

Overview

Received 7.10.2018.

Odobren 10.12.2018.

TOWARD A NEW ASIA-PACIFIC PARTNERSHIP: CHINA-LAC

The bilateral relations between China and Latin American and Caribbean countries (LAC) are rich in their history and their agenda. The bilateral links go back to almost 3000 years ago, when an expedition dispatched by Shang Dynasty landed in Peru as its destination. Several links were established with pre-Inca cultures of those days. They are a number of historical remnants and vivid customs in the Mochica, Chavin, Chimu and Nazca Cultures. It was definitely the first contact of China with Latin America. Later on, the first organized migration of Chinese citizens went to the Americas in the 1840, helping to build railroads in the USA and looking for gold in Peru. In this process, Macao had a prominent role which is reflected in many ways.

This process of the Chinese culture has influenced into the local societies and has created a unique Asian-LAC personality. Today, the Chinese culture is present in every manifestation of our local culture in many of the LAC countries. In terms of number of the Chinese communities, the largest one is in Peru with almost 3 million people, which represent 9% of the total Peruvian population. In terms of its size, it is the second one in the Western Hemisphere.

The ancestors of most of the Chinese communities in LAC are natives to the South of China, from Canton to Macao, from Zhuhai to Hong Kong. It explains why many Chinese southern traditions exist in the LAC countries, with a clear influence in the gastronomy. The case of Peru could be highlighted, the insertion of the Chinese community into the Peruvian society has created new customs and what is well-known as “Peruvian-Chinese culture”, with its own oral expressions and traditions. Peru is the only country in the world where Chinese restaurants are called “chifas”, which is a variation of the word “chifan”, that the Chinese people use for “let’s eat”. This closed culture links are a good foundation for the today people-to-people policies between China and Latin America. It is an authentic common ground in the bilateral ties and an advantage if you compare the relation of China with other regions. The Chinese leaders and the private sector, besides the civil society organizations, feel quite comfortable when they

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deal with the LAC societies, since there is a genuine base for understanding and communication.

This singular feature of the relation of LAC with China has led the dialogue oriented to establish a promising new scenario, based on a spirit of reciprocal cooperation and a friendly understanding of the needs of all parties. In modern terms, this singular characteristic will promote a stable and a mutually beneficial relation within a framework which includes interdependence, economic complementarity and social inclusion. A comprehensive concept of connectivity and integration will help LAC countries to establish shared goals with China and the rest of the world, and will help to upgrade the growth of their economies. It will also help the LAC countries to match the requirements of globalization.

In this sense, the new scenario for the Asia-Pacific Partnership and its contents could be defined and be focused on three areas of the new partnership:

- Economic complementarity
- Transfer of technology
- Regional coincidence

With respect to the economic complementarity, it is evident today more than ever that Latin America can have an important participation in the Asian economies, particularly in China. The industrial development and economic growth of China have changed its pattern of consumption, both in the private sector and in its population. China buys from overseas almost 60% of its needs of food and industrial inputs which could be supplied by LAC countries. In terms of geo-economy, LAC countries possess the richest and vastest lands for agricultural, fishery, energy, and mining products, all of them demanded by China. It is here where Macao could play the bridge role between the final consumers and the providers from Latin America. Not only because of its historical links with LAC countries, but also because of its cultural heritage and its perspectives from the importance of S&T Development Triangle Macao-Zhuhai-Hong Kong. Macao has an inside knowledge of the functioning of Far East Asian economies that could help both sides across the Pacific to establish an effective bridge for exchanges of knowledge, trade, and investment. It will disseminate the benefits of the globalization to the LAC countries.

This brings to the second era of the new partnership which consists in the transfer of technology for the promotion of the shared development. Today it does not matter who owns the national resources, what is important is who owns the knowledge and technology to use the resources. From a perspective of the global economy, only those economies that promote efficiency and equality in their structures can be competitive and therefore be identified as an investment opportunity. In this context, it is important to mention that under the terms of this new scenario the investment of the Chinese corporations in LAC countries includes, in many of the cases, are elements of technology transfer. As an example,

the Mining Project of Pampa de Pongo can be mentioned, in the province of Caraveli in the southern part of Peru of the Chinese company Zhongrong Xinda. The development of this project is not limited to the mining exploration and exploitation, it also involves the building of an industrial park besides the mining site, the construction of a road and an automatic belt for the transport of the products, the building of a refinery for the necessary manufacture of the products to be exported, the erection of a pier for four hundred thousand tons. Besides that, there is the building of the desalinization water processing plant, and of an energy transmission line to provide electricity to the mining area. The water processed in the desalinization plant and the energy from the power plant will also be provided to the communities nearby the mining site. In other words, this represents a new dimension for the transfer of technology as part of a modern corporate social responsibility. This project could not be just a role model for Peru mining investments, but also for LAC countries. It will promote technology transfer, innovation, and industrial development introducing new technologies in the region.

This new partnership can also be seen in terms of financial contribution. In June 2012, during the ECLAC conference, the former Prime Minister Wen Jiabao expressed the most generous financial contribution that has ever been received by LAC countries. It was later increased in 2013 by President Xi and it was formulated as a comprehensive vision through the 1+3+6 introduced by President Xi. It just concluded the II China- CELAC Foreign Affairs Ministers Meeting in January 23 in Chile examining the ways of how to implement this financial cooperation. The vision of China about it had been introduced by President Xi during his speech at the National Parliament of Peru in November 2016.

Under this framework, a mention has to be made regarding the role Asian Infrastructure Investment Bank (AIIB) could play with our Latin American Development Bank. Today some LAC countries are members of AIIB and they are studying how to use the existing funds to promote their national development strategies. In this process, the Latin American Development Bank (former CAF) could be the financial counterpart in Latin America.

About the regional coincidence, China, Macao and Latin America and Caribbean countries share the goals of trade liberalization, investment facilitation, and regional integration. In this sense, under the One Belt One Road Initiative of President Xi, culture and trade between Far East Asian and LAC countries could be the engine for a genuine dialogue on development and globalization. The OBOR Initiative could help to establish common goals in benefit of the Small and Medium Enterprises in LAC countries in terms of employment, education and income. OBOR cannot be seen only as a physical integration scheme. It has to be seen also from the institutional and connectivity perspective. It is the answer to the de-globalization process that the international economic systems show nowadays. It is the opposite to protectionism and confrontation. In this context,

the role of the Chambers of Commerce, think tanks, and academic institutions could be crucial using e-commerce platforms. The B2B e-commerce companies like Jumore in China will help to strengthen the links between China and LAC countries and will also enhance online marketing and sales in benefit of SMEs. It could represent the digital bridge in a new version of the Maritime Silk Road changing it to the Digital Silk Road of the 21st Century.

In this scenario, OBOR could be linked with the Pacific Alliance, the most dynamic integration mechanism in LAC countries, whose members are Chile, Colombia, Mexico, and Peru. The Pacific Alliance was created to promote the relation with Asia bearing in mind that a new version of TPP could be launched in March 2018. It will be important that the new format will not discriminate any country of the Asia-Pacific community. The presence of China, the first trade partner of some LAC countries, will be fundamental in its functioning. At the end, the vision of the APEC foundation about the Free Trade Area of the Asia-Pacific (FTAAP) would be finally accomplished by the integration of the new TPP, RCEP, and the Pacific Alliance.

A new relation between China and LAC definitely has to include Macao. A new partnership has to rely on an economic basis, historical and cultural backgrounds, and common goals. It could represent the beginning of the new era of hope and development for LAC countries. A rich historical background and promising bilateral agenda can define a better future for the Asia-Pacific community. It will depend on the commitment of the three parts: Macao and its historical and technological role, China as the world's second largest economy with superavit in trade and outbound investment, and LAC countries with their desire to work together towards a new and emerging partnership in the region.