

The Opportunities and Bottlenecks between China and Latin American Countries' Economic and Trade Development

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In recent years, Latin America and China had rapid development of economic and trade cooperation. The total trade amount exceeded \$ 100 billion in 2007; it was 10 times than 10 years ago. Latin America and China made new progress in telecommunications, infrastructure, energy, mining, and science and technology investment cooperation. However, in the process of rapid growth of China import and export, there are obvious structure differences between regions and industries products. China's export growth caused concerns of some companies in Latin America, thus their governments take a variety of trade remedy measures, like anti-dumping. Trade frictions with Latin America increasing prominent, the development of bilateral trade has become a bottleneck. Enhance communication, eliminate trade friction and achieve win-win situation is an urgent problem between China and Latin America.

Key Words: Latin American countries; trade opportunities; trade friction; bottleneck

Introduction

Since the 1990s, China and Latin American countries had rapid development of economy and trade. In 2007, China's economic and trade exchanges with Latin American countries continue to maintain the momentum of rapid increasing. In the 21st century, China's trade with Latin American countries growth rapidly, Latin America's total trade in 2007 exceeded \$ 100 billion and reached \$ 102.7 billion, 10 times than 10 years ago. China and Latin American made new progress on telecommunications, infrastructure, energy, mining, and science and technology investment cooperation. Trade development between China and Latin America are prospects and great potential.

Literature Review


Trade and economic development opportunities between China and Latin American countries

Over the past decade, Latin American countries have always been one of the six largest markets for China, trade and economic relations with Latin America access to a comprehensive development. The complementarities of different economies is the economic foundation of bilateral economic and trade development, complementarities higher potential for bilateral economic and trade relations also great. With developing countries, China and Latin America despite the use

of different model of economic development, but are in continuous exploration and economic upswing. With China's economic development needs of Latin America's rich natural resources, while China's industrial and technology to Latin American countries, stimulate local technology and industrial development.

Latin American economic and trade relations are a "win-win" [People's Daily, 2005] relationship. Mainly reflected in: 1. China needs to import large quantities of primary products, and a variety of international market prices of primary products is rising, which makes a large number of primary products exports benefit of Latin American countries; 2 in some Latin American countries, China's production sector invested, for lack of funds for Latin American countries, this is conducive to economic development in Latin America; 3 Latin American countries, China to promote trade diversification, by 2010, trade volume between China and Latin America will reach \$100 billion; 4. Many Latin American countries in their efforts

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to improve the technological level of China in many areas can provide advanced technology to Latin American countries; 5. As more and more Chinese people to travel around the world, China will promote tourism development in Latin America.

Pull heats up in the trade on the basis of some Latin American countries, China and the establishment of a free trade area in question has made significant development. Among them, the China - Chile FTA is particularly prominent. Chile is the first Latin American free trade area with China began negotiations and signed free trade area agreements. November 18, 2005, in the wisdom signed a free trade area agreement, October 1, 2006 come into effect. Chinese President Hu Jintao in Busan, South Korea two years ago when he met with Chilean President Ricardo Lagos said the establishment of a free trade zone between China and Chile will not only help promote bilateral political, economic and trade relations further development, but also to promote South-South cooperation to establish a good example.

On 2007 Central Economic Work Conference, 2008, one of the tasks of foreign economic work is to promote the implementation of the Free Trade Area strategy and strengthen bilateral and multilateral economic and trade cooperation. In this regard, Song Xiaoping, deputy director of the CASS Institute of Latin America, recently told Xinhua News Agency reporters interview that "promote the establishment of a free trade zone is in the process of pulling in the bilateral economic and trade system, an important step.

Most Latin American countries in the 1970s before the country with China established diplomatic relations. At present, China and 33 Latin American countries and 13 regions are not independent trade relations S. Rick Fernandez.,(2013b). China and 19 Latin American countries have established diplomatic relations with 14 Latin American countries signed a trade agreement the government. Brazil, Argentina, Panama, Chile, Peru, Mexico, Cuba, Venezuela and Uruguay 9 countries in Latin America is China's major trading partners, China's trade with these countries and Latin America accounted for 89% of total trade. China has with Bolivia, Chile, Argentina, Uruguay, Peru, Ecuador, Jamaica and other countries signed the agreement on investment encouragement and protection.

Latin American countries rich in natural resources, favorable investment environment and huge market potential and prospects for sustainable development of China's enterprises to invest in Latin America provided a favorable opportunity, combined with sound political relations and seek common aspiration of foreign promote economic diversification Latin American trade is growing Marchan, Espinosa Sucre (2015).

Cause of Trade Friction in the Pull

Rapid growth of Sino-Latin trade, but also there are some trade frictions. Such as the Latin American countries impose higher tariffs on Chinese imports, the implementation of anti-dumping measures Farooki and Kaplinsky (2012), mainly because China policy issue it.

Exist in the structure and flow of Latin America trade imbalance. Since 2002, China has been in the overall trade deficit of Latin status, but the deficit is mainly derived from primary products, while manufactured goods on the Chinese side has maintained a trade surplus, especially in the textiles on behalf of the surplus labor-intensive products apparently, also has a competitive advantage in the international labor Latin American countries to form a competition. At the same time, China's exports are mainly concentrated in Mexico, Brazil, Chile, Argentina, Colombia, Venezuela and a few other countries (S. Rick Fernandez, 2013:156), exports to Latin America the impact of similar products are also concentrated in these countries. For the protection of domestic industries, China's exports of these countries to take anti-dumping and other trade remedy measures.

Business operations are not standardized. Some Chinese enterprises are mainly dependent on low-cost way to explore the international market competition, while Latin American countries on the import regulation has not fully in place, and induce some low-cost export business customs and other acts, in turn, stimulates the Latin American countries initiated anti-dumping. In the anti-dumping investigation began, as the Latin American anti-dumping amount is generally small, and there are cultural, linguistic, legal and other obstacles, Chinese enterprises responding to the relatively low rate. As a result, the trial institutions credible, "the best available information", according to anti-dumping information provided by the applicant, imposed on Chinese products, high anti-dumping duties.

Latin American countries affected by domestic political factors. Latin American countries to export products to China because of trade remedy measures closely linked with political factors. As in 2005, Colombia on Chinese footwear, textiles, batteries, monitors, electric irons, socks, etc., through the special safeguard measures, customs restrictions and other means to limit the number of segments. However, Costa Rica is not within the context of the technology focus of negotiations with China, but will carry out customs cooperation, fight against illegal trade and other issues into the consultation issue; its purpose is to squeeze the domestic market joint solutions, smuggling and "money laundering" and many other political issues.

Latin American countries in the region and other regions of China's export restrictions on the demonstration and Latin American countries have knock-on effect. China for 11 years in anti-dumping investigations than countries also face a number of special safeguard measures trade restrictions, which the objective of the Latin American countries had a demonstration effect. In addition, Latin American countries because Chinese companies do not actively anti-dumping, but also to Latin American countries are easy to succeed for my anti-dumping, which caused a chain reaction throughout the region.

Significance to Economy

Response to the idea of Latin American trade friction

Timely adjustment of the export strategy of pull, pull the harmonious development of trade. In the export market, the relevant government departments should guide and encourage enterprises to actively develop the Latin American countries' markets, changes in market conditions too concentrated; in the export products Manzano (2015), according to different market competition, the implementation of market segmentation, such as Mexico and China strong competition in conflict countries should increase high-tech and high value-added export products; of a, Pakistan, and China Committee and other complementary than competitive countries should strengthen mutual cooperation in a competitive product on the appropriate none other; of Central America and the Andean region is relatively backward industrial technology, on the potential of textile industry for the country, China should develop export of electromechanical products, and they reduce head-on collision on textiles; in export mode make the necessary adjustments can be by investment in factories in Latin America Gallagher and Porzecanski (2010), and change the product output of capital, equipment, management and service exports.

Full use as a WTO member rights, we should seriously look at Latin America Litigation country's anti-dumping legislation, investigation procedures and measures, such as found in violation of the WTO anti-dumping rules, it should formally to the WTO to bring the dispute settlement procedure that requires the anti-dumping measures of the members State to amend the relevant laws and regulations, and the return of anti-dumping duty has been levied, or otherwise brought to the anti-dumping measures to compensate the loss of trade.

Actively respond to the Latin American anti-dumping complaints. Of anti-dumping cases have oc-

curred, the Chinese government and industry organizations should encourage and support enterprises to respond, and individual enterprises should actively respond. On the one hand, employ experienced and understand the local regulations and national conditions of China in Latin America's lawyers, importers and end users in Latin America for the assistance and cooperation; the other hand, should anti-dumping within the period specified sponsors to respond quickly, carefully fill in and submit the questionnaire. In this way, Chinese companies in anti-dumping investigation by the initiative, to avoid because of "in absentia" the generation of high anti-dumping duty or responding to the image of the negative spread caused a chain reaction of proliferation of anti-dumping and other consequences.

The formation of laws and regulations of the dispute settlement mechanism. "The wisdom of free trade agreements" contains "the dispute settlement mechanism" provisions for dealing with trade disputes between the wisdom to make the law. In view of this, you can explore the pull between the signing of bilateral or multilateral free trade agreements possibilities. By signing the FTA, the formation of laws and regulations of the dispute settlement mechanism, the last Latin American countries to eliminate trade remedy measures on my part of the program on the existence of arbitrary orientation.

Summary

Export products to establish a rational pricing mechanism. First, the Government should be legislation to improve the enterprise wage system, standardize the business of the labor protection and social security obligations, an appropriate increase in wages of employees; Secondly, the export price should be in full production during the reaction of environmental and resource costs, so that prices reflect the real production of the actual input, to avoid wasteful consumption of resources and the expansion of exports, forcing companies to take the technology development path, increase the added value of China's export products.

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