



NAFTA Renegotiation : A View from China on Triangular Relations Between China ,US and Latin America

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■ **NAFTA Renegotiation and the Revival of Monroe Doctrine**

“china factor” in NAFTA Party

“US factor” in Sino-Latin American relations

“US factor” in Sino-Latin American relations manifests itself in the unique status of the US as a superpower, and the peculiarity of US-LAC relations and US-China relations co- occurring in multiple contexts. US remains alert to the development of Sino-Latin American relations, and takes resistance, interference or precaution measures on different issues and at different times.



■ Chinese Engagement in Latin America :Great Leap and Challenges

In the past 15 years trade between China and Latin America has grown almost twentyfold. Today, China has become the region's second largest trading partner, second largest source of imports, and third largest export market.

Chinese foreign investment was relatively modest in 2000, but has grown very rapidly since 2004 and especially since 2008 when the world was gripped by financial crisis (see figure 1). In 2012, China's OFDI flows attained a new high of US\$ 87.8 billion, placing China among the world's three largest outward investors for the first time.

China's contribution is typically manifest in increasing the export earnings of Latin American countries, improving the domestic governance of Latin American countries; and generally reducing the dependence of Latin America and China on the US and European markets.



The main challenges confronting Sino-Latin American relations in the areas of trade and investment

The substantial trade deficit in manufactures with China remains a cause for concern in the region.

The characteristics of trade between the region and China are difficult to modify in the short term.

the region's anti-dumping behavior

Initiators are usually China's main export markets,
Anti-dumping products tend to concentrate in the competitive fields between China and Latin America,

Anti-dumping procedures are often discriminative, higher anti-dumping taxes are often levied on China LAC's anti- dumping investigations.



Challenges of China Investment in Latin America : Resource Nationalism and Political Risk

Resource Nationalism The natural resources in the ground or under the sea are the property of the nation rather than of a firm or individual who owns the surface area. In this view, natural resources are a “national patrimony” and, consequently, should be used for the benefit of the nation rather than for private gain. By historical tradition and political constitutions, all Latin American countries currently own the subsoil resources in their political jurisdiction.

Political Risk The probability of disruption of the operations of multinational enterprises by political forces or events, whether they occur in host countries or result from changes in the international environment.



The Challenges of Chinese Investment :Political Risk

Obstacle and problems from acquiring assets

Break of the contact by host country

Economic nationalism

Bureaucratic or political delays

Resistance from political opposition, environmentalist

Local community, commercial competitions

Resistance by extra regional actors

Mexican Case

The cancellation in 2014 of a US\$ 3.7 billion high-speed rail link to be built by China Railway Construction from Mexico City to the industrial city of Queretaro.

The event of the Dragon Mart case



There are Three Views on China's Economic Diplomacy in Latin America

Sino-Latin American relations are a win- win situation motivated by economic and trade ties.

China undertakes diplomatic activities in Latin America merely to expand trade and investment opportunities. Therefore, such an expansion is a benign one.

Some focusing on the trade conflicts and disputes arising from bilateral economic interdependence;

China and Latin America should transcends complementarity and competitiveness to seek new breakthroughs.



■ China's Foreign Policy in a New Era of Sino-Latin American Relations

China pursues to construct a new mode of south-south cooperation

- ✓ China put forth a new idea of justice and shared interests . China should adopt a proper view of justice and interests, should follow principles, cherish friendship and uphold justice, and should provide as much assistance as possible to other developing countries.
- ✓ One Belt And One Road Initiative the strategy underlines China's push to take a larger role in global affairs with a China-centered trading network.
- ✓ New “1+3+6” cooperation framework between China and Latin America.
- ✓ *The second policy paper*



■ Trump and the change of US Foreign Policy

- ✓ The current world order is going through a profound transformation. Although the U.S. still has leading advantages, the Liberal World Order dominated by America has come to an end with Trump's election.
- ✓ American foreign policy appears aggressive. Actually, it reflects the decline in its ability to lead the world.
- ✓ The new-mercantilism and uncertainty of American foreign policies have increased the political risks for Mexico and other Latin American countries.



■ **An alternative approach concerning triangle relations is possible ? the implications for Mexican Foreign policy**

- ✓ As Trump Talks Wall, China Builds Bridges to Latin America.
- ✓ The global rise of Power south has provided a new diplomatic stage for medium-sized powers, such as Mexico, to play a role.
- ✓ The impact of China on the Latin-American area is still limited and far from challenging the status of the United States. However, the cooperation of newly rising nations can offset the diplomatic consequences of the unilateralist policy of the United States.
- ✓ Latin America's status as the US' backyard and a peripheral country of the world economic system has been hindering its development. Therefore, the best way for the region is to avail itself of economic and resource advantages and seek diversified partners and development paths.