I. THEORETICAL FRAME

Distance has been the first characteristic that has defined the relationship between China and Latin America throughout history. The Pacific Ocean as frontier and the incipient communication as part of the approach that has only been broken, according to the Chinese version, with the arrival of 200 boats commanded by Zheng Hen, a Chinese navigator and ambassador, to the American Continent in 1405.

In 1950, according to the statements of Mao Zedong, the political relations between China and Latin America were uncertain, and commerce between both of them, of hardly 30 million dollars, had nothing to do with the important commercial growth that has occurred between both parts throughout the last decade, which since 1990 until 2003 has increased more than ten times, from 1 800 million dollars to 26, 800 million dollars, appearing in 2006 a commercial deviation in favor of commerce between China and the Region.
The discovery of both regions occurred, in a formal way, by the second half of the last century, when some Latin-American leaders visit the Communist China in the 50’s, just after the Republic was restored, after its Revolution. Of this first encounter, it became important, because of its proximity, the Chinese relation with Cuba, which was constructed to the light of its ideological coincidences, and by the close contact that both maintained during the second part of the XXI century. Cuba was the first country that broke relations with Taiwan and establish them with China in 1960; Fidel Castro, on the other hand, was the last president that received Jian Zemin as President of the Popular Republic of China, and also the first to receive Hu Jintao in his quality of new General Secretary of the PCC.

Xu Shicheng said that “ Latin America is not, and it will not be, the first priority of the Chinese foreign policy”, however, since 1978 it has been on his international line of attention; first, like a convenient policy of balance with
respect to the United States, and second, as a natural interest that has been increased before the necessity of a greater amount of agricultural, metallurgical and power materials that demands the expansion of the Chinese economy.

“Latin America is not, and it will not be, the first priority of the Chinese foreign policy”

Xu Shicheng

Historically, China has visualized Latin America as a region, as an homogenous zone, on the basis of its geographic and cultural characteristics. From this perspective, it has had an integral policy of approach, that covers almost all of the regional actors. In that sense, since 1991, it participates as an observer of the Inter-American Development Bank (IDB); in 1993 it joined, also as an observer, to the Latin American Integration Association (LAIA). Through the People’s Bank of China, it formally joined in 1998 to the Caribbean Development Bank. Since 1990 it maintains formal relations with the Rio Group; it has formed consultation and cooperation mechanisms with the Andean Community (2000), and maintains formal contact with the Latin American Economic System (LAES), as well as with the Economic Commission for Latin America and the Caribbean (ECLAC), among others.
China at the moment maintains diplomatic relations with 19 of the 33 Latin American countries, which represent approximately 90% of the GDP of the region. From the 90’s and towards expansion of the economic and commercial capacity of China, its policy of approach with the nations of the zone has been intensified, not only in a country level but also by subregion, according to the strengths and weaknesses of each one. The encounter of China with Latin America does not represent the simple relation of a country with 33 nations grouped in a common region. In spite of the numerical difference of countries, the dimensions of China as a nation are so, that still after this first contact, the Chinese population is 130% that Latin America population, their commerce is 10% superior; and its GDP, at the end of 2005 has surpassed the economic value of all the countries of the region in 30 %.

Nevertheless, the same Chinese perspective of analyzing Latin America, considering its region concept, forces to study the bilateral contact in the same way, that is, China as a whole with, at least, other seven nations of Asia
(South Korea, Hong Kong, Indonesia, Macao, Thailand, Taiwan and Singapore), with whom it grows constantly following different integration schemes that turn this Asia zone into a successful region and most of all, in a region with future. From this previous comparative analysis appears a greater difference between this Asian group and Latin America.

II. ECONOMY AND COMMERCE

China keeps growing. Through this last 25 years it has maintained an average rate of 9 %, achieving what any other country had not achieved until now. This represents a gradual, integral and align economic model, that place all the Chinese strengths into China development.

Latin America, in the other hand, during the period that goes from 1980 to 2004, obtain a GDP average increase of 2%. The most important difference in development subjects, even more than the numeric disparity, is the one that refers to consistence and stability of the Asian country, with respect to the region. While in China the economic development line is ascendant or maintained, in Latin America we can visualize a line of longing and deceptions, that in 30 years has not been able to consolidate itself.

In another sense, the GDP per capita of China in 2005 has situated in $1200 dollars, being below of the GDP per capita of Latin America, that rises into
$3,800 dollars. In spite of this big important difference, in the last 25 years the income per capita of China increases more than six times, while Latin America only increased its income in 1.1 times.

The difference that appears between this two numbers, not only represents the success or failure that came of chosen between winning or insufficient economic strategies, but also the success or failure of the men that were behind the strategies, of the politicians that were able to be statesman, in the case of China, and of the politicians that had made of Latin America one of the regions with the worst rates of income distribution, with a 50% of poverty.

Talking about commerce between both regions, China is located, actually, among the first five nations that receive most of the Latin American exports and it is situated also among the first ten origin countries of its imports.
By Arturo Oropeza García

In this commercial encounter, China has been able to sustain the growing of the offer towards the region, and in the last eight years, it has maintained the tendency of a balance of trade on its favor, the same that has generated for it a surplus of more than 14 thousands million dollars.

The commercial deficit of the region is located mostly among Colombia, Cuba, Mexico and Panama, seeing that countries as Argentina, Brazil, Chile or Peru reflect surplus.

According to the tendencies of the past years, the commercial exchanges will keep increasing between China and Latin America. Brazil, by example, has triplicated its trade with the Asian nation form 2002 to 2004. The Argentinean sales have also increased 24 % each year in average; Chile has China as its third trade partner, even in front of the United States and Argentina; while Mexico has China as its second trade partner.
China represents a real competition for Latin American countries, above all, for the industrial and manufacturing sectors. In the same way, it represents a great competitor respecting its European clients and its natural market, which is the United States.

But in the other hand, Latin America offered a big selection of goods that nowadays are necessary for the Chinese economy. Inside its frontiers we can find, soya, copper, oil, gold, nickel, and a great number of raw materials that day by day China buys from the region. It is also searching for new investments in Latin American companies, in order to lower the costs of its final invoice, reason why in the present time it participates in iron mines in Peru, petroleum deposits in Ecuador, copper in Chile and gold extraction in Venezuela, among others.

In the Latin American region, around 50 Chinese companies have invested directly in different industries of Brazil (light, forest, nutritional, transport, etcetera), and many others have done the same thing in Mexico. In Peru and
Chile, China has made important investments in the mining industry. Other important destinies of the Chinese investments are Cuba and Venezuela. At the end of the 2002 there were in Latin America approximately 362 companies or corporations officially approved and registered with exclusively Chinese capital or share capital. Only in 2002, 46 new Chinese companies settled down in the region.

In the same way, there are diverse Brazilian, Chilean and Mexican companies that are already investing in China, and they have became partners of Asian companies. Nevertheless, in the balance of this new commercial approach, the result turns into an important flow of Chinese investments in the region and into an incipient presence and movement of the Latin American investors in China. Because of the unfolding and dynamism of the Asian economy, this is one of the challenges that Latin America is facing in order to balance the terms of its interchange.
III. General Frame

The encounter between China and Latin America establishes a great number of challenges and opportunities for a region that in spite of its geography and culture, do not want to recognize itself as a commercial and economic unit, that could deal better with globalization, by maximizing its complementary sectors. On the contrary, since 1960 until today, the Latin American region, throughout different and imperfect schemes of integration, had lived a commercial simulation that have not offered it a better world position. Globalization is an historical and inexorable phenomenon that demands the best strategies and disciplines of each nation. It is also an omnipresent and plurinational phenomenon that punish those that confront it alone, and maximize the opportunities of those that join forces to create chains of values, as is the case of the European Union.

Notwithstanding the dimensions of its geographical, population and economic force, China, since 1978, has understood the rules that had been imposed by a new economic stage, that in spite of its great development it is not so far totally defined. Because of that, as we have been saying, China keeps constructing a regional fortress, which has leaded the country to became part of the ASEAN, the APEC, and other regional Asian schemes in process
(ASEAN + 2), that even had motivated Ogura Kazuo to speak about the creation of a New Asia.

In its contact with Latin America, China has found a divided region, that does not have a voice of its own, that through its division make possible the economic and commercial approach of a potency who is constantly rising, that has as speakers Latin American nations with insufficient economies and mostly separated.

That is why, the result of this first contact between Latin America and China has been characterized for being anarchic. During the last decade its result has been more the result of the vitalism of each country or sub-region, than the result of the strategic posing of a complementary zone. In the beginnings of this new century the economic situation of both parts became contrasting. After been fighting for its own economic development the last twenty years, the decision of choosing different free market models, made Latin America fall behind, with an insufficient economic model that struggles to maintain an average increase of 3 %. In the other hand, we saw how it appears an Asian Zone, that in the last decade has reached an average increase of 7 %, that has chosen the gradual models, instead of shock therapies, and that has privileged privatization proceedings with a productive orientation against inventory rush sale. In the same way, China and is region differ from Latin America and apply the macroeconomic controls as a tool for development, and not as a strength jacket against employment and growth. This are some of the differences that explain the discordant numbers that nowadays reflect this two regions that in the early 80’s presented a favorable balance towards the 33 Latin American nations.
The relation of China with Latin America displays an endless number of challenges on whose solution will depend an important part of the economic future of the Latin American countries. First of them is to understand that this encounter is historical and, in consequence, of long term, reason why the construction of a regional agenda would be a first step to solve the common matters to be treated with the country that, on the next years, will be the main exporting nation of the world. For it, it will be necessary to differentiate the individual subjects from the common ones; but more important will be that Latin America matures on the strategies that it applies as a region, and also that it will abandon the simulation of five complementary schemes that does not give extra value to their negotiations and that, on the contrary, pulverize and diminish them.

The hegemony of China is a process that by its magnitude, little by little has been winning the attention of the reluctant observers, whom forced by the exports have had to turn towards the East. Most of the Latin American countries belong to this group, that resists itself to validate this importance
(fourteen countries of the region still keep officially unrecognizing China), or that even though they identify it, they can’t handle the challenge. The bilateral relation will have the result of the dynamism and the effectiveness that each country prints to it; nevertheless, in the regional aspect, a correlation of less disproportioned forces in the treatment of common subjects, will be a strategic factor for a good relation between China and Latin American countries.

By constructing a relation of balance and respect with the new Asian giant, the opportunities of a joint involvement are multiplied, as it is the case of the defense of common interests before the different international forums like the UN or the WTO, where from its 5ª Ministerial Meeting held in Cancun, resulted a great number of coincident positions between China and twelve Latin American countries; or the possibility of work together in scientific and technological subjects, in headings of the interest of both parts like food, energy, infrastructure or education.

The challenge for the Latin American countries in its relation with China, will be maximize its opportunities with the Asian country, and dissolve, through a common agenda and a permanent dialogue, the multiple differences that constantly will be arising from the duality of the same Chinese model: of its successful or developed part, where an approximated number of 300 million of Chinese take part, and of their developing regions, where almost 1000
million inhabitants are still waiting for a better distribution of the incomes. Of this duality, of these two differential fields of its economic model, it will appeared a source of coincidences and divergences that will required a good Latin American agenda, to obtain a greater balance and a better bond with China.

The challenge that has Latin America, and also Africa, in front of China, is just like globalization: real and inevitable. For that reason, the possibility of a closer and balanced commercial relation is not only possible, but necessary. The advantage to attract investments, companies in expansion and Chinese technology, is part of the new challenges that presents a new geopolitical and commercial era, that invites to participate and to take advantage with more imagination of a new reality in which all our countries will have to coexist, at least the first half of the XXI century. The best way to compete with China is knowing it deeply, to defend better the competition point; the approach is necessary for discovering it, learn of its good commercial practices; and in the complementary subjects, join to it.

“The best time to plant a tree was twenty years ago. The second best time is today”.

Chinese Proverb

I hope that some of these reflections are of the opportunity and interest of the African countries.

THANK YOU VERY MUCH.