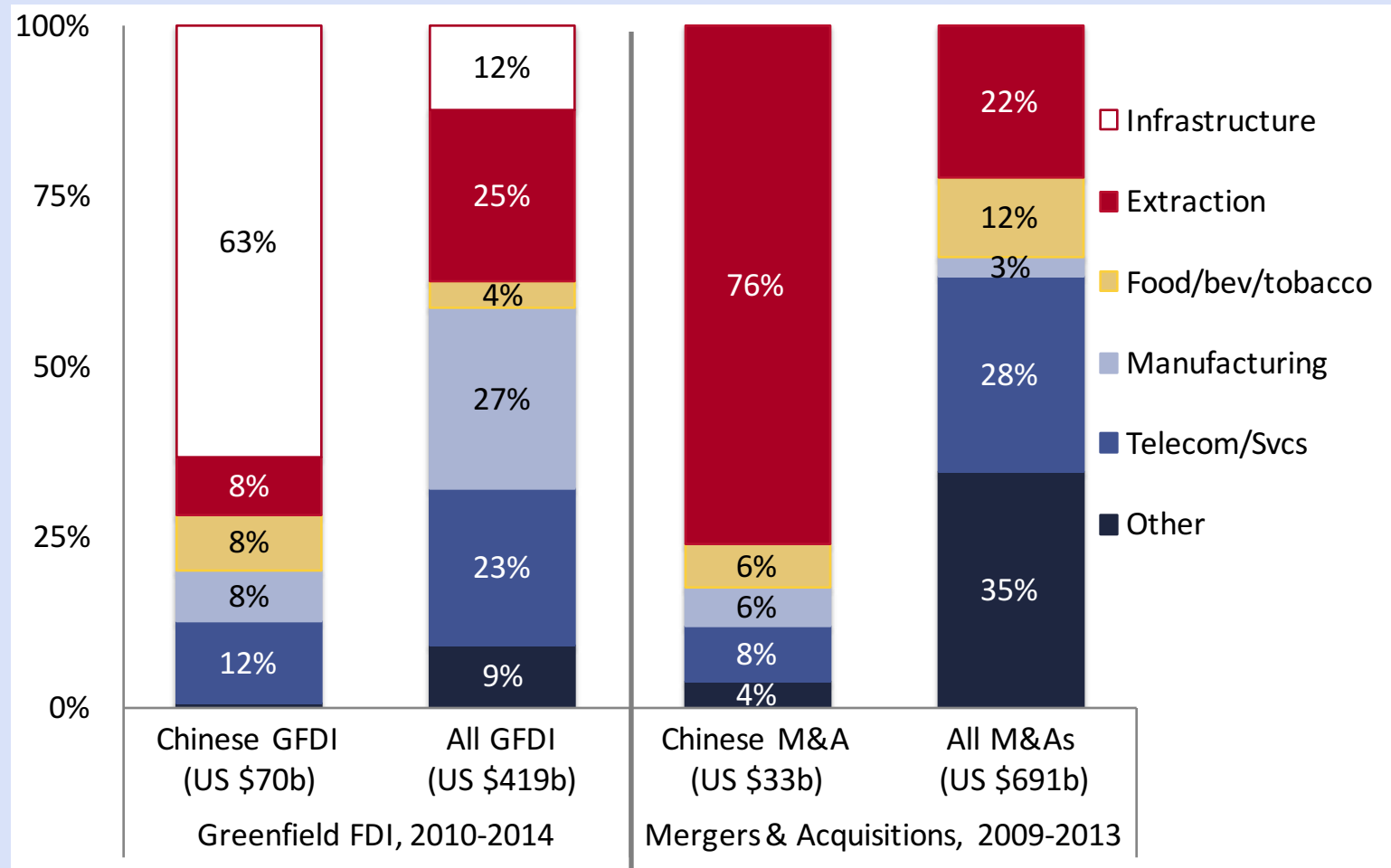
*China's share is growing rapidly, mostly in commodities*



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

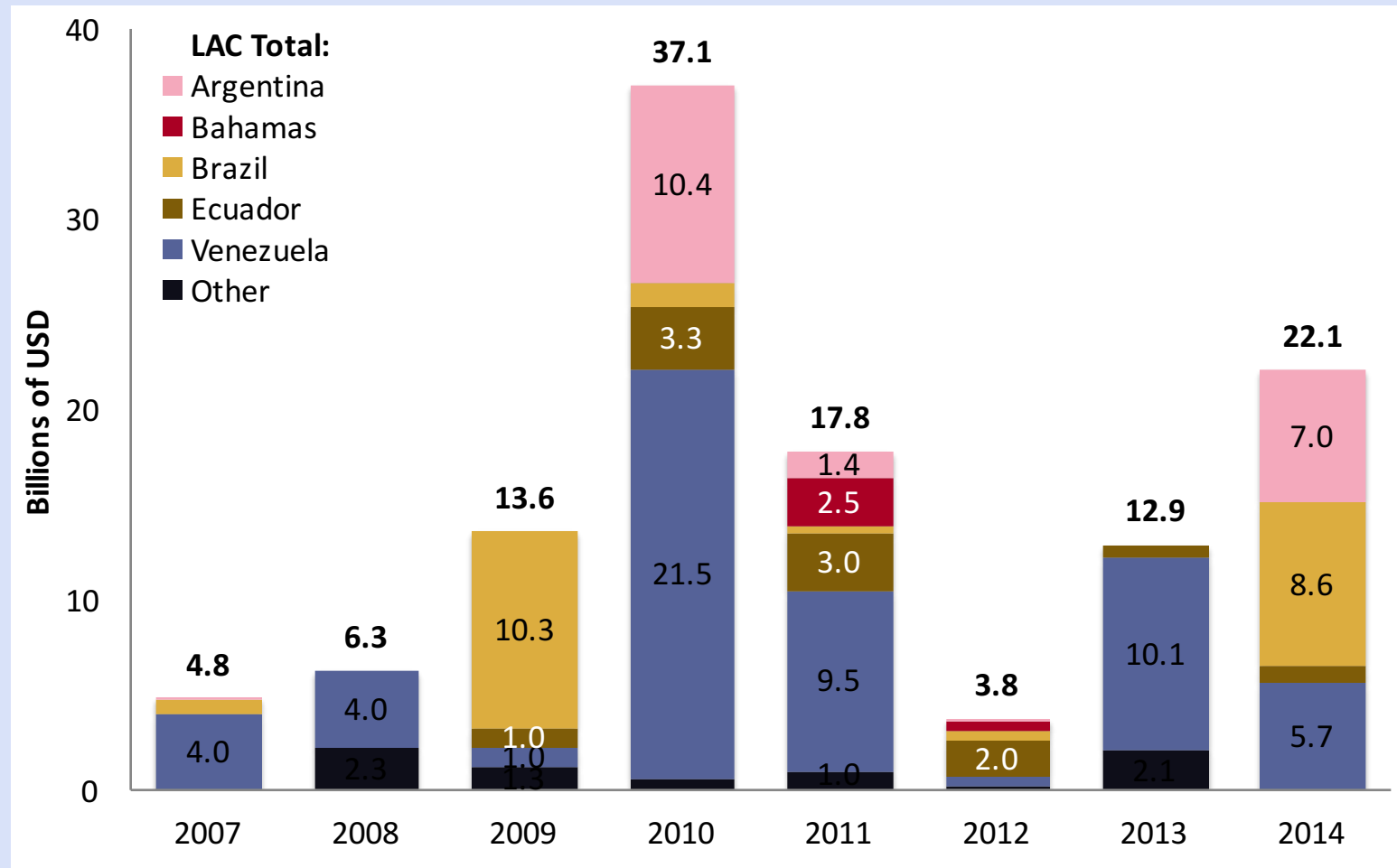
## *Mostly Infrastructure, Extraction*



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

# Chinese Finance

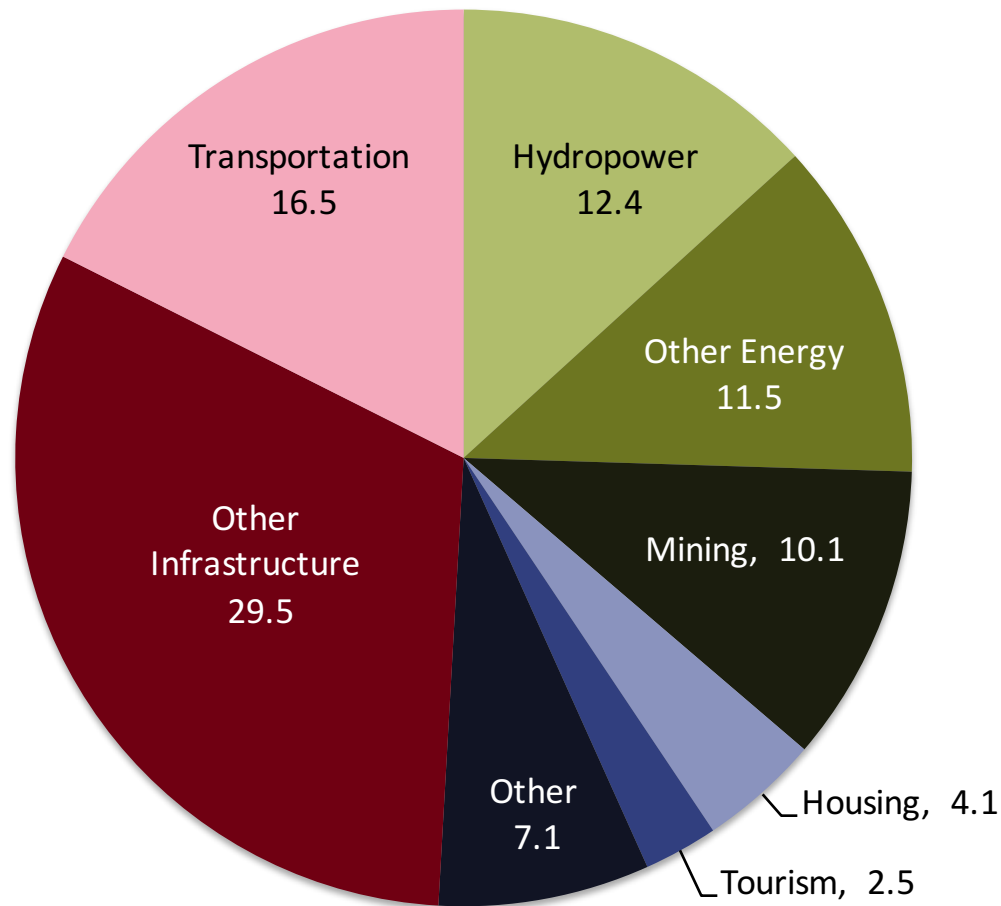
*Growing Rapidly, Mostly to Argentina and Venezuela*



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*

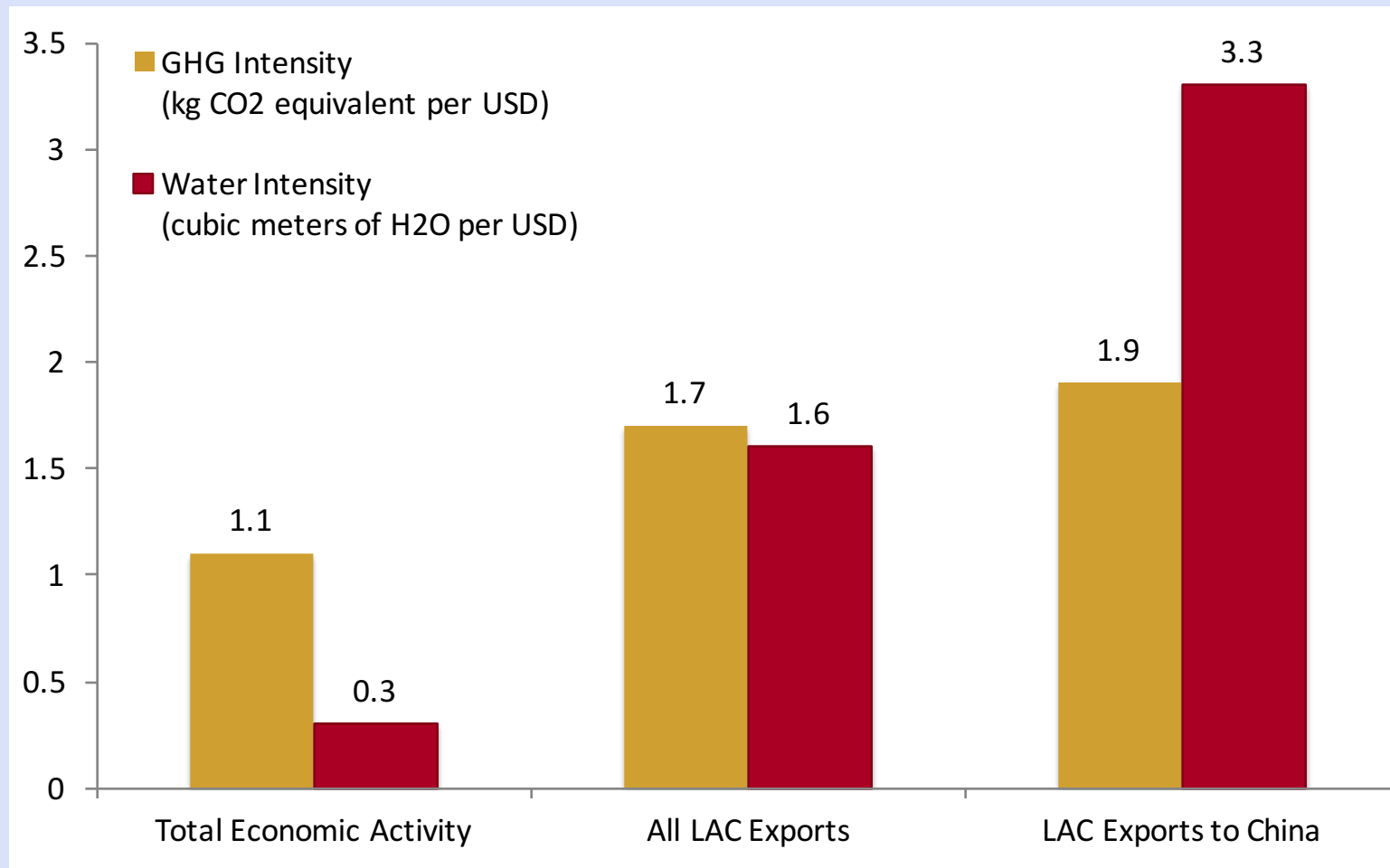
	2003-2013			2003-2008			2008-2013		
	Direct Threat	Partial Threat	Total	Direct Threat	Partial Threat	Total	Direct Threat	Partial Threat	Total
<b>LAC Region</b>	<b>36%</b>	<b>41%</b>	<b>78%</b>	<b>47%</b>	<b>36%</b>	<b>83%</b>	<b>31%</b>	<b>43%</b>	<b>75%</b>
<b><i>Sub-Regions:</i></b>									
Caribbean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

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

# Trade and Pollution:

## LAC-China Exports

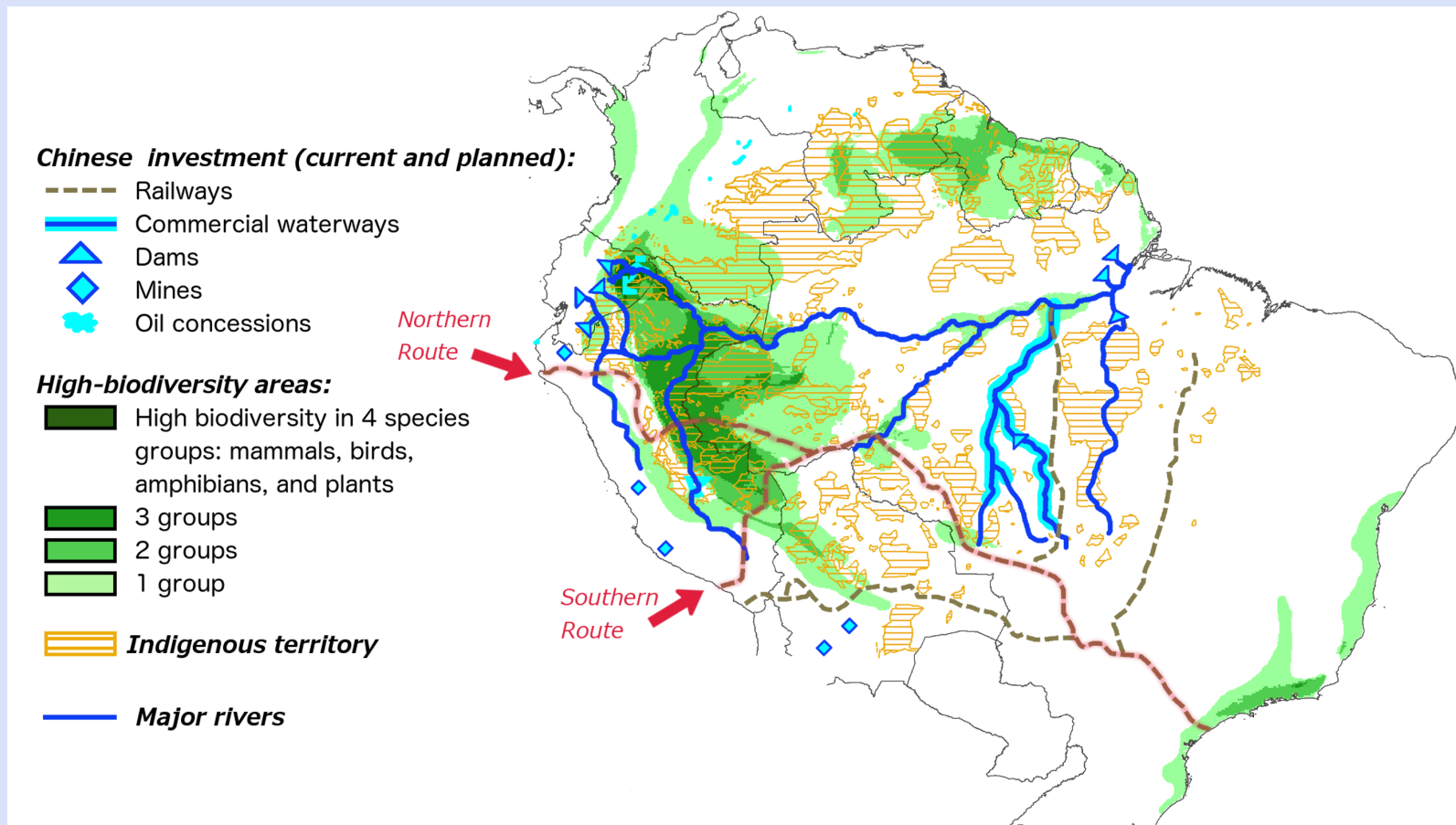
*High environmental impact from commodity-heavy exports*



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

# Challenging Future

## *Concentrated in sensitive areas*



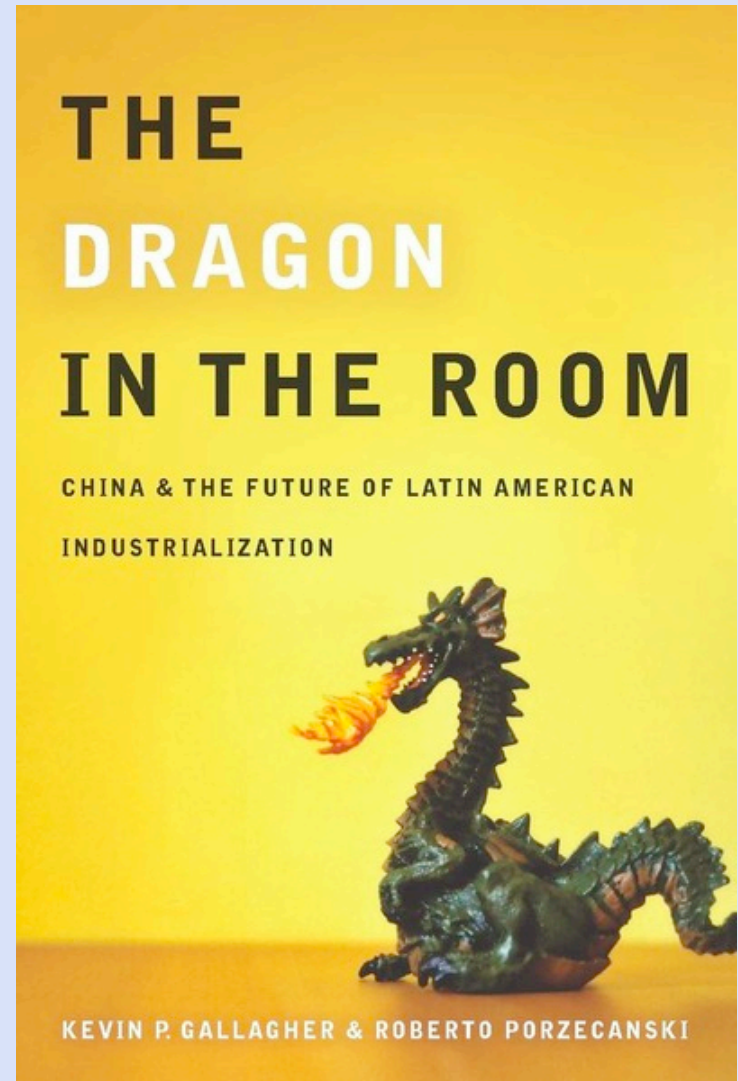
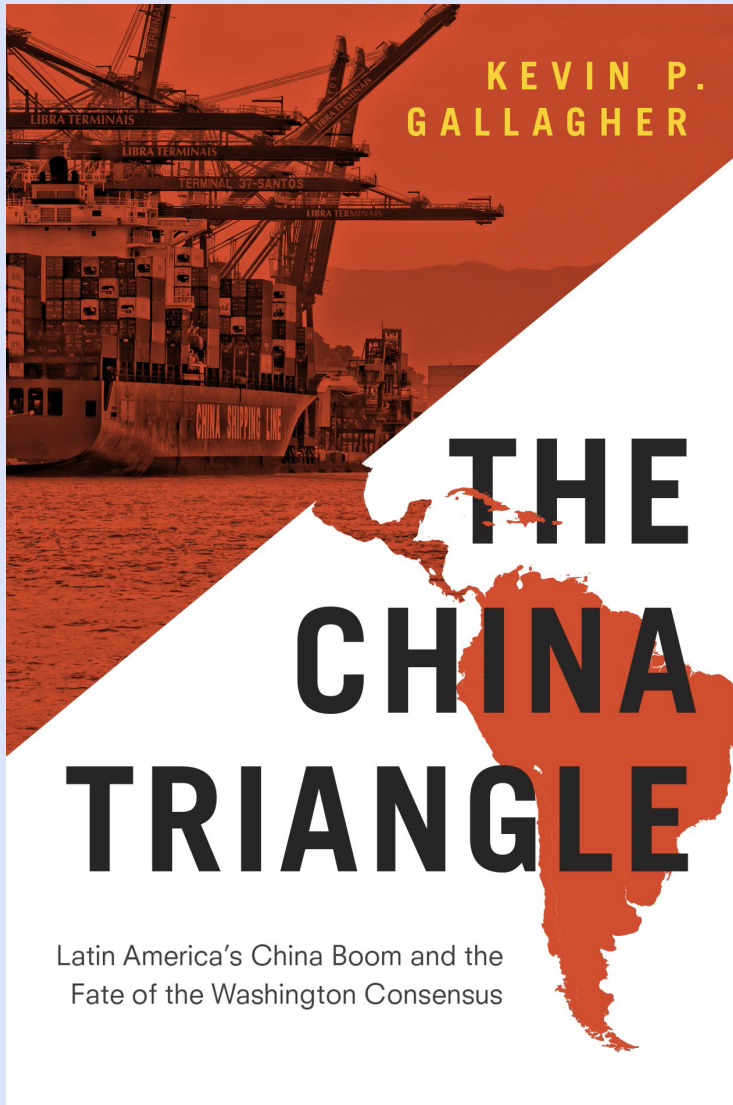
Source: Rebecca Ray and Kevin Gallagher, 2015.  
"2015 China-Latin America Economic Bulletin." Boston: BU GEGI.

# 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](http://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](mailto:gegi@bu.edu)**