

**Remarks by Alicia Bárcena, Executive Secretary of ECLAC at the Second Ministerial Meeting of the
Forum of China and the Community of Latin American and Caribbean States (CELAC)**

Santiago, Chile, 22 January 2015

Heraldo Muñoz, Minister of Foreign Affairs of Chile,

Wang Yi, Minister for Foreign Affairs of the People's Republic of China,

Excellencies, distinguished ministers of foreign affairs of the quartet and all the countries of Latin America and the Caribbean,

Friends,

It is an honour to address you at the second ministerial meeting of the China-CELAC Forum, which is taking place at a time when humankind faces formidable challenges, including rising inequality in many countries, climate change with increasing natural disasters, geopolitical tensions, economic nationalism in central countries, mass migrations, and the fourth industrial revolution with the uncertain impacts of automation and the digital economy. And all this is in a context of uncertainty over the future of multilateralism. In this complex scenario, China has expressed a strong commitment to cooperation for economic growth centred on shared prosperity, the fight against poverty and inequality, environmental protection, multilateralism and the principles of the 2030 Agenda for Sustainable Development. These are all objectives shared by the countries of Latin America and the Caribbean.

When Xi Jinping launched the Belt and Road Initiative in 2013, some in our region thought that it would be hard to participate in it, owing to our territorial, cultural and linguistic gaps. But China has reiterated—with great determination—the importance of including our region.

I would like to thank all of you, the Governments of Chile, China, and the quartet, for inviting ECLAC to support this process.

We maintain an unshakable commitment to strengthening ties between our region and China in all dimensions. And for that reason, I am pleased to present the document "**Exploring new areas of cooperation between China and Latin America and the Caribbean**", which has been prepared for this meeting. In the document, we analyse the road we have travelled together over the past three years and the evolution of trade, financial and investment relations between China and Latin America and the Caribbean, and take a comparative look at macroeconomic, environmental, infrastructure, science and technology and social development policies.

At its first meeting, in Beijing in 2015, this forum adopted the Cooperation Plan 2015–2019, which set the target for achieving a trade volume of **US\$ 500 billion** by 2025. According to our estimates, trade between the region and China multiplied 22-fold between 2000 and 2013 and, in 2017, stood at US\$ 266 billion. This represents progress of 53% towards the target with seven years still to go. The **second** target by 2025 is to achieve a foreign direct investment stock of US\$ 250 billion between the two parties. Our estimates show that China's stock of direct investment in the region has reached around US\$ 115 billion, i.e. 46% of the target has already been achieved. In the financial sphere, in the last decade China has provided funding of over US\$ 141 billion to the region.

It was also important to look at qualitative aspects. In the area of trade, diversification of the export basket to China remains a challenge for the region. Just five commodities (soybeans, iron ore, copper, refined copper and oil) accounted for 70% of the total value of exports.

Foreign direct investment from China is also highly concentrated, both by sector (mining and hydrocarbons represent around 80%) and by destination country (with just three countries, Brazil, Peru and Argentina, receiving 81% of flows between 2005 and 2017). An important task lies ahead to transform the typical pattern of trade —exchanging raw materials for manufactures— between the region and China. The good news is that Chinese FDI in the region increased in 2017 and exceeded US\$ 25 billion, and it went to new sectors such as food, telecommunications and renewable energy.

China has shown growing interest in our region. In the three years since the first ministerial meeting of the Forum, President Xi Jinping, accompanied by Minister Wang Yi, has attended important gatherings where he has proclaimed his vision for the future of China, and for its role on the international stage and its relationship with our regions, in the "1+3+6" framework. In 2016, we organized the first joint summit of CELAC-China media leaders. In October 2017, we held the CELAC-China Think Tanks Forum in preparation for the present meeting.

How can we open up new areas for cooperation?

Why is the Belt and Road Initiative important for our region?

First, because it will galvanize the economies of Asia and Europe, which will benefit Latin American and Caribbean exports.

Second, because the Belt and Road Initiative offers us a unique opportunity to bridge the great territorial gap that separates us, by means of better air, sea and especially digital connectivity to strengthen our ties in trade, investment, tourism and culture.

China has become a leader of the digital economy and innovation. The country invests more than 2% of its GDP in research and development, especially applied research, which has enabled China to move swiftly towards the production and export of knowledge-intensive goods and services. Conversely, our region spends just 0.7% of GDP on this crucial area, which explains its great difficulties in moving beyond its current production and export structure.

In the 2019–2021 action plan, you have identified common challenges and opportunities for sharing experiences and knowledge, with a vision of mutual benefits and shared prosperity. I hope the suggestions that we put forward in our document will help to produce a qualitative leap in our relationship, putting innovation at the centre to move towards inclusive and sustainable economies.

First of all, it is urgent that we diversify the flow of trade and foreign investment. One strategic area is to promote greater Chinese investment in high-tech sectors and thereby facilitate structural change in our

region. We need to consolidate an agenda that will enable our region to develop its full potential as a provider of high-quality food for China, with investments that generate a more modern economic relationship between the two parties, encouraging technology transfer between companies. As well as diversifying Chinese investments, it is essential to generate linkages with suppliers in the region, especially SMEs, and to organize trade fairs to support them.

Second, we need to focus on the serious infrastructure deficits in our region. China has the technical and financial capacities to contribute meaningfully to work together to reduce that gap. Indeed, Chinese construction and transportation firms have moved into the region in the past few years, availing themselves of the financial support offered by Chinese development banks. This is a key topic that must be developed with an eye to mutual benefit and shared prosperity.

Third, the Belt and Road Initiative offers us an opportunity to shorten distances by expanding air, sea and digital connectivity. Fourth, we need to cooperate at the levels of industry, technology and innovation, on sustainable energy, electric transport and Industry 4.0. In connection with this, we propose holding the first CELAC-China Industrial Development Forum.

Fifth, in the area of finance, I would like to make particular reference to the Caribbean, which could benefit greatly from the restructuring of its debt and from access to concessional loans. We invite China to participate both in the debt relief initiative that ECLAC is developing with CARICOM, and in the establishment of a resilience fund which will promote infrastructure for climate change adaptation, contribute to reconstruction in the wake of Hurricanes Irma and Maria, and counter the impact of the loss of correspondent banking relationships.

Lastly, we propose a new urban agenda that includes cooperation on social issues to eradicate poverty in all its forms by 2030. China has pledged to achieve this by 2020. On this, we can move forward together.

As noted by President Xi Jinping, when he opened the Belt and Road Forum for International Cooperation last May, and I quote, "*Civilization thrives with openness and nations prosper through exchange. The ancient silk routes were not for trade only, they boosted flows of knowledge as well.*" Today, as China enters a New Era, we need a strategic partnership of mutual trust in order to build an ecological civilization and, together, make the Goals of the 2030 Agenda for Sustainable Development a reality. As stated by Minister Wang Yi, the cooperation plan is timely and the time is ripe for a new era of cooperation. [Je zuo xin shi dai kai shi him] Thank you. Xie Xie.