The Chinese Presence in Latin-America: Challenges and Possibilities of Cooperation

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Resumen

This paper aims to analyze the relations between the People's Republic of China and Latin America, from the 1990 until nowadays, when China stood as an engine of global economy. As a result, many Latin American countries began to promote policies of approaching to the new giant. We intend to investigate, firstly, the place of Latin America in the Chinese foreign policy and, secondly, how statesmen and Latin American entrepreneurs, aware of China's new status of candidate for world power of the century, have been promoting policies to strength ties with this country. This paper considers the hypothesis that Sino-Latin American relations became possible thanks to the existence of coincidences and similarities between their respective national projects and the strong growth rate sustained by China. However, the deepening of relations among these countries until the present time is reduced, thanks to the low importance that Latin America has in the Chinese agenda. This may be explained by the existence, for China, of alternative partnerships in the supply of products such as ores, raw materials and energy, as well as due to some lack of mutual understanding between the parties, indispensable for overcoming obstacles and deepening of relations.
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This paper aims to analyze the relations between the People's Republic of China and Latin America, from 1990 until nowadays, when China stood as an engine of global economy. As a result, many Latin American countries began to promote policies of approaching to the new giant. We intend to investigate, firstly, the place of Latin America in the Chinese foreign policy and, secondly, how statesmen and Latin American entrepreneurs, aware of China's new status of candidate for world power of the century, have been promoting policies to strength ties with this country. This paper considers the hypothesis that Sino-Latin American relations became possible thanks to the existence of coincidences and similarities between their respective national projects and the strong growth rate sustained by China. However, the deepening of relations among these countries until the present time is reduced, thanks to the low importance that Latin America has in the Chinese agenda. This may be explained by the existence, for China, of alternative partnerships in the supply of products such as ores, raw materials and energy, as well as due to some lack of mutual understanding between the parties, indispensable for overcoming obstacles and deepening of relations.

The truth, however, is that supported on the huge economic growth that China has shown in the last thirty years, the Asian giant's relations with Latin America have been strengthened, both in business and in terms of increasing China’s foreign direct investment in Latin America, particularly in South America. A reality that has followed the trend of the Chinese foreign policy to participate more actively in world trade and put the country in the position of a major investor abroad. A reality that has been favored by the evolution of the global context in which China and Latin America are included, because of the redistribution of power that has occurred since the end of the bipolar era, now that the systemic changes that have been taking place in the international society have favored the inclusion of
international emerging powers, opening up possibilities for establishing new ties between China and Latin America.

In fact, in today's globalized world, where reigns a new international order largely characterized by the emergence of developing countries, there are increasing difficulties for these countries to find a path of accelerated and continued development.

Nevertheless, some of these peripheral countries have been gaining importance on the social dynamics of contemporary economic development in a process that led to Jim O'Neill, an economist at Goldman Sachs Group, to talk about the BRIC to refers, suggestively, to Brazil, Russia, India and China, based on the argument that the economies of these countries have been developing in such a way that by the year 2050, they will come to eclipse today's richest countries on the globe (O`NEILL, 2001).

China, in this sense, because of its weight and geo-economic importance, because of its demographic growth, the size of its internal market, the evaluation of its economic indicators, the importance of its role as a regional power and the immensity of problems and challenges, has acquired a significant importance as an actually actuating actor of international relations. Except for the item 'regional power', the same can be said of Brazil, which led Marco Aurelio Garcia (ESTADO DE SÃO PAULO, 2009), special adviser to Lula and Vice President of the Workers Party (PT), remember that since 2003 Brazil has began attending meetings of the G8 and leading the highest body of world governance, the G20.

Furthermore, the combined economic output in Latin America is very closed to China's GDP, as in 2009, the first was of $ 2.6 billion and the Chinese GDP was of $ 2.7 billion. Thus, the two economies, which little traded on the past, became, especially in the last decade, major trading partners.

Moreover, it should be noted that the realities of the emerging countries have affected the world more and more, starting with the economic sphere, but also the views of social, cultural, and even spiritually (China and India). Understanding these societies becomes
therefore crucial to analyze the implications that it will origin for the configuration of international society.

The BRICs account for 40% of world population, 25% of world territory, 40% of total world reserves and its financial economies combined account for about 15.4 billion dollars. The similarities of the geopolitical and geo-economic dimensions referring to the territory, population, GDP and natural resources have been the basis on which has been based the cooperation among these countries, forming even strategic partnerships.

First, they are the countries with the highest economic growth and political influence among the emerging countries, which is what fundamentally, distinguishes them. On the other hand, the BRICs are the key to solve major world problems such as environmental protection (with the remark that they have taken different positions at the COP 15), the food problem, energy security and the reform of the United Nations Security Council.

These societies have become subject of growing interest, particularly in terms of the lessons that they may give to other countries, especially the old powers of international society, through its current economic performance and the potential they have to become the main drivers of global growth (Vieira and Verissimo, 2009; 514), which suggests the importance, relevance and timeliness of the study of how the BRIC that higher rates of GDP growth presents has positioned itself in a market which is particularly favorable and desirable, Latin America, with particular emphasis on the southern countries of the subcontinent. Moreover, and besides being the largest economy among the emerging powers, China is an actor with strong political influence in international society, particularly for being a permanent membership of the United Nations Security Council, which may offer an alternative vision to Latin America in relation to the hegemonic influence of the U.S. in the region through the establishment of a political-economic partnership with the People's Republic of China (SILVA, 2003).

In fact, in a generic way and with the exception of Cuba, Latin America was having an unequal interdependence relationship with the U.S. The alternative for the region coming out of the vicious circle of 'inefficient economy' and 'lack of power "against the hegemonic
power can be achieved in the new globalized international society in which a space is opened for the emerging powers by building strategic partnerships with other actors. Brazil is a prime example of this new behavior. Despite having the traditional brand of universalism as part of its diplomacy accumulated history, Brazil has increasingly expanded the global relationships, since the beginning of the 21st century, both with the strategic partnership established in 2007 with the European Union, both in function of its approaching strategy to the emerging countries, as part of a South-South cooperation in different patterns from those presented during the bipolar era. The rapprochement between Latin America and China has, in this sense, major benefits for the region. But also to China.

Actually, even Deng Xiaoping had visualized the importance of a partnership between China and Latin America, when he declared that “China and Latin America would work together to see for example of South-South cooperation. The basics for this cooperation, such as the establishment of joint ventures, preferential prices and the transfer of technology, are already part of Sino-Latin American relations and benefit the economic development of both partners, serving as a true example for international interaction» (REISS, 2000).

Thus, since the establishment of diplomatic relations between China and Latin America, particularly after the changing of the Latin American perspective on the Taiwan issue, especially in the years 1970-80, there were the first joint business and investments. Today the themes of energy, minerals and infrastructure, are those who take the leading role in China`s trade and investment agenda with Latin America`s countries.

Indeed, the continuing economic growth in China, which has impressed the world in the last thirty years, has been accompanied by a large increase of Chinese foreign direct investment in third countries and by a strong boost of its exports (SILVEIRA SOUZA, 2010), although the country needs to import commodities to face the needs created by industrialization, which has led China to lead the world consumption of many minerals and agricultural products. After all, the country accounts for one third of the world`s
consumption of tin, coal, iron ore, steel and cotton and for nearly a quarter of the world’s consumption of soybean oil, rubber, aluminum and copper (JENKINS, PETERS, 2009).

Indeed, through the strategy "go global", China is becoming an active player in foreign direct investment, and also the top recipient of such investment (ACIOLY, 2010). Simultaneously, through the strategy of 'reform and openness', the country's participation in the world trade has grown dramatically in the last three decades.

In terms of foreign direct investment, the Chinese government has given significant political and financial support to domestic firms to internationalize their business through strong investment abroad (SILVEIRA SOUZA, 2010), which represents a change in the positioning of the Chinese government, formerly restrictive as to capital outflows from the country. Consistent with the new stance of encouraging the companies to invest abroad, the Chinese government launched in 2000, the strategy of 'go global', promoting Chinese foreign direct investment, through a less rigid political control over the output of capitals. However, government intervention is variable, depending on the industry to which each investment is intended. It was, for example, very low in the investment projects in natural resources sector, largely influenced, directly and indirectly by the government (OECD, 2009).

It is true that China is still nascent in terms of investments it makes in other countries, with less than 2% share in global foreign direct investment between 2005 and 2007 and with the volume of investments held abroad being only of a quarter of one it receives from the developed countries (Silveira Souza, 2010). However, this participation has been increasing rapidly, with capital investments and acquisitions abroad. They hav been done by using the country's sovereign wealth fund (IMF, 2010) and today, many Chinese companies are already real "global players", especially in extractive industries, being the actual volume of Chinese investment in third countries concentrated in the strategic sectors of mining, manufacturing, infrastructure and financial operations. At the same time, foreign direct investment in China has also increased, particularly in the manufacturing sectors of electronics, automobiles and peaces for automobiles.
However small, the recent expansion of Chinese foreign direct investment has attracted the attention of international society, being considered an important step in the country's economic development. It is expected a rapid acceleration of this trend, according to the government's strategies, the conditions of the Chinese economy and its bilateral economic relations (IMF, 2010). Even because, in addition to the quantitative increase, Chinese investments abroad have geographically and sectorally diversified. But, to keep that trend, the Chinese government will have to revise the current system of administration of foreign direct investment in the country, still very restrictive and complex, depending on the need for prior authorizations from different government agencies so that the process is carried forward (Acioly, 2010). This is even the more evident as foreign direct investments in China are more driven by economic motives than by the government's political agenda.

It has been upon this context of China’s expansion capacity to invest in third countries that the interest of this country in Latin America has grown, even though the country's foreign direct investment in the region is still considered low when compared to the capacity and interests of China in the region (Jenkins and Peters, 2009). Still, in 2010 China has conducted twenty acquisitions and shareholder participation in the petroleum, energy, steel, telecommunications and automobiles, investing in Latin America about USD 30 billion. The project of building a railroad linking the Atlantic and the Pacific coasts of Colombia through a sort of channel on the ground to serve as an alternative to the Panama Canal is a good example of Chinese interest in the region.

Indeed, China is interested in improving its access to Latin American commodities such as minerals (especially iron ore and copper), oil, cellulose, pig iron, steel, soybeans and soybean oil in order to face its needs of industrialization. Thus, both by the provision of investment, both by acquiring local companies, China has invested in these sectors considered strategic for its development) in South America countries.

Argentina, Brazil, Venezuela and Peru, in descending order, are the main recipients of the Chinese foreign direct investment. In late 2008, these four countries received 90% of total foreign direct investments made by China in South America (MOFCOM, 2010).
Between 2003 and 2008, from a total of USD 479 million in foreign direct investments made by China in the region, these four countries received USD 422 million (MOFCOM, 2010).

Still, it should be noted that North-American foreign direct investment in Latin America is much higher than the Chinese. In 2007, the U.S. invested in the region $ 350 billion, while the Chinese`s investments were of $ 22 billion. Even if the rising tide of Chinese foreign direct investment in Latin America continues at the present proportion, notes Andres Oppenheimer, Miami Herald columnist, it will take decades until that investment equals the U.S. (Knigge, 2009).

On the trade issue, China's stance has also evolved. The country's share in world trade has grown rapidly since the early 1980s, especially in the light of the government strategy of 'reform and opening', supported by the extraordinary economic growth of the country. If, in 1980 it accounted for 2% to world GDP, in 2008 that percentage rose to 12% (IMF, 2010). Thus, if in 1980 China accounted for only 1% of the world trade flows, in 2008 it accounted for more than 8% (IMF, 2010), although it represents only 3% of the world imports of consumer goods and 4% of the growth of world imports (IMF, 2010).

In terms of imports, the commodities are the ones that stand out, with China increasing its share in global imports in 2000 from 4% to 8% in 2008 (UNComtrade, 2010). In terms of exports, the highlights are now over the manufactured products of medium and high technology, and China's share in world exports increased from 40% in 2000 to over 55% in 2009 (UNComtrade, 2010). During this period, China went from an exporter of garments and petroleum products to an exporter of electronic and information technology (Silveira Souza, 2010).

It is also in this context of China`s increasing participation in the world trade that Latin America gains particular relevance, having China reduced its tariffs for the region of 20% in 2000 to 10% in 2009. On average, the presence of Chinese goods in the imports of South American countries has increased four times, passing from 2.3% in 1995 to 9.28% in 2007 (Jenkins and Peters, 2009), which reflects the international strengthening of the Chinese
companies’ competitiveness to produce manufactured goods. It also reflects the greater access Chinese products to the markets in Latin America since the entry of China into the World Trade Organization (WTO) in 2001.

In 2010, China became the largest importer of Brazilian products and also the largest trade partner of Chile, Peru and Argentina. According to ECLAC, China is the largest importer of Brazil and the second largest destination for exports from Argentina, Costa Rica, Cuba and Peru, and the third of Venezuela (ECLAC, 2011). There are now Chinese companies building cars in Uruguay, Chilean architects selling anti-seismic architectural services for China, many Chinese conglomerates investing in Brazil and Mexico and many Mexican multinationals producing consumer goods and pastries in China (ITAMARATY, 2011).

Thus, trade between China and Latin America rose from just $10 billion per year in 2000 to USD 100 billion today (ITAMARATY, 2011), whereas it was in 2009 that China became the largest trading partner of Brazil, for the first time surpassing the U.S., with the volume of Brazilian goods imported by China to grow more than 40% (Knigge, 2009). Moreover, the growth rate of exports from Latin America to China rose from 2.2% in the first six months of 2009 to 44.8% in the first months of 2011 (ECLAC, 2011). Besides, if in 1999 they exported raw materials worthing $4 billion, that value has jumped significantly to $40 billion in 2009 (ITAMARATY, 2011).

Please note that the products exported by China to South America are in its great majority of medium and high intensity of technology, especially since 1993. Indeed, while imports of primary commodities and low-technology from China have been stable and imports of intensive use of manpower manufactured and natural resources have been declining since 2000 (UNComtrade, 2010), products of medium and high technology of Chinese origin are being increasingly imported by South American countries. In 2008, these products accounted for approximately 60% of South American imports made in China. In the same year, only the high-technology goods accounted for 40% of imports, while the low-tech with difficulty reached the 10% (UNComtrade, 2010).
As in the case of Africa, Beijing is particularly interested in importing natural resources and energy from Latin America, having already become the largest importer of copper, iron ore, gold and oil from Latin America (KHIGGE, 2009). The Asian demand has thus contributed to the expansion of sectors linked to natural resources in Latin America, but has not helped, according to ECLAC, to the creation of new technological capabilities for the region (ECLAC, 2011).

If the Latin America-China partnership is beneficial to South American consumers, who can buy products cheaper than those of domestic origin, even if they raise concerns about standards of quality and safety of some products, from the point of view governments and entrepreneurs of the region, that partnership has become a matter of great concern due to the impact that Chinese competition may have on local producers.

However, many Latin American countries began to promote policies of approaching to the new giant, now that Latin American statesmen and entrepreneurs are aware of China's new status of «candidate for world power» of the century. In this sense, they want to take advantage of that reality, which may be useful for the increase of their exports of ores, raw materials and energy to an enormous and promising emergent market. Especially because these statesmen and entrepreneurs know that China has got alternative partnerships in the supply of those products and signalize their position becomes crucial.

It is quite likely that the Chinese advantage over the U.S. on the economic partnership with Brazil in particular, is due to the global crisis and that, once it is passed, the U.S. regains the first place as an economic partner of Brazil, as well as their economic and commercial influence over all the countries of the region. However, the current situation confirms that, today, China's influence in Latin America is booming.

It is important to note that the increase of the Chinese foreign direct investment in Latin America and the strengthening of trade ties between the two sides have occurred alongside the establishment and progress of their diplomatic relations. Between 1970 and 1980, all countries of the region had recognized the People's Republic of China, with the exception of Paraguay, which represented a change in the Latin American perspective on the Taiwan
question - given that the stance of Paraguay, which has relations with Taiwan and does not recognize the People's Republic of China, has prevented the conclusion of a free trade agreement between China and Mercosur.

Indeed, after the founding of the People's Republic of China in 1949 - a result of the revolution, triggered by the thought of Mao Tse-Tung, against imperialism, feudalism and capitalism - China sought to establish relations with governments that respect the principles of equality and territorial integrity, also looking for support in Latin America. For historical reasons, the countries of this region maintained diplomatic relations with Taiwan, but gradually they began to approach the PRC and Cuba was the first country that, in 1960, suspended diplomatic relations with Taiwan to establish them with the PRC. This approach was being done on the basis of mutual interests of various social and business groups in Latin America and China, which has then led governments to reciprocal visits between 1949 and 1960. Parallel to this strengthening of friendship ties (SHAOXIAN Xinsheng, 2003), also the trade cooperation was boosted with the signing of the first trade agreements between China and Chile (1952) and between China and Mexico (1953).

However, it would be only since the mid-1970s that the relationship between the parties would become relevant.

Although the breakdown in relations between China and the USSR in the 1960s had provided China the formulation and execution of a foreign policy independent from Moscow, the Chinese-Latin American relations suffered hardship between 1960 and 1970, because of the military regimes that were established in Latin America, with strong ideological influence from the USA.

Moreover, the countries in this region were experiencing major economic transformations in this period, presenting a rapidly growing fruit of the development policies that foster regional integration and privileged contacts among the countries of the region.
Consequently, there was even a setback in the relations between China and Latin America.

Only since the mid-1970s these relations were reassumed, when China already had diplomatic relations with most Latin American countries (Cuba and Chile, Peru, Mexico, Argentina, Guyana, Jamaica, Trinidad and Tobago, Venezuela, Brazil, Suriname, Ecuador and Colombia).

The stronger strengthening of this relationship took place in 1978 when the Chinese leader Deng Xiaoping set a new diplomatic strategy for China's development: opening the economy to the outside, with the simultaneous modernization of industry, agriculture, technology and Armed Forces. At the same time, Chinese foreign policy strated, in the 1980’s, to promote the cooperation with developing countries, making the relationship with Latin America based on the principles of peace, friendship, mutual support, mutual benefit and joint development (SHAOXIAN Xinsheng, 2003). Although Latin Americans lived, in the 1980s, the process of redemocratization and the end of military regimes and China keep its centralized political system into a single party (as now), the truth is that these political differences have not affected the relationship between China and Latin America, because the Latin American countries faced severe difficulties generated by the debt crisis of the decade, so the connection to China emerged as a new economic and political interesting perspective (SILVA, 2003). After the adjustments and structural liberalizing reforms operated during this period, the Latin American countries further strengthened its ties with China.

Thus, in 1990, it occurred the first visit by a Chinese head of state to Latin America, with President Yan Shangkun visiting Mexico, Brazil, Uruguay, Argentina and Chile. From here on, these countries began to support China, especially in relation to the U.S. non-interference in Chinese internal affairs - which occurred, particularly in 1989 during `the student’s protests in Tiananmen Square.

The visit also stimulated the economic relationship between the parties, when China emphasized the existence of common interests and the complementarity of their economies
(REISS, 2000), now that, in the 1990’s, both sought modernization and economic development, which led the intensification of China's relations with Peru, Venezuela, Mexico and Brazil.

In 1995 President Li Peng visited Latin America, strengthening even more the Sino-Latin American relations, now that during that visit the principles that would guide that relationship were established: the consolidation of political relations and increase common knowledge and credibility, exploring new interests and advancement of economic cooperation, encouragement of cultural contact, establishment of bases for mutual support in international affairs, aiming the protection of the interests of the developing world, namely the establishment of an international political and economic order favorable to these countries and the development of friendly relations based on peaceful coexistence (SHAOXIAN Xinsheng, 2003).

China has made explicit its interest in Latin America when, in 2001, President Jiang Zemin, on a visit to the region, accentuated the importance of the fourth principle, in order to boost South-South cooperation as a way of ensuring that the countries already considered emergents, had greater participation in international fora and a greater capacity for economic development.

In recent years this relationship has been intensified in the light of President Hu Jintao's visits to the region in 2004, 2005, 2008 and 2010, while several South American leaders have officially moving frequently to Beijing and China strengthens multilateral involvement in the region, in particular when becoming a full member of the Interamerican Development Bank (IDB) in 2008 (ECLAC, 2010), given that in the last decade, Chile and Peru signed free trade agreements with China, being the treaty with Costa Rica awaiting for ratification by the Costa Rican Congress.

On the other side, the strengthening of Sino-Latin American relations became possible, not only because of the strong growth rate sustained by China, but also thanks to the existence of coincidences and similarities between their respective national projects, as it becomes clear through the analisys of their relations. After all, both are characterized by a
strong developmental, autonomist, pacifist and universalist line, with both sides showing convergence on many issues on the international agenda, both in political terms as in economic matters, reflecting what Reiss calls "positive sum game" (REISS, 2000). Moreover, both parties are included in the developing world, having lived experiences of oppression and exploitation by colonialism and imperialism and both face today the challenge of developing a more audible voice in the matters that fill the international agenda.

In this sense, the construction of this partnership means increased power and greater international integration of these people in today's international society, being sure that Latin America has grown and passed by global crisis without significant impacts, which was largely due to its exports of oil, minerals and grains to China.

If Latin American countries have trade interests in this partnership with the emerging power that grows more economically in the world and is the world's largest market, looking, at the same time, for Chinese investment and for the composition of alliances that allow them to face the pressures of globalization carried mainly by developed countries and, in the more specific case of Brazil, turning the partnership into another element of power projection, in accordance with its international activism, China also nourishes very specific interests in that partnership. According to Reiss, “China’s diplomatic objectives for the 21st century with regard to Latin America aim at more participation in global affairs, support in autonomy and independence and struggle against hegemony » (REISS, 2000). Furthermore, China considers Latin America as a strategic region, with which it is interested to develope strategic partnerships (economic, technological and political). Firstly, China sees Brazil as a strategic partner and a regional leader. On the other hand, Mexico and the Caribbean countries have a geographic location that can open itself the way to North American market. Finally, Chile, Peru and Mexico are, like itself, part of the ASEAN Pacific Economic Cooperation (ASEAN).

Moreover, as in Africa, China has in Latin America, as vital interests, businesses and natural resources, since, according to Chinese foreign policy, the central objectives of the
country are benefiting its commercial interests and own development, as well as highlight
the Asian expert at the German Institute for International and Security Affairs (SWP),
Günther Hilpert, and the specialist in Asian affairs of the British think tank Chatham
House, Kerry Brown (Knigge, 2009). Besides being an export market for China, Latin
America represents, for China, the means for its strategy of diversification of trade partners
as the country wishes not to be overly dependent on U.S. and European markets.

Despite this very particular focus on trade, China also aims, from its connection to the
region, the range of political interests, including recognition of its primacy over Taiwan,
even doing of that, very often, a condition for investing in other countries.

In fact, the Asian giant is also seeking, among the Latin American, allies to promote the
principle of noninterference in internal affairs, including human rights and has actually
found them. On the other hand, China also wants to gain influence in terms of soft power
and has opened several branches of the Confucius Institute in Latin America. The issue is
not only Latin America but a ceaseless search for China's growing influence in global
governance, finding, in the region, a means to achieve it. Hence, China has become today, a
strong "adversary of the West".

Despite these converging interests in functionality, being sure that Chinese leaders stress
that the China is part of the same “category of nations" that Latin American countries
(REISS, 2000), the truth is that there are still several obstacles that have prevented the
building of stronger relations among China and Latin American countries. In addition to
geographic distance, there are cultural, political systems and economic and social
structures' differences, which promote the mutual ignorance between the parties, creating
difficulties for a deeper and fruitful relationship.

Either way, the truth is that all Latin American countries have been influenced by the
strong economic growth in China, including Paraguay, which does not recognize it, coming
all the countries of the region to register an increase in imports from China since 2002.
Argentina, Brazil, Chile, Peru and Venezuela have benefited from the impact that Chinese
demand for commodities has been in the rising of the commodity prices in international
market, while China becomes, for these countries, the first or the second largest export market. Also Bolivia and Ecuador, which have reduced rates of export to China, have benefited from the increase in commodity prices due to the strong Chinese demand for these products.

But not all aspects of the now called 'China`s effect' are beneficial, since the increase in imports from Latin American countries from China, if pleases the consumers, has had a negative impact on local manufactures, because of the increased competitiveness of prices of Chinese products. All countries in the region have suffered from this situation, but the worst of all has been Brazil, which, as the largest and most diversified economy in the region has been affected in all economic sectors (Silveira Souza, 2011).

Moreover, taking into account that this trade relationship is still too recent, it is necessary to consider the fact that, if, on one hand we are facing a new era of economic and technological cooperation between Southern countries, on the other, the future of this relationship depends on how both China and Latin America can confront the strategic challenges they face, particularly in the sector of renewable energy and energy efficiency.

After all, many Latin American countries and China have similar objectives in this area. China has already transformed itself into a world leader in the development of wind and solar energy, energy-efficient lighting and appliances that save fuel and reduce pollution, while Latin America has huge growth potential in this area, receiving today most of its electricity from renewable sources such as biofuels.

On the other hand, there are many risks associated with the presence of China in Latin America, now that the rate of export of the region has grown thanks to Chinese demand for commodities. This, according to ECLAC, could lead the region to a scheme dependence, compared with the Asian giant, such as "center-periphery" (ESTRADA, 2011), through the 'reprimarization' of the Latin American economy. Also the Report of the ECLAC presented in Chile in March 2011 indicates that concern, noting that it is important to prevent the growing trade between Latin America and China leads to such scheme of dependence (ECLAC, 2011).
According to Claudia Young, Executive Secretary of ECLAC, "AL-China relationship is presented asymmetrically, marked by Chinese needs and reinforced by the limited structure of exports from the region (...). It is being structured an unequal economic relationship - even if it is expressed differently in different countries - which can lead to a narrowing of the scope of Latin American countries" (ESTRADA, 2011).

Although this relationship has driven the recent expansion of several Latin American countries, the trade structure that characterizes it is reducing the potential of the region, which may be transformed just in a part of China’s chain value. Chinese exports of manufactured goods to Latin America grew more than regional exports of raw materials to China, which has led to a trade deficit of the region towards China, especially in the cases of Mexico and Costa Rica. Moreover, this commercial link has proved unequal, because the relationship between China and the region boils down to the countries of greatest economic importance, such as Brazil, Argentina, Chile, Peru and Mexico, ignoring the smaller economies, and has led to the bankruptcy of several Latin American industrial producers, unable to stand up to Chinese competition in the area of manufactures.

It should be noted, in this scenario, that today the main concern of analysts in the region is not with the Central American countries, but with Brazil. The president Dilma Rousseff has said that the undervalued Chinese Yuan is one of the greatest threats to the Brazilian economy, because it has led to a wave of cheap imports from China that have damaged the Brazilian trade balance and led to a dramatic increase of the unemployment in Brazilian manufacturing industry. Hence the pressure of Brazilian entrepreneurs for the creation of barriers to entry, in Brazil, Chinese products.

This strategy has not been very effective, which has led industrialists to invest in improving the design and quality of their products. In any case, Brazil has already limited, at the end of 2010, sales of large properties to foreigners, while the Uruguayan government thinks of banning the purchase of land by third and the Argentine Congress begins considering a bill that restricts the access of foreign ownership of fields.
But China remains an opportunity for Latin America, because Latin American governments do not deny their connection to China. Just come calling attention to the risks of this partnership given the competitiveness of Chinese exports and industrial interest of Chinese companies in dominating the ownership of lands that have natural resources.

Although, until now, the trade balance is favorable to China, trade has benefited the region during the crisis, helping the Latin-American countries to suffer little from the effects of this crisis, given that China itself came out of the crisis sooner than rich countries because of the acquisition of even greater volumes of raw materials from Latin America. Moreover, prospects for the region's exports to China remain good and it is expect that over the next three years, Chinese domestic consumption will increase by nearly USD 9.5 billion (ie $ 3 billion more than in the USA).

Fact, however, is that there are risks. To cover them, the Latin American governments should, according to Claudia Casal, increase the competitiveness of small and medium enterprises, empower the manpower, develop linkages that bind the export sectors to the rest of the economy and take advantage of advances in region in biotechnology (ESTRADA, 2011), also fostering also exploitation of the potential of the Chinese market, by the Latin American multinationals, through investments in assets, acquisitions, or even designating funds for the installation of its own plants in Chinese territory. Moreover, there should be greater investment by the countries of the region, in products of the agro-business destined to export, following the example of Peru. Through the free trade agreement this country has with China since 2010, it has explored the products of its agro-business - mangoes, grapes, citrus - entering the Chinese market with 0% tariff until 2018.

This does not mean to discourage the approach to China - only that the trade structure must be done in a different. As far as the Chinese foreign direct investment in the region, there are any major problems, because they are still low.
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