

China-Latin America Economic Bulletin Summary [Global Economic Governance Initiative](#)

By [Jill Richardson](#)

As 2013 drew to a close, Boston University's Global Economic Governance Initiative inaugurated its annual [China-Latin America Economic Bulletin](#). The Bulletin is intended as a go-to source for analyzing and synthesizing trends within the burgeoning China-LAC relationship. It can be a significant challenge to come by reliable data detailing this trade and investment relationship. By providing concrete figures and data, the Economic Bulletin helps to fill in these gaps as well as provide an evidence-based understanding of trends and developments in the increasingly important China-LAC connection.

Many of the key findings of the 2013 Economic Bulletin involve the evolving nature of China-LAC trade. As a whole, LAC exports to China have risen massively since 2000, averaging a 23 percent annual export growth rate. This relatively rosy picture obscures the fact that in recent years this rate has dropped precipitously, slowing to just 7.2 percent growth in 2012. Much of this slowdown can be attributed to falling commodity prices. Despite LAC exports to China growing in volume, price volatility has allowed for stagnant, or even declining, export values.

The LAC reliance on commodity-based exporting to China has allowed for LAC vulnerability to price fluctuations. Over 50 percent of LAC exports are related to just three sectors: copper, iron and soy. This lack of diversification is problematic, as copper and iron prices have both experienced a double digit percentage global decline in recent years while global soy prices have also begun stagnating. Additionally, these three main commodity LAC exports are concentrated specifically amongst Argentina, Brazil and Chile, further demonstrating a lack of LAC diversification in exporting to China. This lack of diversity in exports as well as exporting nations leaves LAC as a whole somewhat vulnerable to unforeseen future disruptions or trends.

Conversely, Chinese exports to LAC are growing in both volume and valuation, owing mostly to the diversity and relatively high-skilled nature of the exported goods. The majority of Chinese exports to LAC are in the manufacturing sector, with a heavy emphasis on electronics and vehicles. Such industries are much less prone to price volatility than are commodities, thus preserving much of the overall value of Chinese exports to LAC. The impact of these trends is that since 2011, there has existed a growing LAC trade deficit in goods with China. Despite increasing the volumes of exports to China, it is the fundamental nature of the LAC exports that is undermining growth and allowing for an impending balance of payments problem. This is a trend we can expect to see continue into 2014 assuming commodity price values remain on a downswing.

The Economic Bulletin closes by anticipating how these trends might be extrapolated into 2014. The overarching assertion is that declining commodity prices will continue to erode the price of the overall basket of LAC-China exports, thus exacerbating trade deficits and the balance of payments issue for Latin America.

Further Reading:

[2013 China-Latin American Economic Bulletin](#)
[China-Latin America Finance Database](#)
[China's Global Reach](#)