

# GLOBAL VIEWS

ENRIQUE DUSSEL PETERS

## Invested in the future

Chinese infrastructure projects in Latin America and the Caribbean have increasingly been in renewable energy sector

The socioeconomic relationship between China and the Latin American and Caribbean countries has deepened substantially in the 21st century and particularly since the launch of China's Belt and Road Initiative in 2013 in any imaginable field: bilateral and regional institutions, exchanges between political parties, business organizations, educational and academic institutions, as well as through Confucius Institutes from the Malvinas to Tijuana. In the economic field, for example, in 2022, the total trade volume between China and the Latin American region reached \$485.79 billion, exceeding \$450 billion for the second consecutive year, and an increase of more than 7 percent over 2021. China has been the region's second-largest trading partner since 2014. China's outbound foreign direct investment to LAC increased from levels close to 1.44 percent of total OFDI in the period 2000 to 2004 to 8.81 percent from 2020 to 2022.

The Academic Network of Latin America and the Caribbean on China (Red ALC-China) recently published the latest edition of its annual Monitor of Chinese Infrastructure in LAC, highlighting the enormous relevance of China in infrastructure cooperation. According to regional institutions in the LAC, the region should be investing more than 5 percent of its GDP in infrastructure, but it was below 2 percent in the period 2015 to 2019 and fell even further after that as a result of the COVID-19 pandemic and the recent rise of international interest rates and pressures on social and infrastructure public spending. The Belt and Road Initiative's focus on interconnectivity and LAC's infrastructure gap presents enormous cooperation potential for both parties.

The Monitor analyzed in detail the recent Chinese infrastructure trends in LAC: The 228 effectively realized infra-

structure projects by 2022 with an investment of \$104.2 billion and creation of more than 721,000 jobs reflect the importance of this bilateral cooperation; in the most recent 2020-22 period, 90 infrastructure projects represented 36.89 percent of the amount of all Chinese infrastructure projects since 2005; and there has been an important increase recently. Acknowledging this important recent dynamism, financing restrictions in LAC might decrease infrastructure projects in the short run.

At least four trends are important to understand China's infrastructure projects in LAC until 2022.

First, while the number of infrastructure projects remained constant from 2020 to 2022, the amount per project declined substantially, from \$457 million from 2005 through 2021 to \$206 million in 2022; the generated employment has also fallen recently. This process is associated with important changes in new Chinese infrastructure projects in LAC in the more recent period, which has been in new sectors, increasingly in renewable energy.

Second, Chinese infrastructure projects in LAC have continued to diversify by country in the 21st century: Historically, Brazil was by far the largest recipient of these projects, but from 2020 to 2022



WANG XIAOYING / CHINA DAILY

Argentina was the biggest recipient (with 37.63 percent of the amount of all projects), followed by Brazil (16.06 percent), Chile (13.71 percent), and Mexico (10.13 percent), which reflects this new trend. Employment generation by infrastructure project by country during the period 2020 to 2022 is also very heterogeneous: The average was 271 jobs per project for

Peru, 959 for Mexico, and 4,756 for Brazil. This performance is important for the LAC-China cooperation and specific bilateral exchanges, i.e. China-LAC infrastructure cooperation

presents specificities to be included in the future.

Third, sectorial changes in Chinese infrastructure projects in LAC explain several of the recent results.

Between 2005 and 2009, the energy sector accounted for almost 80 percent of the amount of these infrastructure projects, but this dropped to 26.17 percent in the period from 2020 to 2022. The transportation sector has become the new pillar of Chinese infrastructure projects in the region, accounting for 62.86 percent of the amount and 84.37 percent of the employment from 2020 to 2022. At least as relevant is the importance of Chinese specialization in renewable infrastructure projects: Of the 77 energy projects in the period from 2005 to 2022, 48 were hydroelectric, solar and wind power projects accounting for 41.48 percent of the amount of total Chinese infrastructure projects in the region. These renewable energy-related projects are capital intensive and generate less employment than other projects and reflect the general employment trends examined above. However, Chinese infrastructure projects in LAC have been able

to fulfill LAC's demand for renewable energy and new transportation infrastructure.

Fourth, and finally, Chinese infrastructure projects in LAC are highly concentrated among a small group of companies: Five Chinese companies, namely China Communications Construction Company, Power Construction Corporation of China, China Railway Construction Corporation, China National Petroleum Corporation and China National Nuclear Corporation, accounted for 73 projects until 2022 and for 52.81 percent of the total amount and 65.34 percent of generated employment from 2020 to 2022. The issue is of the utmost relevance for the China-LAC cooperation in terms of bilateral and regional negotiations on issues of common interest, such as technology transfer, relations with national or local suppliers and environmental issues, among others. Concentrating on these companies would allow an effective improvement in the quality of the China-LAC cooperation.

The exponential growth in the 21st century of Chinese presence in LAC and other parts of the world has been accompanied by modernization and improvement in the quality of the cooperation. Academics, business organizations and respective public sectors in LAC and China should strive to improve the modernization of bilateral and regional China-LAC institutions to counter new international challenges in development and in each of the specific fields of China-LAC cooperation.

*The author is a professor at the National Autonomous University of Mexico and coordinator of the university's Center for Chinese-Mexican Studies. The author contributed this article to China Watch, a think tank powered by China Daily. The views do not necessarily reflect those of China Daily.*

LI CHUNDING AND LI JUAN

## Bumper harvest

Ten years in retrospect: Fruitful international agricultural cooperation along the Belt and Road

Since the launch of the Belt and Road Initiative 10 years ago, China has been promoting bilateral and multilateral economic and trade cooperation along the route, promoting its agricultural cooperation with countries and regions involved in the Belt and Road Initiative and agricultural development in those countries and regions.

China's agricultural trade with the Belt and Road countries has hit new highs. From 2013 to 2022, China's agricultural trade with countries and regions along the Belt and Road increased from \$67.23 billion to \$141.18 billion, with an average annual increase of 8.7 percent. The structure has also been constantly improving, with a noticeable trend of more diversified imports.

China's outward foreign direct investment in Belt and Road countries' agricultural industry had accumulated to \$14.02 billion by 2021, accounting for 51.7 percent of China's total outward FDI in agriculture. The investment areas are expanding toward the whole industry chain covering production, processing, logistics, storage and sales, and the investment regions are expanding from Asia and Africa to other regions.

China and other Belt and Road countries are building a multi-layer logistics network for agricultural products. The logistics arrangements such as the China-Europe Freight Train, China-Laos Railway, and the New International Land-Sea Trade Corridor have significantly promoted the orderly cross-border flow of agricultural resources and better allocation of such resources. The construction of logistics has considerably shortened the transportation time for agricultural products and reduced transportation costs, too. For instance, businesses in China's southwestern region, such as Chengdu, can save 45 days by importing meat products through the China-Europe freight trains, instead of using the sea route, while saving around 10,000 yuan per ton (\$1,392.22 per ton) of transportation cost compared with air transport.

China and countries along the Belt and Road have realized leapfrog growth in agricultural technology cooperation by jointly tackling major scientific problems and carrying out R&D on new technolo-

gies and new products. By 2021, China had sent more than 2,000 agricultural experts and technicians to more than 70 countries and regions, promoted more than 1,500 agricultural technologies to many countries, increased the average output of participating projects by 40 to 70 percent, and effectively improved the efficiency, stability and resilience of local agricultural production.

The quality of cooperative industrial zones — such as the pilot agricultural opening-up zones and overseas agricultural cooperation demonstration zones — is constantly improving. For instance, the governments of China and Uganda and the United Nations Food Agriculture Organization have jointly launched the Agricultural Innovation Technology Center under the South-South Cooperation project to support Uganda's strategic transformation from self-sustaining agriculture toward commercial agriculture and to increase its capacity in ensuring food security.

China has assisted Belt and Road countries in reducing poverty and benefiting farmers. Under the framework of the Belt and Road Initiative, Chinese companies, through various forms of agricultural assistance, have helped the local agricultural industry make new progress in production technologies and productivity, creating job opportunities for the impoverished people.

The World Bank predicts that by 2030, the Belt and Road Initiative can help lift 7.6 million people out of extreme poverty and 32 million from moderate poverty. Research reports by McKinsey & Co and Johns Hopkins University respectively show that 89 percent and 85 percent of the employees of Chinese enterprises in Africa are local people, boosting local employment and empowering poor people in the regions to deal with food crises.

Cooperative mechanisms between China and the Belt and Road countries have been improving. By June 2023, China had signed over 200 cooperation documents on joint construction under the Belt and Road Initiative with 152 countries and 32 international organizations, with over 3,000 projects for promoting economic development and improving people's livelihoods in the Belt and Road countries. A



WANG JUN / FOR CHINA DAILY

number of long-term mechanisms for regional agricultural cooperation — such as agricultural cooperation among the Association of Southeast Asian Nations, China, Japan and the Republic of Korea (ASEAN+3), the South-South cooperation program under the framework of the Special Programme for Food Security, and the Lancang-Mekong cooperation mechanism — have been established.

In the face of mounting instability, uncertainty and insecurity in agricultural development and food supplies caused by major-country competition, intensifying geopolitical tensions and climate change, China and other Belt and Road countries should join hands to press ahead with international agricultural cooperation to

ensure global food security.

First, the bilateral and multilateral cooperative mechanisms on agriculture should be improved to attract more countries and regions to participate in the construction of the Belt and Road Initiative.

China and other Belt and Road countries should strengthen the exchanges and alignment of their respective agricultural development strategies, jointly formulate plans for agricultural economic and trade cooperation, push for the signing of more free trade agreements, enlarge the FTA "circle of friends" under the Belt and Road Initiative, and further advance trade policy and rules coordination on food security, animal and plant inspection and quarantine, and agricultural and fishery

cooperation through World Trade Organization agriculture negotiations.

Second, the scope and channels for agricultural cooperation should be expanded to push for the integration of industry and value chains and promote high-quality development of the agricultural sector.

Based on Belt and Road countries' respective agricultural resource endowments, the warehousing and logistics networks such as the China-Europe freight trains, and diversified market demands, China and other Belt and Road countries should build an industry and supply chain for key farm produce along the Belt and Road, so as to achieve effective alignment of domestic and international supply and demand and coordinated development of supply and industry chains to strengthen the resilience of those chains.

Third, with technological cooperation as the guide, they should promote the sharing of benefits of technological progress in agriculture.

By bolstering cooperation in agricultural technologies they can activate overseas agricultural production factors to promote local agricultural development and increase local farmers' incomes. Focusing on the modern seed industry, soil health, biotechnology, and smart agriculture, they should make the utmost of the demonstrative effect of leading technologies and advance whole-industry-chain cooperation on agriculture led by technological cooperation and supported by agricultural cooperation.

Fourth, they should boost cooperation on the global governance of food security to ensure food security and regional stability.

China has accumulated rich experience and achieved remarkable progress in ensuring food security, reducing poverty, promoting rural development and advancing South-South cooperation, providing it an opportunity to help other developing nations to enhance their comprehensive production capacity for major farm produce. The Belt and Road countries have extraordinary agricultural resource endowments and huge potential in food production, laying a solid foundation for trade cooperation on farm produce.

*Li Chunding is a professor at the School of Economics and Management at China Agricultural University and executive vice-dean of the Belt and Road International Agricultural Products Circulation Innovation Institute. Li Juan is a doctoral student at the same school. The authors contributed this article to China Watch, a think tank powered by China Daily. The views do not necessarily reflect those of China Daily.*