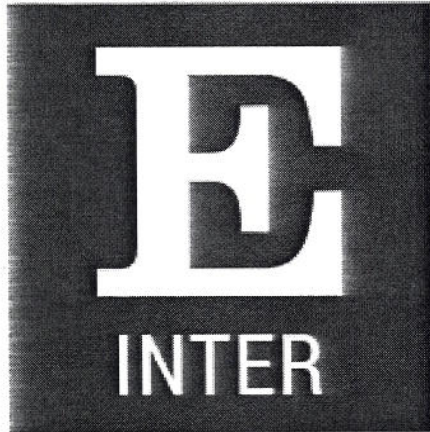


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### **China and Latin America: Diversification is the key word**

The tour which begins this week, Premier of China, Li Keqiang, Brazil, Chile, Colombia and Peru marks a new stage in the deepening of economic relations and political cooperation between the Latin America and the Caribbean and China.

The visit of Premier Li and his address directed to the region of ECLAC since May 25 are part of an ongoing commitment of China to promote a path of the joint effort of the 2008, the country has recognized the strategic relations with our region in its White Paper (the official document that slogan on official policy).

There are many challenges facing the bilateral economic relations, but it is a key word: diversification. Over the past 15 years, the link was very dynamic. The value of bilateral trade increased 22 times between 2000 and 2014, and China is already the second largest trading partner in the region.

flows of foreign direct investment, and in general the Chinese capital for Latin

America and the Caribbean, have also risen sharply. This process took place in a context where the Chinese economy grew by 10% between 2000 and 2011, fueling a “super cycle” of raw materials from which much of the region, countries South America particularly benefited.

But since 2012, as part of an economic downturn that also affects the region, China aims to grow at a pace consistent with its ambitious reform program, trying not to hurt job creation. It is expected, for now, its growth will be between 6% and 7% for the rest of this decade, highlighting the following as one of the best in the world. In Latin America and the Caribbean, while growth has fallen sharply due to internal factors such as stagnation of investment and a weakening of consumption, and external causes, including weak growth in the euro area and the China slowdown itself, with the consequent drop in demand for raw materials.

From the standpoint of Latin America, export diversification and increased productivity are the main outstanding issues: only five products, all elementary schools, accounted for 75% of the value of regional exports China in 2013. Chinese investment in the region reinforces this trend, since between 2010 and 2013 almost 90% of it went to mining, including mining and hydrocarbons.

To move to more prosperous and less unequal societies, the region must overcome its excessive dependence on the export of raw materials. Therefore, as important as the expansion of trade and investment flows with China is to develop actions to modify its structure.

If the investment increases and diversifies Chinese in the coming years, not only can promote the diversification of exports to that country, but also productive integration in the region itself. Also, if the cooperation with China helps to fill known gaps of our infrastructure, logistics and connectivity, we can boost intra-regional trade and the gestation of regional value chains.

The rich experience accumulated by our countries in innovative social policies, urban development, environmental protection and other areas can be helpful for China to address the major challenges in its development trajectory. The plan of cooperation of the Community of Latin American and Caribbean States (CELAC), China from 2015 to 2019, published in January in Beijing, provides an appropriate institutional framework for progress in all these areas. It is now up to the two

parties agree mutually beneficial action to give substance to this cooperation.

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