

CHINA'S OVERSEAS FDI IN LAC. What can we learn?

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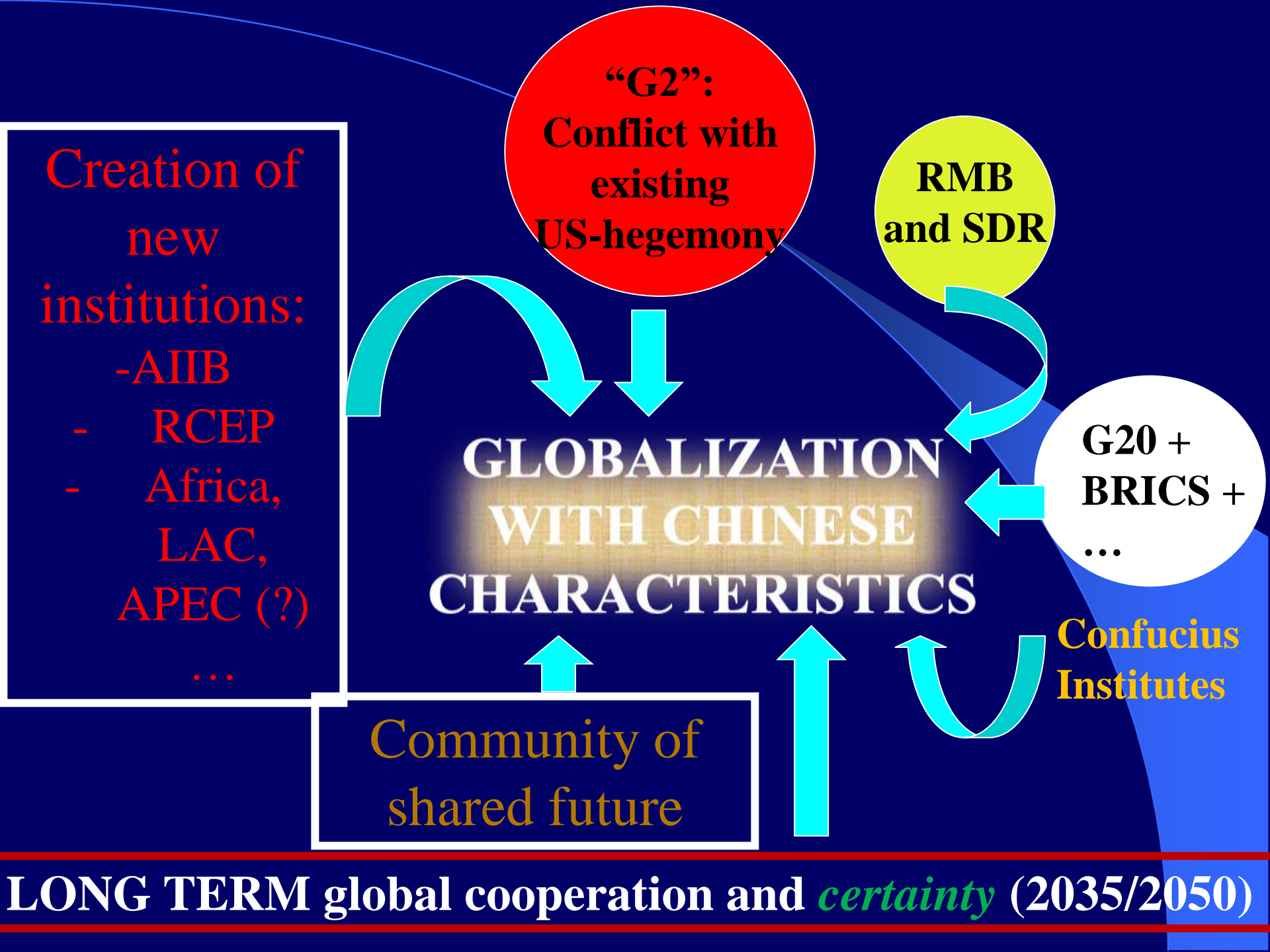
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STRUCTURE

- **China's increasing presence in LAC**
- **Some characteristics of China's OFDI in LAC**
- **Conclusions: what can we learn?**



“G2”:
**Conflict with
existing
US-hegemony**

**RMB
and SDR**

**G20 +
BRICS +
...**

**Confucius
Institutes**

**GLOBALIZATION
WITH CHINESE
CHARACTERISTICS**

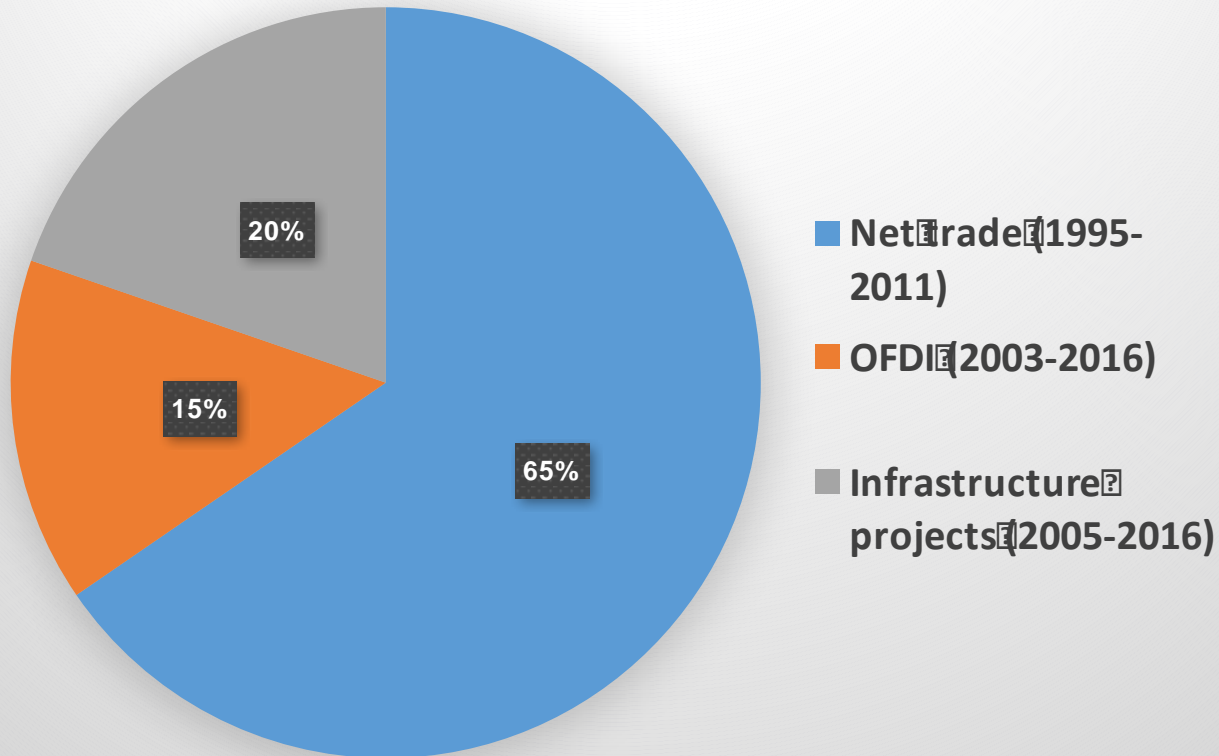
**Creation of
new
institutions:**
- AIIB
- RCEP
- Africa,
LAC,
APEC (?)
...

**Community of
shared future**

LONG TERM global cooperation and *certainty* (2035/2050)

China's presence in LAC (1)

Figure 3. Chinese jobs created in LAC = 1.8 million during 1990-2016

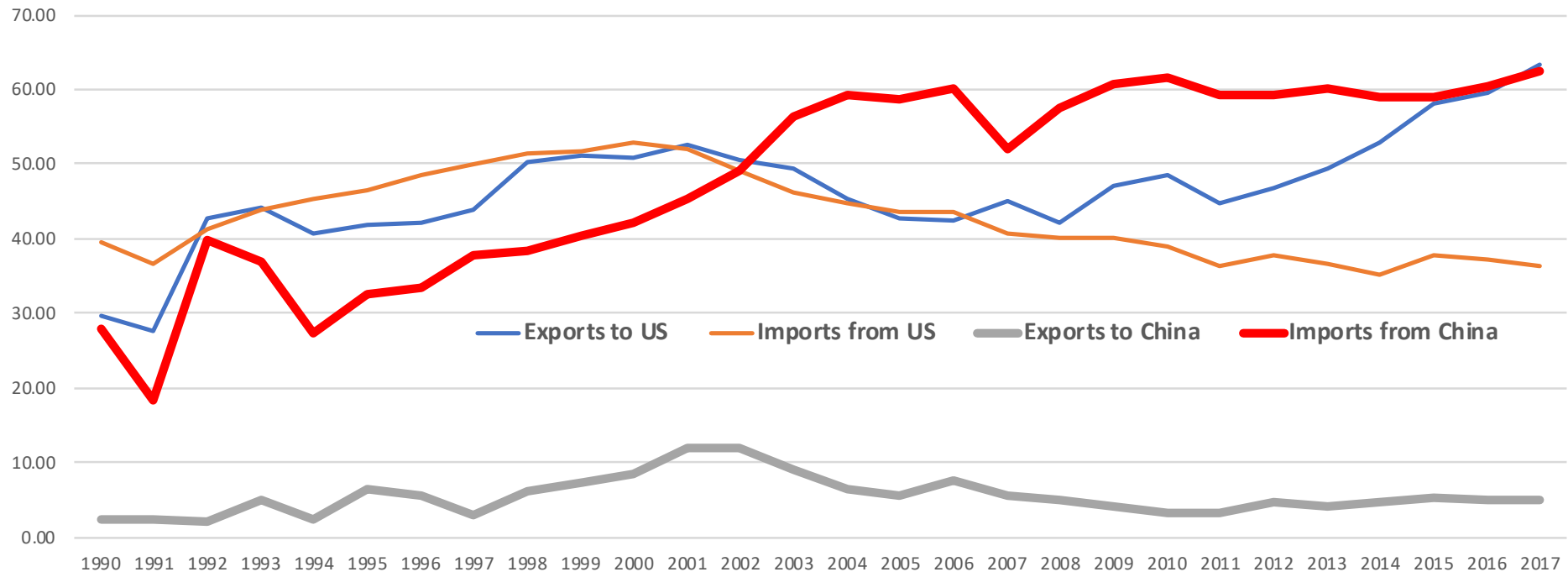


1.8 million jobs or 3.9% of employment created in LAC during 1995-2011 (underestimation!), quality?

China's presence in LAC (2)

TRADE

LAC: TRADE BY MEDIUM AND TECHNOLOGICAL LEVEL (percentage of respective total)



Source: Own elaboration with data from UN-COMTRADE (2018)

China's presence in LAC (3)

FINANCING

- See: Gallagher et al/IAD (see data set)
- Important source for LAC-financing
- Highly concentrated in a few countries (Venezuela, Brazil, Argentina, Ecuador, Bolivia, ...)
- *Venezuela? First debtor crisis for China in LAC (and internationally)?*
- Gallagher/Irwin and Koleski (2013): China as a source for “additional” financing; very significant for LAC, in several cases with new additional requirements

China's presence in LAC (4)

INFRASTRUCTURE PROJECTS

	Nr. Of Projects	Amount	Employment construction	Employment indirect	Employment, definitive	Employment TOTAL
Argentina	7	23,484	16,300	0	0	37,200
Bolivia	9	2,882	5,220	33,000	681	38,901
Brazil	8	4,944	61,276	3,030	314	72,080
Ecuador	13	5,542	20,701	30,099	1,851	49,411
Trinidad y Tobago	3	896	2,000	0	3,200	5,200
Venezuela	12	10,001	78,898	40,000	0	148,319
subtotal	52	47,748	184,395	106,129	6,046	351,111
rest	17	8,426	30,409	16,800	1,784	48,993
total	69	56,174	214,804	122,929	7,830	400,104

69 infrastructure projects of China in LAC (2000-2017): by country, type of infrastructure, year, amount, type of employment, Chinese firm,

Monitor of Chinese OFDI in Latin America and the Caribbean 2019¹

March 31st, 2019
Enrique Dussel Peters

The contributions of this document focus on the recent outflows of foreign direct investment (or OFDI) from the People's Republic of China in Latin America and the Caribbean (LAC) for the 2000-2018 period, as a follow-up of multiple efforts made by the Latin American and Caribbean Academic Network on China (Red ALC-China). In this third version of the *Monitor of Chinese OFDI in Latin America and the Caribbean*, and after the efforts presented in 2018 and 2017, the Monitor for 2019 presents a new methodological and statistical analysis and invites to review the updated information — bibliography, documents, statistical information and multiple analyses — in order to improve and deepen the analysis on the Chinese OFDI in LAC and, in general, the knowledge on China and the relationship of LAC with China.² One of the main contributions of the Monitor and of this publication is the presentation of statistical information at the transaction level (aggregated and disaggregated) for 2000-2018 and — unlike other national and regional institutions — with results significantly different from the existing ones, as will be seen below.

The document is divided into six brief sections, in addition to this Introduction. The first section examines the overall context of Chinese OFDI in LAC, while the second focuses on methodological differences and aggregate results obtained in this publication vis-à-vis the results of other institutions specialized on the subject. The following sections present the annual results and by destination country, type of transaction, sector and main Chinese companies; all this information for the 2000-2018 period.

¹ This document may be cited as follows: Dussel Peters, Enrique. 2019. *Monitor of Chinese OFDI in Latin America and the Caribbean 2018*. Mexico: Red ALC-China.

² The information — the data bank, specialized bibliography and news, all of these for each of the LAC countries — is available at: <http://www.redalc-china.org/monitor/>

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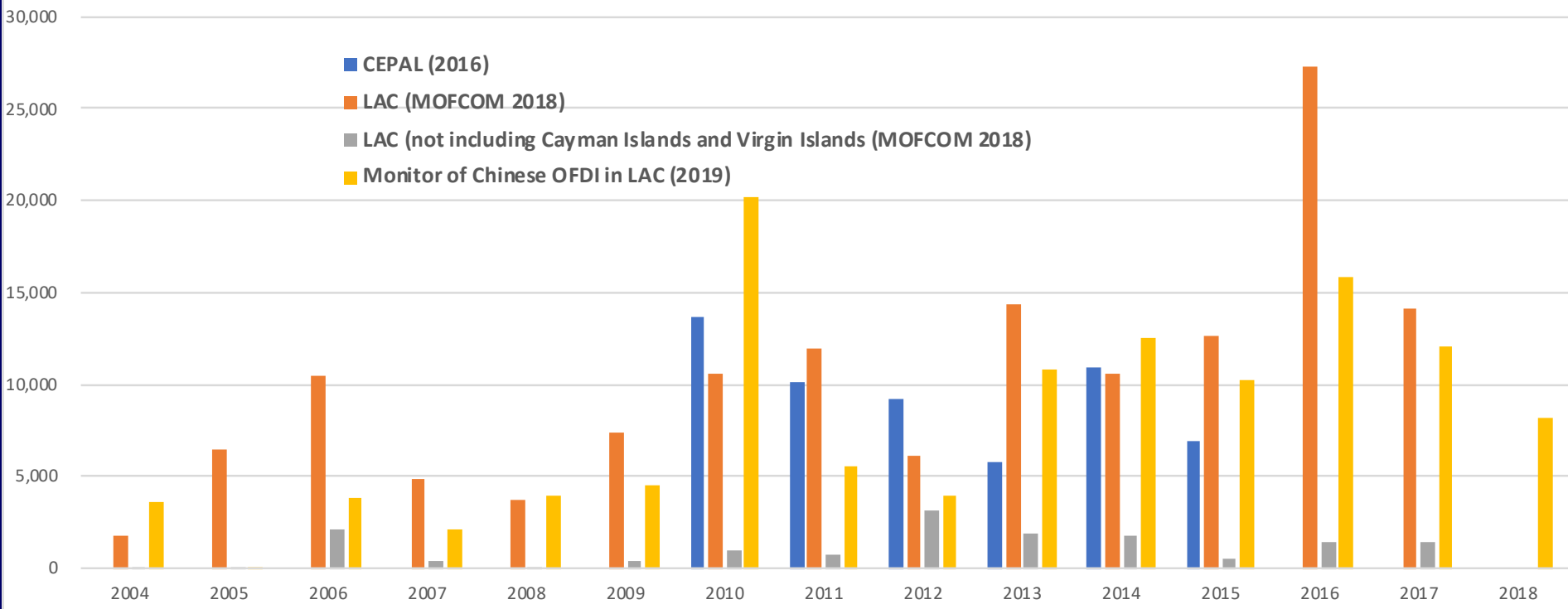
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China's presence in LAC (4)

OFDI

Figure 1

Statistical differences in China's OFDI to LAC according to different sources (2004-2018) (in USD)



Source: own elaboration based on CEPAL (2016), MOFCOM (2017) and Monitor of Chinese OFDI in LAC 2019.

China's presence in LAC (5)

OFDI

Table 2

LAC: Chinese OFDI by Main Countries (2000-2018)

	2000-2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2000-2018
Argentina															
Number of Transactions	0	0	1	0	0	3	1	0	5	3	0	3	5	6	27
Amount (million USD)	0	0	4	0	0	5,597	330	0	3,919	523	0	215	1,413	513	12,512
Employment	0	0	200	0	0	2,601	1,600	0	1,785	480	0	670	4,824	3,451	15,611
Brazil															
Number of Transactions	6	2	4	1	2	10	12	3	6	13	19	16	17	11	122
Amount (million USD)	3,565	30	152	60	425	12,867	2,919	3,232	902	1,747	5,319	13,903	3,017	421	48,557
Employment	6,303	2,111	4,174	61	61	15,208	15,748	1,200	2,551	7,128	13,950	37,163	34,220	5,756	145,634
Chile															
Number of Transactions	0	0	0	2	2	1	1	3	3	2	1	3	4	6	28
Amount (million USD)	0	0	0	39	2,450	18	11	227	45	36	286	215	2,764	5,170	11,261
Employment	0	0	0	78	250	0	55	64	81	43	175	4,284	5,691	6,515	17,236
México															
Number of Transactions	4	2	3	4	1	4	6	1	1	10	9	4	23	9	81
Amount (million USD)	563	45	109	331	40	84	39	70	8	1,140	1,001	81	2,733	398	6,643
Employment	6,354	103	1,409	3,654	1,000	478	1,106	144	3	2,470	4,915	1,455	18,099	2,628	43,818
Perú															
Number of Transactions	0	3	4	3	2	4	1	2	3	5	1	1	3	3	35
Amount (million USD)	0	290	1,085	124	1,402	1,527	4	64	45	421	11	211	73	1,109	6,366
Employment	0	1,900	17,952	2,000	720	1,018	23	300	81	2,259	250	655	1,247	300	28,705

Source: own elaboration based on Monitor of Chinese OFDI in LAC 2019.

China's presence in LAC (6)

OEDI

Table 4

LAC: China's FDI by Type of Property (2000-2018)

	2000-2005	2006-2009	2010-2018	2000-2018	2015	2016	2017	2018
TOTAL								
Transactions	16	58	328	402	35	38	59	44
Amount (\$US millions)	4,444	15,825	101,429	121,698	10,182	15,879	12,018	8,103
Employment	13,905	33,023	275,168	322,096	29,554	48,523	71,984	21,240
Amount / Transaction (\$US millions)	277.73	272.85	309.23	302.73	290.91	417.87	203.70	184.16
Amount / Employment (\$US millions)	0.32	0.48	0.37	0.38	0.34	0.33	0.17	0.38
Employment / Transaction	869.06	569.36	838.93	801.23	844.40	1276.92	1220.07	482.73
Public Firms								
Transactions	8	30	121	159	9	19	14	10
Amount (\$US millions)	3,869	11,190	70,401	85,460	4,974	13,378	6,892	507
Employment	7,839	16,418	133,751	158,008	7,239	35,832	25,851	2,862
Amount / Transaction (\$US millions)	483.58	373.00	581.83	537.48	552.68	704.12	492.32	50.70
Amount / Employment (\$US millions)	0.49	0.68	0.53	0.54	0.69	0.37	0.27	0.18
Employment / Transaction	979.88	547.27	1105.38	993.76	804.33	1885.89	1846.50	286.20
Private Firms								
Transactions	8	28	207	243	26	19	45	35
Amount (\$US millions)	575	4,635	31,027	36,238	5,208	2,501	5,126	7,596
Employment	6,066	16,605	141,417	164,088	22,315	12,691	46,133	18,378
Amount / Transaction (\$US millions)	71.88	165.55	149.89	149.13	200.30	131.61	113.91	217.03
Amount / Employment (\$US millions)	0.09	0.28	0.22	0.22	0.23	0.20	0.11	0.41
Employment / Transaction	758.25	593.04	683.17	675.26	858.27	667.95	1025.18	525.09
	PERCENTAGE (TOTAL = 100)							
Public Firms								
Transactions	50.00	51.72	36.89	39.55	25.71	50.00	23.73	22.73
Amount (\$US millions)	87.06	70.71	69.41	70.22	48.85	84.25	57.35	6.26
Employment	56.38	49.72	48.61	49.06	24.49	73.85	35.91	13.47
Amount / Transaction (compared to private firms, percentage)	174.12	136.71	188.15	177.55	189.98	168.50	241.69	27.53
Amount / employment (compared to private firms, percentage)	154.43	142.23	142.80	143.15	199.45	114.09	159.69	46.43
Employment / transaction (compared to private firms, percentage)	112.75	96.12	131.76	124.03	95.26	147.69	151.34	59.29

Source: own elaboration based on Monitor of Chinese OFDI in LAC 2019.

OFDI (14)

Table 5

LAC: Main Chinese Firms that Generated Employment Through OFDI (2000-2018)
(by main employment generating firms in 2018)

Company	Employment	percentage	OFDI	percentage
2018				
China National Petroleum Corporation	23,114	7.18	4,661	3.83
State Grid	19,829	6.16	11,993	3.72
China Merchants Port Holding (CMPorts)	16,000	4.97	925	0.29
HNA Group Co.	13,187	4.09	1,519	0.47
China Communications Construction Company	11,000	3.42	173	0.05
TOTAL	322,096		121,698	
2017				
China Merchants Port Holding (CMPorts)	16,000	22.23	925	7.70
China Communications Construction Company	5,000	6.95	69	0.57
JAC Motors	4,400	6.11	1,000	8.32
Advent International Corporation	4,350	6.04	209	1.74
Yantai Changyu Pioneer Wine	4,000	5.56	60	0.50
TOTAL	71,984		12,018	
2018				
Tianqi Lithium Corp	4,902	23.08	4,066	50.18
Ant Small & Micro Financial Services Group Co., Ltd.	3,000	14.12	100	1.23
Hilton Worldwide Holding	2,800	13.18	120	1.48
Yanfeng Global Automotive	1,200	5.65	50	0.62
Jiansu Yangje Brewery Joint Stock	1,170	5.51	65	0.80
TOTAL	21,240		8,103	

Source: own elaboration based on Monitor of Chinese OFDI in LAC 2019.

CONCLUSIONS

- **ENORMOUS** heterogeneity among Chinese firms, within their firms (in different countries), experiences in countries...
- **IN GENERAL:** Little/minor preparation by Chinese firms in LAC and of private and of LAC private and public sectors on China
- **Specialized institutions:** national, bilateral, regional?
- **Degree of domestic/local integration?** In general little, but big differences in subcontracting civil construction (Brazil, Mexico, ...) and “turn-key” projects: financing, design, subcontraction, construction, services, workers,
- **Flexibility and learning by Chinese firms:** direct contracts, international bidding processes,

RUC-UNAM PROPOSALS

- **Project(s) on Chinese firms in LAC: trade, financing, OFDI, infrastructure projects**
- **Which Chinese public institution is in charge for OFDI? SASAC, MOFCOM, NDRC, ... very slow and inefficient process? VERY EXPENSIVE?**
- **In many cases, substantial political bilateral effects (if failure)**
- **Academic projects on:**
 - **CRCC**
 - **Huawei**
 - **Sinohydro**
 - **CNPC**
 - **State Grid**
 - **....**

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