



National Think Tank 2017 (7)



A Series of OBOR by Silk Road Academy

Expanding the Belt and Road : A New Perspective on China – Latin America Integrated Cooperation

Institute of Latin American Studies (ILAS),
Chinese Academy of Social Sciences (CASS)



中国社会科学出版社
CHINA SOCIAL SCIENCES PRESS



National Think Tank 2017 (7)



A Series of OBOR by Silk Road Academy

Expanding the Belt and Road : A New Perspective on China – Latin America Integrated Cooperation

Institute of Latin American Studies (ILAS),
Chinese Academy of Social Sciences (CASS)

Translated by Jia Wenyan, Liang Xiang, et al.



中国社会科学出版社
CHINA SOCIAL SCIENCES PRESS

图书在版编目（CIP）数据

“一带一路”合作空间拓展：中拉整体合作新视角 =
Expanding the Belt and Road : A New Perspective on China—
Latin America Integrated Cooperation : 英文 / 中国社会科学院
拉丁美洲研究所著. —北京：中国社会科学出版社，2017.5
（国家智库报告）
ISBN 978 - 7 - 5203 - 0383 - 5

I. ①—… II. ①中… III. ① “一带一路” —国际合
作—研究—中国、拉丁美洲—英文 IV. ①F125.573

中国版本图书馆 CIP 数据核字（2017）第 086495 号

出 版 人	赵剑英
责任编辑	喻 苗 侯苗苗
责任校对	韩天炜
责任印制	李寡寡
出 版	中国社会科学出版社
社 址	北京鼓楼西大街甲 158 号
邮 编	100720
网 址	http://www.csspw.cn
发 行 部	010 - 84083685
门 市 部	010 - 84029450
经 销	新华书店及其他书店
印刷装订	北京君升印刷有限公司
版 次	2017 年 5 月第 1 版
印 次	2017 年 5 月第 1 次印刷
开 本	710 × 1000 1/16
印 张	12.5
字 数	140 千字
定 价	78.00 元

凡购买中国社会科学出版社图书，如有质量问题请与本社营销中心联系调换
电话：010 - 84083683
版权所有 侵权必究

Editor-in-Chief

Cai Fang

Associate Editor-in-Chief

Li Jiping Wang Lei

Zhao Jianying

Coordinator

Wang Yin Jin Zhe

Wang Chunlai

Series Planner

Wang Yin

Preface

From both what happened in the United States and Europe and what the political economy perspective of the world would expect, anyone may predict a weakening trend of the economic globalization in at least the near future. That is, the predictable politics and economic policies in the western countries, which have been the major drivers of the previous wave of globalization, tend to drive down the economic globalization, alongside nationalism and populism dominate the policy-making of international trade and investment flows in a quite few countries.

That trend does not necessarily mean a catastrophe for China's economic growth, though it has benefited from the previous economic globalization. China will accomplish its goals of building a moderately prosperous society in all respects in 2020 and realizing its great rejuvenation in 2050, no matter what happens to the globalization. China, however, does hope that there will be a sound environment of international trade, capital flows, mobility of the talented, and other factors that economic globalization can bring in.

As the beneficiary of the globalization, the second largest economy, a country trading the largest volume of commodities internationally, and other number ones, China is indeed willing to initiate and lead the potentially next wave of economic globalization. In addition, China is also obligated to seek a change in global system of governance on behave of its own, other developing countries, and other emerging markets. All those can help developing countries in general and emerging markets in particular to gain bigger say in global governance and bigger share of globalization dividends.

The Silk Road Economic Belt and 21st Century Maritime Silk Road Initiative proposed by Chinese President Xi Jinping, taking ancient land and maritime silk road as a symbol, aims to develop economic collaboration relationships and partnerships with countries along the belt and road, build a community with political mutual trust, economic integration and cultural inclusion. This initiative covers the core of economic globalization, seeks to construct new global governance framework, and is expected to become the tipping point of next wave of economic globalization. It aims to link the Chinese domestic development to the world development, to push forward the collaboration

of real economy and production capacity among countries, and to extend domestic pattern of transferring manufacturing from coastal to inland regions to international “flying geese paradigm”.

Before the global system of governance fully changes to more represent interests of developing countries, the Belt and Road Initiative and its corresponding institutional arrangements, such as Asian Infrastructure Investment Bank can supplement the defects of the existing system. On the other hand, one should not forget that the Belt and Road Initiative’s original purpose, that is, serving to fill the worldwide financial gap in constructing infrastructure.

Since the Belt and Road Initiative was proposed in 2013, over 100 countries and international organizations have responded positively, and 40 of them have signed cooperative agreements with China. Chinese enterprises’ investments in countries along the belt and road amount to more than 50 billion US dollars, which serves to facilitate a host of major projects, boom economic development and expand employment in host countries. As President Xi put it, while the Belt and Road Initiative comes from China, it benefits the world.

In front of readers is a series of books, on the theme of the Belt and Road Initiative and its practices in various localities. Those books include (1) A Field Investigation Report on the 21st Century Maritime Silk Road; (2) The Alignment of the Silk Road Economic Belt and the Bright Road of Kazakhstan: Problems and Perspective; (3) The International Risk and Cooperative Space Expansion of the Belt and Road Initiative—the Example of Sri Lanka; (4) Port and Port Cities in Building of the Belt and Road; (5) Study on “21st Century Maritime Silk Road” Docking with “Global Maritime Fulcrum”: Research Report about Fujian Province of China and Indonesia; (6) Expanding the Belt and Road : A New Perspective on China—Latin America Integrated Cooperation; (7) The Construction and Development of Asia and Africa Economic Circle under the Belt and Road Perspective; (8) The Development in the Four Economic Corridors of Indian Ocean under the Chinese Belt and Road Perspective. I hope readers, both theorists and practitioners, will find them helpful.

Cai Fei

Vice President of the Chinese Academy of Social Science
Beijing, May 4, 2017

Contents

General Report Expansion of Cooperation Scope on “the Belt and Road Initiative”: A Research on Status Quo, Opportunities and Challenges of Sino – Latin American Integrated Cooperation.....	1
1. Literature Review and Phased Achievements	4
2. Academic Value and Practical Significance	14
3. Research Methods and Project Summary.....	17
4. Research Themes and Basic Conclusions	20
5. Breakthroughs in Understanding and Policy Recommendations	35
Report One Cooperation between China and Latin America: Overview, Opportunities and Challenges	43
1. Fundamental Realities and Driving Forces for the Overall Cooperation between China and Latin America	44
2. Contemporary Challenges for the Overall Cooperation between China and Latin America	51
3. Suggestions for General Policy – making Regarding the Overall Cooperation between China and Latin America	60
Report Two Current Situation and Perspectives on the Economic and Trade Relations and Production Capacity Cooperation between China and Latin America and the Caribbean	67
1. Economic Situation in Latin America and the Caribbean: 2015—2016	68
2. The Economic and Trade Relations between China and the Community of Latin American and Caribbean States Enter a New Stage of “the Two Ten – Year Goals”	74
3. Analysis and Prospects of Production Capacity Cooperation between China and Latin America	83
Report Three The Cooperation of Infrastructure Construction between China and Latin America from the Perspective of the Belt and Road Initiative: Taking the Cooperation of Railway Construction between China and South America as an Example	119
I. Latin America Is a Natural Extension of the Belt and Road Initiative	120

General Report

Expansion of Cooperation Scope on “the Belt and Road Initiative”: A Research on Status Quo, Opportunities and Challenges of Sino – Latin American Integrated Cooperation

Zhang Yong and Shi Peiran

Abstract: In accordance with the spirit of CCP Eighteenth Congress and the “Thirteenth Five – Year Planning” framework, China will further advance her practice with Reform and Opening up Policy, and will continue to implement the “Going Global” strategy. China has proposed the initiative to jointly develop “Silk Road Economy Belt” and “21st Century Maritime Silk Road” (hereinafter referred to as “the Belt and Road”). This is an important measure for mutually promoting opening up internally and externally, better integrating attracting foreign investment and going global, and accelerating the cultivation of the new advantages in participating and leading international economic cooperation.

Latin America and the Caribbean area (hereinafter referred to as “Latin America”) as a developing region with vast territory and large population, are the important fulcrums for the implementation of China’s comprehensive opening up policy. In particular, since the beginning of the 21st century, with the gradual deepening of economic globalization, the economic and trade relations between China and Latin America have gained unprecedented leap – forward development. With the establishment and convening of the Sino – Latin American Forum in

early 2015, and with the release of China's second policy document towards Latin America in 2016, the Sino – Latin American overall cooperation has formally entered a new stage of institutionalization.

The Sino – Latin American overall cooperation and the strategic essence of the construction of “the Belt and Road” are stemmed from the same origin, and the former is the natural and strategic extension of the latter. In particular, the construction in infrastructure fields (such as the ocean – to – ocean railway system), electric power, logistics and information channels has become a common consensus. Based on this, the Institute of Latin American Studies (ILAS) of Chinese Academy of Social Sciences (CASS), funded by the Academy's general project of the “Research on international risk of the Belt and Road and scope of cooperation expansion”, combining innovative project research with the overall cooperation and international capacity cooperation in the series of domestic and foreign research. The research is divided into two categories in domestic and overseas fields. The domestic research is set for the important provinces which closely cooperate with LAC countries on “the Belt and Road”, including six administrative divisions: the city of Beijing, and the provinces of Shandong, Gansu, Sichuan, Shanghai, and Guangdong. Overseas research is set for the two country groups: Russia, and Brazil and Peru. The Russian Latin American research think – tank has been maintaining close ties with China's Latin American scholars. Both Brazil and Peru are large Latin American countries, through which the ocean – to – ocean railways go, and both face such arduous development tasks as economic growth, social progress and structural adjustment. Therefore they are full of expectation for the economic cooperation with China, and are also relatively representative target countries for China's “going global”.

By means of seminars, interviews, field visits and academic research, the research team has got a deeper understanding of the issues such as the overall cooperation, cooperation in capacity, in infrastructure, and of the economic and trade relations between the major provinces of China and Latin America. Four separate reports have taken shape. Ultimately, following breakthroughs have been gained in cognition by the research team: firstly, “the Belt and Road” and the overall cooperation between China and Latin America are in line with China's layout for diplomatic

strategy; secondly, the Sino – Latin American integrated cooperation agrees with the docking needs of both sides in the economic restructuring and industrial development; thirdly, the overall cooperation between China and Latin America is conducive to the developing scope to seek mutual benefit in win – wining mode for both sides; and fourthly, the feasibility study on the early harvest from the “the Belt and Road” and the Sino – Latin American integrated cooperation can offer intellectual support for the in – depth development of the Sino – Latin American relations. On this basis, the research group has put forward four suggestions for the Sino – Latin American integrated cooperation. Firstly, China should act as the main promoter and contributor to overall cooperation, to facilitate early gains. Secondly, a synchronized drive should be realized in trade, investment, and finance, to promote achieving the goal of Sino – Latin American economic and trade cooperation. Thirdly, strengthen the Sino – Latin American cultural exchanges and enhance mutual understanding and awareness. And fourthly, coordinate the existing bilateral and multilateral cooperation mechanism, and build a network of multi – channel collaborative mechanism.

Key words: the Belt and Road; China and Latin America; integrated cooperation

In accordance with the spirit of CCP Eighteenth Congress and the “Thirteenth Five – Year Planning” framework, China will further advance her practice with Reform and Opening up Policy, and will continue to implement the “Going Global” strategy. China has proposed the initiative to jointly develop “Silk Road Economy Belt” and “21st Century Maritime Silk Road” (hereinafter referred to as “the Belt and Road”). This is an important measure for mutually promoting opening up internally and externally, better integrating attracting foreign investment and going global, and accelerating the cultivation of the new advantages in participating and leading international economic cooperation.

Latin America and the Caribbean area (hereinafter referred to as “Latin America”) as a developing region with vast territory and large population, are the important fulcrums for the implementation of China’s comprehensive opening up policy. In particular, since the beginning of the 21st century, with the gradual deepening of economic globalization,

the economic and trade relations between China and Latin America have gained unprecedented leap – forward development. With the establishment and convening of the Sino – Latin American Forum in early 2015, and with the release of China’s second policy document towards Latin America in 2016, the Sino – Latin American overall cooperation has formally entered a new stage of institutionalization.

The Sino – Latin American overall cooperation and the strategic essence of the construction of “the Belt and Road” are stemmed from the same origin, and the former is the natural and strategic extension of the latter. In particular, the construction in infrastructure fields (such as the ocean – to – ocean railways), electric power, logistics and information channels has become a common consensus. Based on this, the Institute of Latin American Studies (ILAS) of the Chinese Academy of Social Sciences (CASS), funded by the Academy’s general project of the “Research on international risk of the Belt and Road and scope of cooperation expansion”, combining innovative project research with the overall cooperation, international capacity cooperation and cooperation in infrastructure in the series of domestic and foreign research.

1. Literature Review and Phased Achievements

1.1 Literature review

In the past two years, the research literature on “the Belt and Road” strategy and “Sino – Latin American Economic cooperation” has gradually increased. In particular, the research on the Sino – Latin American overall cooperation has established a research path and framework for this research project.

1.1.1 About “the Belt and Road” strategy

Liu Weidong (“Scientific Understanding of the Belt and Road Initiative of China and Related Research Themes”, *Progress in Geography*, 2015, Vol, 5) points out that the core goal of “the Belt and Road Initiative” is to promote orderly free flow of economic elements, efficient allocation of resources and in depth market integration, to

promote a wider range, higher level, and deeper level of regional cooperation, together to create an open, inclusive, balanced, shared beneficial regional economic cooperation framework. The “the Belt and Road” framework contains a totally different concept from the past economic globalization, namely, “peaceful cooperation, opening and tolerance, mutual learning and understanding, mutually beneficial and win – winning”, which is the embodiment of the cultural connotation of the Silk Road.

Lu Feng *et al* (“Why is it China? – Economic Logics of China’s ‘the Belt and Road Initiative’ Strategy”, *International Economic Review*, 2015 Vol.3) point out that “the Belt and Road Initiative” is a grand plan initiated by China to promote collaboration among countries in the vast areas between the countries of East Asia and the vast interior parts of Europe. China’s initiated wide and systematic collaboration consists of policy coordination, infrastructure connectivity, trade promotion, funds accommodation and communication of people’s sentiments. “The Belt and Road Initiative” serves as an integral part of China’s new strategy to further opening up to the world in all fronts, prominently demonstrating a clear trend of more emphasis put on developing together with multitude of developing countries, conveying a new idea to make up the weakness of developing countries in economic growth by cultivating new global economic growth poles. The initiative shows benign interactive relations between the goals of open policy, diplomatic strategy, structural adjustment, and promoting growth. At present phase of development, China has comparative advantage in the capacity of conventional manufacturing and construction, and in opened macroeconomic area with endowment of huge size of national savings and foreign exchange reserves. By jointly constructing “the Belt and Road” China has a chance to demonstrate to the world that she is a dependable and capable cooperative partner with developing countries. In doing so, China will also benefit in wide fields in seeking shared development with multitude of developing countries.

Zhang Xiaojing and Li Liang (“The Belt and Road Initiative” and China’s Export Trade in Perspective of Trade Facilitation, *Asia – Pacific Economic Review*, 2015, Vol.3) discriminate different measures of trade facilitation from different areas throughout the data of 45 countries from 2008 – 2013 and use the extended Gravity Model of Trade to identify

the various impacts that the different levels of trade facilitation from different regions on China's exports. And they put forward relevant policy recommendations based on empirical results.

Xu Li ("Diplomatic Risk Faced by China's 'the Belt and Road' Strategy", *International Economic Review*, 2015, Vol.2) points out that "the Belt and Road" strategy faces three major challenges. The essence of the Asia – Pacific rebalancing strategy is not containment, but the defensive side of the two – sided betting strategy; the concerns of neighboring countries should be minimized as far as possible; China should note that "the Belt and Road" strategy has limited effect on transferring excess capacity and the security and benefits of foreign exchange reserves are hard to guarantee. It is necessary to divide the countries along the Belt and Road into four categories to deal with, focusing on the potential peripheral fulcrum country; for small and medium – sized countries in general only selective cooperation can be carried out; the need for a constructive approach to disputes over sovereign disputes; and for the bigger neighboring countries, special foreign policies should be formulated, starting with the economic and cultural field, establishing the "Asian Five Economic Forum", and establishing a "dialogue of Asian Civilizations".

1.1.2 About Sino – Latin American economic and trade cooperation

Sino – Latin American economic and trade cooperation has been a hot research topic in recent years. Overseas studies focus on the reasons, impacts and future prospects of the accelerated Sino – Latin American economic and trade cooperation. The focus of domestic research, however, is on the comprehensive cooperation under the "1+3+6" framework, especially on capacity cooperation, and constant attention is focused on the new prospects and new patterns of Sino – Latin American trade against the downward economic trend in Latin America, as well as the new extension of comprehensive Sino – Latin American cooperation under "the Belt and Road Initiative".

Espinasa, Marchán and Sucre (2015) focus their research on cooperation in energy and mineral fields between Asia (led by China and India) and Latin America. During 2000—2013, the trade volume of both

sides in these two areas grew at an annual rate of 10.9% and reached \$33 billion in 2013. High volume of bilateral trade has led many countries in Latin America and the Caribbean to shift their trade focus from traditional North America and Europe to East and South Asia.

Based on the above research results, Espinasa, Marchán and Sucre (2015) further discussed the investment of Asian enterprises in Latin America's energy and mineral interest rates. Their researches have shown that in the past 20 years, Asian enterprises led by Chinese and Indian ones have invested extensively in Latin American continent, covering energy enterprises, mines and farmlands. Analysis shows that while China's demand for energy and minerals may slow down over the next few years, for Asia as a whole, over the next decade, demands for energy and minerals will continue to present a rising posture – while China will always take an important position in the international energy market. Therefore, in the increasingly prosperous and stable development of Sino – Latin American economic and trade cooperation, to maintain the prosperity and stability of the new Silk Road will be the joint task of both China and Latin America.

Daniel E. Perrotti researched on the influence of China's economic growth to the export of Latin American Countries. He argued that China's economy and bilateral trade volumes with Latin America have both achieved remarkable growth. He predicted that the Chinese economy will remain at an annual growth rate of about 7% during 2014—2019, and that the total bilateral trade will maintain an average annual growth of about 10%.

Jin Xiaowen, in “Understanding Protests during Sino – Latin American Energy Cooperation”, introduces the complexity of the domestic political environment in Latin America. By starting from protests during Sino – Latin American energy cooperation, the study shows that in the process of deepening Sino – Latin American energy cooperation, attention should be paid to the analysis of these protests, and the basic research of Latin America should be strengthened. In the mean time, publicity work should be well carried out to guard against possible risks during the cooperation.

Kong Qing – feng and Dong Hongwei, in “The Empirical Analysis of Impact of Latin American Trade Facilitation on China's Exports”, systematically calculate the level of trade facilitation in major Latin American countries, then, by using the expanded trade gravity model to examine the influence of trade facilitation level on China's exports, they

conduct a comparative study between the European Union and Latin American countries, and finally they separately examine the impact of the trade facilitation of the first – level indicators to China's exports to Latin America. The results show that China, on the basis of upgrading its own trade facilitation level, should strengthen her communication and cooperation with Latin American countries and jointly promote the trade facilitation level and facilitate bilateral trade development.

In Wu Tong and Chen Ying's "Risk Analysis on China's Direct Investment in Latin America's Major Countries", 9 representative countries are chosen for the research: Venezuela, Brazil, Argentina, Ecuador, Peru, Panama, Mexico, Colombia and Bolivia, which account for more than 90% of China's investment in Latin America. By establishing an evaluation indicator system, a quantitative analysis of the risks of China's direct investment in these countries, both politically and economically, has been conducted. The risk status in the 9 countries has been sorted with the view to providing a reference for subsequent investment.

In the aspect of "the Belt and Road Initiative" and extending integrated cooperation, Zuo Pin's discussion, in "Some Reflections on Construction of 'The Belt and Road' and Deepening Sino – Latin American Cooperation", focuses on the construction of "the Belt and Road" and the all – round cooperative relationship in the new period. The construction of "the Belt and Road" based on but not limited to the relevant countries along the ancient Silk Road, countries and international and regional organizations can also participate. Therefore, if Latin America can participate in the "the Belt and Road" in the future, it will play a direct role in promoting the all – round cooperation between China and Latin American countries. The research explores the emphasis of China's diplomatic strategy on Latin America at different periods and the misunderstanding on the current consideration towards Sino – Latin American Relations, analyzes the possibility and feasibility of the construction of "the Belt and Road" in Latin America, and finally, by thinking about the US policy on western hemisphere, explores its possible influence to the deepening of the Sino – Latin American Relations.

Besides, scholars at home and abroad have published monographs relevant to Latin America research, analyzing the issues of economic structure, social strata and institutional changes in Latin America from

different perspectives. Among them, the relevant monographs include Jeff Dayton – Johnson’s (editor – in – chief), “Latin America’s Emerging Middle Class: an Economic Perspective”, Schneider’s “Industrial Policy Design in Latin America: Political and Commercial Relations and Neo – Developmentalism”, Stuenkel and Taylor’s (editors and authors) “Global Perspective of Brazil”, Post, A.’s “Foreign and National Investment in Argentina: A Political Analysis of Privatization of Infrastructure”, Needell, D. J.’s (editor and author) “The Rising Brazil: The Interpretation of New Global Power”, Campello’s “Latin America’s Political and Market Rules: Globalization and Democracy”, Santarcangelo, Justo & Cooney’s (editors – in – chief) “Latin America after the Financial Crisis”, Yáñez’s “Latin America’s Economy: New Measurement Data in History”, Alston et al’s “Brazil in Transformation: Faith, Leadership and Institutional Changes”, Bagley *et al*’s (editors and authors) “The Colombian Political Economy in Background of 21st Century: From Mr. Uribe to Santos”, Li Gang’s “Institutional Changes and Economic Development: Institutional Analysis of Latin American Economic Development Model and Reform”, and Hu Biliang’s (editor – in – chief) “For a Common, Practical and Mutually Beneficial Development: The New Sino – Latin American Economic Cooperation Framework”.

The most recent relevant reports include a series of books by ECLAC (editors – in – chief): “Inclusive Social Development: A New Policy for Eradication of Poverty and Reduction of Inequality in Latin America”, “2015 Latin American Regional Trade Risks in world Economy: Judgment and Outlook”, “2015 Survey on Latin American Economy: New Challenges for Revitalizing Investment Cycle”, “Millennium Development Goals in Latin America: Regional Monitoring Report 2015”, CAF – Latin American Development Bank’s (editors – in – chief) “For A Safer Latin America: New Perspectives on Crime Prevention and Control”, the Organization for Economic Cooperation and Development’s (editors – in – chief) “(2015) Latin America’s Economic Outlook: Development – Oriented Education, Technology and Innovation”, etc.

1.2 Phased Achievements of the Research Team

On the basis of theoretical preparation and literature review, the

research team has also done a lot of preliminary study work and has achieved fairly many phased achievements, mainly as follows:

Wu Baiyi (“Sino – Latin American Forum: The New Scenery of China’s Great Power Diplomacy”, *Qiu Shi*, 2015 Vol.3) points out that since the CCP’s 18th Congress, the CCP Central Committee, led by general secretary Comrade Xi Jinping, has commanded both domestic and international situations, and constantly creatively put forward new diplomatic concepts, new propositions and new thoughts, according to the changes in objective situations. With the brave attitude of responsibility and the courage to put into practice, it actively explores the diplomatic path with China as a great power with her own characteristics. The first ministerial conference of the Sino – Latin American Forum was held successfully in Beijing, which once again presented to the world China’s great power diplomatic theory and practice with her distinctive elements, style and spirits. The great power diplomacy with Chinese characteristics advocates the building of a new international relationship, which highlights the concept of “win – winning cooperation”. Building a global partnership network is another important feature of China’s diplomacy. The great power diplomacy with Chinese characteristics always adheres to the two advanced concepts of “inclusive growth” and “sustainable development”. On the basis of the new changes in the situation at home and abroad and the new opportunities for development and cooperation in the process of adjusting to the world economy, China launches “the Belt and Road Initiatives” and more international public products for cross – regional cooperation, to implement the principle of being “true, real, intimate and sincere” so as to let the developing countries effectively benefit from cooperation, so that the multitude of Latin American and Caribbean countries can see the opportunities and hopes by embarking the Chinese development express.

Wu Baiyi and Shi Peiran (“Social Security and Trade Investment Environment: Existing Researches and New Possibilities”, *International Economic Review*, 2015 Vol.3) point out that the conflict between the “subjective judgment” and “objective choice” in the convenience of trade and investment has been a common phenomenon, but it has failed to cause the academic thorough inquiry and theoretical amendment. None of the prevailing standards of measurement, assessment system and