



SINO-LATIN AMERICAN ECONOMIC RELATIONS: ACTORS AND FACTORS

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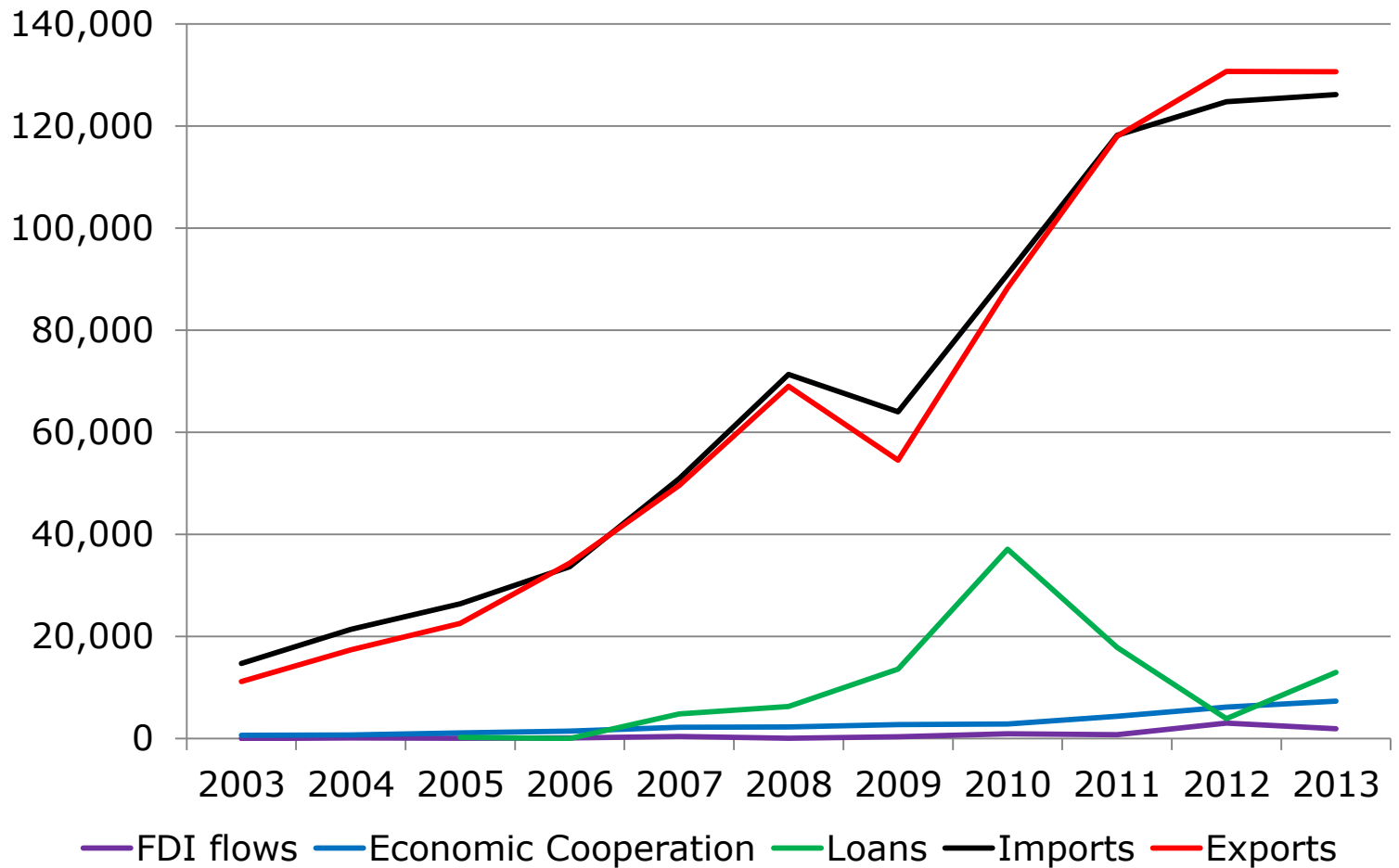
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OVERVIEW

- Growth of economic relations
- Major actors involved
- Key drivers of Chinese expansion
- Econometric analysis of determinants of different economic relations.

CHINA'S ECONOMIC RELATIONS WITH LATIN AMERICA (US\$ mn.)



EXPORTERS TO CHINA



Latin
American
SOEs
(CODELCO,
PDVSA)



TNCs
(Cargill,
Rio Tinto,
Vale)



Chinese SOEs
(CNPC,
Sinopec)

IMPORTERS FROM CHINA



Latin
American
Distributors
Retailers and
Traders

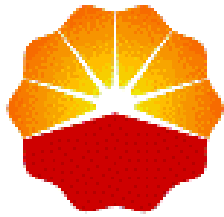


Chinese SOEs
(Lenovo,
Huawei)



TNCs
(Sony,
Samsung,
Dell)

MAJOR CHINESE INVESTORS IN LATIN AMERICA



CNPC



MAJOR CHINESE CONTRACTORS IN LATIN AMERICA



中国能建



国家电网公司
STATE GRID
CORPORATION OF CHINA



SINOMACH



SINOHYDRO

CHINESE LENDERS TO LATIN AMERICA, 2005-2015

国家开发银行

China Development Bank

US\$100.6 bn.



中国进出口银行

THE EXPORT-IMPORT BANK OF CHINA

US\$24.1 bn.



DRIVERS OF CHINESE EXPANSION IN LATIN AMERICA

- Strategic economic objectives
 - Secure supplies of resources
- Commercial objectives
 - Market forces: production costs; trade costs; market demand.
- Strategic diplomatic objectives
 - “One China” policy and Taiwan
 - Diplomatic support/countering US hegemony

Weight of each objective depends on actors involved.



DEPENDENT VARIABLES

- Chinese imports from LAC, 2002-13 (UNCTADStat)
- LAC imports from China, 2002-13 (UNCTADStat)
- Stock of Chinese FDI in LAC, 2004-2013 (MOFCOM)
- Turnover of Chinese contracted projects in LAC, 2002-13 (National Bureau of Statistics)
- Chinese loans to LAC, 2005-13 (Inter-American Dialogue China-Latin America Finance Database)



INDEPENDENT VARIABLES

- Strategic economic
 - Share of minerals in total exports
 - Share of fuels in total exports
- Commercial
 - Market size – China GDP, LAC GDP & GDP p.c.
 - Trade costs – Openness, FTA, Distance, land-locked
- Strategic diplomatic
 - Relations with Taiwan
 - Coincidence of UN votes with US

	Log Chinese Imports	Log Imports from China	Log FDI Stock	Log Contracted Projects	Log Loans
Log China GDP	3.73***	3.04***	4.41***	2.50	5.67**
Log LAC GDP	1.59***	1.18***	0.92*	0.79**	1.06***
Log LAC GDP pc	-1.68***	-0.38*	2.06*	-0.16	-0.50
FTA with China	-0.61	1.34*	1.22	2.41	0.62
Minerals	3.50*	-2.69**	7.47*	-0.15	-0.74
Fuels	2.94**	-0.70	-2.45	2.13	5.66*
Taiwan	-0.70	-0.07	-7.53***	-5.66***	-1.10
UN voting	0.009	0.001	0.02	-0.004	-0.05**
R-squared	0.74	0.63	0.49	0.36	0.31



CONCLUSION

- Different types of economic relations between China and LAC are affected by different factors
- The significance of different factors is related to the types of actors involved.
- This challenges the view that China has a single coherent strategy of expansion towards the region.