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TRADE AND INVESTMENT RELATIONS BETWEEN THE COMMUNITY OF LATIN AMERICAN AND CARIBBEAN STATES (CELAC) AND ITS STRATEGIC EXTRAREGIONAL PARTNERS

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INTRODUCTION

This document was prepared by the Division of International Trade and Integration of the Economic Commission for Latin America and the Caribbean (ECLAC), at the request of the Pro tempore Chair of the Community of Latin American and Caribbean States (CELAC). The Division of Production, Productivity and Management of ECLAC also assisted with its preparation. The document gives an overview in figures of trade and investment relations between CELAC and the countries and groupings it has identified as strategic extraregional partners.[1] It is intended as a contribution to the Community's preparation of a strategy for relations with each of those partners, in fulfilment of the Belén Plan of Action adopted on 29 January 2015.

The first section looks at trade relations between CELAC and each of its strategic partners, and the second focuses on flows of foreign direction investment (FDI). The third section sets forth figures and reflections on cooperation relations between the Latin American and Caribbean region and two of the strategic extraregional partners CELAC has identified as priorities: China and the Republic of Korea. This section is based on two publications[2] prepared by ECLAC on the occasion of visits to the region by the President of the Republic of Korea, Geung-hye Park, in April 2015, and the Prime Minister of China, Li Keqiang, in May 2015. Lastly, the fourth section offers brief concluding remarks.

A. THE TRADE RELATIONSHIP BETWEEN CELAC AND ITS EXTRAREGIONAL STRATEGIC PARTNERS[3]

1. Overview

Trade between CELAC and the set of countries and groupings defined as extraregional strategic partners totalled US$ 238 billion in 2014, with CELAC running a trade deficit of about US$ 44 billion.[4] Considered all together, these countries and groupings account for a relatively small share of the external trade of CELAC, taking 10% of its total goods exports and supplying 14% of its imports. In 2014, CELAC registered trade surpluses with the Eurasian Economic Community, the Gulf Cooperation Council and Turkey and deficits with the Association of Southeast Asian Nations (ASEAN), Japan, the Republic of Korea and the African Union (see table 1).

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1 The strategic extraregional partners are identified in the Guidelines for CELAC Relations with Extraregional Partners. They are the Association of Southeast Asian Nations (ASEAN), the Eurasian Economic Community, the Gulf Cooperation Council, Japan, the Republic of Korea, Turkey and the African Union.

2 ECLAC, *Economic relations between Latin America and the Caribbean and the Republic of Korea: Advances and opportunities* (LC/L.3994), Santiago, April 2015; and *Latin America and the Caribbean and China: towards a new era in economic cooperation* (LC/L.4010), Santiago, May 2015.

3 All the figures presented in this section were obtained from the United Nations Commodity Trade Statistics Database (COMTRADE) and include available information for 2014 on 23 CELAC member countries: Argentina, Bahamas, Barbados, Belize, Brazil, Chile, Colombia, the Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia, Saint Lucia, Suriname and Uruguay.

4 The analysis presented in this section does not include trade with China. CELAC has now established a ministerial-level forum with the country, but it is not mentioned in the draft guidelines for CELAC relations with extraregional partners.

The weight of the different strategic partners in the external trade of CELAC varies greatly. Japan's share, for example, whether measured by exports or imports, almost matches that of all 10 ASEAN member countries put together. The country's share of CELAC external trade likewise exceeds that of all 54 members of the African Union, all 6 members of the Eurasian Economic Community, or all 6 members of the Gulf Cooperation Council.

Table 1
Community of Latin American and Caribbean States (CELAC): goods trade with selected extraregional partners and with the world, 2014
(Millions of dollars and percentages)

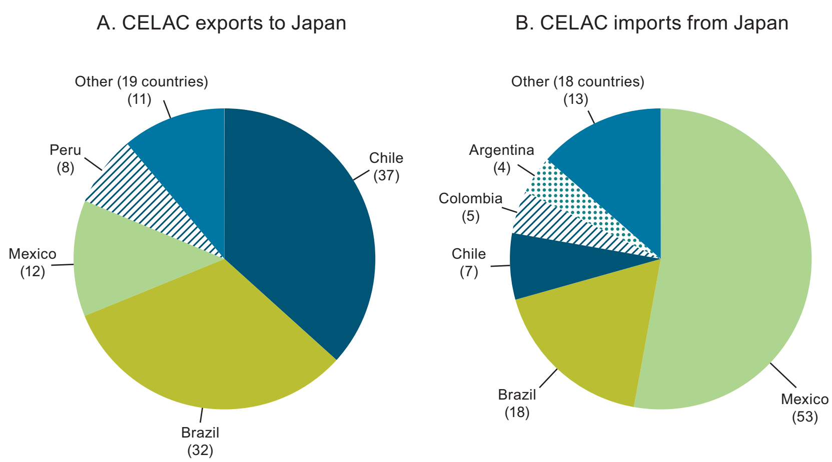
Partner	Exports		Imports		Total trade	Trade balance
	Amount	Share	Amount	Share	Amount	Share
Association of Southeast Asian Nations (ASEAN)	21 754	2.3	35 771	3.5	57 525	-14 017
Eurasian Economic Community	8 552	0.9	8 142	0.8	16 694	410
Gulf Cooperation Council	10 908	1.1	8 680	0.8	19 588	2 228
Japan	20 914	2.2	33 194	3.2	54 108	-12 280
Republic of Korea	13 932	1.5	31 578	3.1	45 510	-17 646
Turkey	3 810	0.4	2 890	0.3	6 700	920
African Union	17 264	1.8	20 507	2.0	37 771	-3 243
Subtotal	**97 133**	**10.1**	**140 762**	**13.7**	**237 895**	**-43 629**
China	85 372	8.9	170 001	16.6	255 373	-84 629
United States	411 873	42.9	326 710	31.9	738 583	85 163
European Union	109 518	11.4	141 160	13.8	250 678	-31 642
Rest of world	256 532	26.7	245 777	24.0	502 309	10 755
World	**960 428**	**100.0**	**1 024 410**	**100.0**	**1 984 838**	**-63 982**

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the United Nations Commodity Trade Statistics Database (COMTRADE).

2. Japan

CELAC conducted just over US$ 54 billion worth of trade with Japan in 2014, registering a deficit of US$ 12.3 billion. This trade was highly concentrated by country. Chile, Brazil, Mexico and Peru, in that order, are the main CELAC exporters to Japan, with a combined share of about 90%. Meanwhile, Mexico, Brazil, Chile, Colombia and Argentina, again in that order, are the top five importers, with a combined share of over 85% (see figure 1). Three CELAC members (Chile, Mexico and Peru) have signed economic partnership agreements with Japan, all of which are now in force.[5] The existing agreements are being supplemented by the recently concluded Trans-Pacific Partnership (TPP) agreement, whose 12 members include the same three CELAC countries and Japan. Colombia, for its part, is negotiating a bilateral economic partnership agreement with Japan.

Figure 1
Distribution of trade between the Community of Latin American and Caribbean States (CELAC) and Japan, by origin and destination countries, 2014
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the United Nations Commodity Trade Statistics Database (COMTRADE).

The top 10 products exported by CELAC to Japan, accounting for almost 60% of the total, are mainly commodities such as minerals and metals, seafood, unroasted coffee, poultry meat and petroleum (see table 2). Conversely, the top 10 products imported by CELAC from Japan (representing just a quarter of its imports from the country) are vehicles and vehicle parts, integrated circuits, telecommunications equipment and other machinery (see table 3).

[5] The economic partnership agreements signed by Japan with Mexico (in 2004) and Peru (in 2011) include chapters on cooperation, which sets them apart from traditional free trade treaties. The cooperation provided for in these agreements is mainly economic, covering areas such as SMEs, science and technology, technical education, tourism and the environment. This is consistent with the approach traditionally taken by Japan in its partnership agreements, where it seeks to integrate trade, investment and cooperation.

Table 2
Top 10 products exported by the Community of Latin American and Caribbean States (CELAC) to Japan, 2014
(Millions of dollars and percentages)

Code in the Harmonized Commodity Description and Coding System	Description	Amount *(millions of dollars)*	Share *(percentage)*
260300	Copper ores and concentrates	5 578	26.7
260111	Iron ores and concentrates, unagglomerated	1 789	8.6
020714	Poultry cuts and offal, frozen	1 067	5.1
090111	Coffee, not roasted, not decaffeinated	886	4.2
260112	Iron ores and concentrates, agglomerated	792	3.8
760110	Aluminium, not alloyed	552	2.6
030310	Salmonidae, frozen (excluding livers and roes)	479	2.3
030329	Other fish, frozen	459	2.2
270900	Petroleum oils and oils obtained from bituminous minerals, crude	393	1.9
030420	Fish fillets, frozen	388	1.9
	Subtotal	**12 383**	**59.3**

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the United Nations Commodity Trade Statistics Database (COMTRADE).

Table 3
Top 10 products imported by the Community of Latin American and Caribbean States (CELAC) from Japan, 2014
(Millions of dollars and percentages)

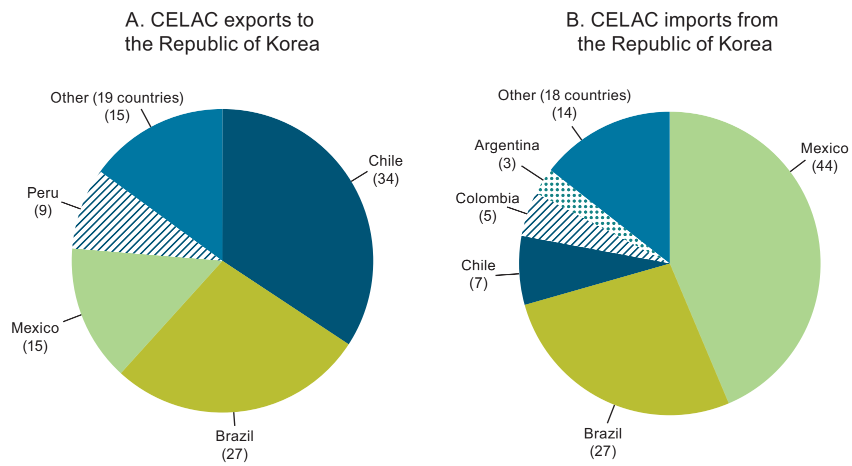
Code in the Harmonized Commodity Description and Coding System	Description	Amount *(millions of dollars)*	Share *(percentage)*
870323	Automobiles, spark ignition engine of 1500-3000 cc	2 805	8.6
870840	Gearboxes and parts thereof	942	2.9
844390	Printing machineries and parts thereof	686	2.1
854230	Other monolithic integrated circuits	660	2.0
840991	Parts of spark-ignition internal combustion piston engines	594	1.8
870322	Automobiles, spark ignition engine of 1000-1500 cc	564	1.7
870829	Other parts and accessories of bodies for motor vehicles (including cabs)	535	1.6
870899	Other parts and accessories for motor vehicles	488	1.5
852990	Other parts of apparatus in codes 85.25 to 85.28 (telecommunications equipment)	487	1.5
870422	Motor vehicles for the transport of goods with gross vehicle weight exceeding 5 tons but not exceeding 20 tons	462	1.4
	Subtotal	**8 224**	**25.1**

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the United Nations Commodity Trade Statistics Database (COMTRADE).

3. The Republic of Korea

CELAC conducted US$ 45.5 billion worth of trade with the Republic of Korea in 2014, registering a deficit of some US$ 17.6 billion. The pattern of this trade is very similar to that with Japan, in terms of both the main countries it involves and its composition. As in the case of Japan, the main CELAC exporters to the Republic of Korea are Chile, Brazil, Mexico and Peru, in that order, with a combined share of 85%. Also as with Japan, the top five importers from the Republic of Korea are Mexico, Brazil, Chile, Colombia and Argentina, in that order, with a combined share of 86% (see figure 2).

Figure 2
Distribution of trade between the Community of Latin American and Caribbean States (CELAC) and the Republic of Korea, by origin and destination countries, 2014
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the United Nations Commodity Trade Statistics Database (COMTRADE).

Three CELAC member countries, Chile, Peru and Colombia, have signed bilateral free trade agreements with the Republic of Korea, but only the treaties of the two former are currently in force. In September 2015, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama began joint negotiations on a free trade agreement with the country.

The top 10 products exported by CELAC to the Republic of Korea, accounting for almost 60% of total shipments to the country by value, are minerals and metals, some agricultural commodities and petroleum (see table 4). Korean exports to CELAC are led by vehicles and vehicle parts, telecommunications equipment, integrated circuits and other manufactures (see table 5).

Table 4

Top 10 products exported by the Community of Latin American and Caribbean States (CELAC) to the Republic of Korea, 2014

(Millions of dollars and percentages)

Code in the Harmonized Commodity Description and Coding System	Description	Amount *(millions of dollars)*	Share *(percentage)*
260300	Copper ores and concentrates	1 831	13.1
740311	Refined copper; cathodes and sections of cathodes	1 480	10.6
260700	Lead ores and concentrates	987	7.1
260111	Iron ores and concentrates, unagglomerated	882	6.3
260800	Zinc ores and concentrates	798	5.7
230400	Soya-bean oil-cake	515	3.7
261610	Silver ores and concentrates	485	3.5
100590	Maize except seed corn	468	3.4
740200	Unrefined copper; copper anodes for electrolytic refining	426	3.1
270900	Petroleum oils and oils obtained from bituminous minerals, crude	354	2.5
	Subtotal	**8 225**	**59.0**

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the United Nations Commodity Trade Statistics Database (COMTRADE).

Table 5

Top 10 products imported by the Community of Latin American and Caribbean States (CELAC) from the Republic of Korea, 2014

(Millions of dollars and percentages)

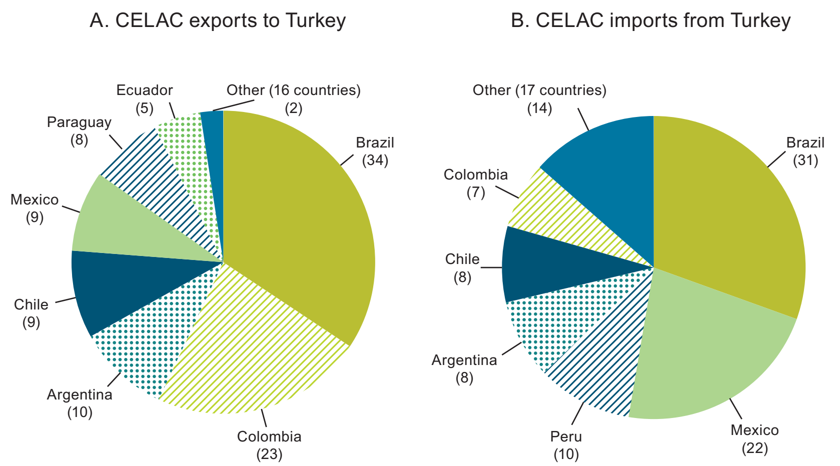
Code in the Harmonized Commodity Description and Coding System	Description	Amount *(millions of dollars)*	Share *(percentage)*
852990	Other parts of apparatus in codes 85.25 to 85.28 (telecommunications equipment)	3 890	12.6
854230	Other monolithic integrated circuits	2 582	8.4
870323	Automobiles, spark ignition engine of 1500-3000 cc	1 946	6.3
870322	Automobiles, spark ignition engine of 1000-1500 cc	1 292	4.2
851790	Parts of electrical apparatus for line telephony or line telegraphy	1 078	3.5
901380	Other optic devices, appliances and instruments	636	2.1
271000	Petroleum oils and oils obtained from bituminous minerals, other than crude; other preparations	419	1.4
852520	Television cameras	409	1.3
870829	Other parts and accessories of bodies for motor vehicles (including cabs)	388	1.3
870333	Automobiles, diesel engine of over 2,500 cc	354	1.1
	Subtotal	**12 994**	**42.2**

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the United Nations Commodity Trade Statistics Database (COMTRADE).

4. Turkey

CELAC conducted US$ 6.7 billion worth of trade with Turkey in 2014, registering a trade surplus of US$ 920 million. Brazil is Turkey's leading trade partner in CELAC for both exports and imports, accounting for about a third of the total. The region's second-largest exporter to Turkey is Colombia, while the second-largest importer is Mexico (see figure 3). Among CELAC members, just one country (Chile) has signed a free trade agreement with Turkey (which is in force). Ecuador and Turkey signed a trade cooperation agreement in 2010, but it has yet to come into effect.

Figure 3
Distribution of trade between the Community of Latin American and Caribbean States (CELAC) and Turkey, by origin and destination countries, 2014
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the United Nations Commodity Trade Statistics Database (COMTRADE).

The top 10 products exported by CELAC to Turkey, accounting for two thirds of total exports by value, consist entirely of mineral and agricultural commodities and petroleum (see table 6). Meanwhile, the top 10 products imported from Turkey by the CELAC countries (accounting for 29% of all imports from the country by value) are iron and steel products, vehicles and vehicle parts, and textiles (see table 7).

Table 6

Top 10 products exported by the Community of Latin American and Caribbean States (CELAC) to Turkey, 2014

(Millions of dollars and percentages)

Code in the Harmonized Commodity Description and Coding System	**Description**	**Amount** *(millions of dollars)*	**Share** *(percentage)*
270112	Bituminous coal	658	17.3
120100	Soya beans	502	13.2
230400	Soya-bean oil-cake	278	7.3
740311	Refined copper; cathodes and sections of cathodes	246	6.5
260111	Iron ores and concentrates, unagglomerated	220	5.8
080300	Bananas and plantains, fresh or dried	192	5.0
270900	Petroleum oils and oils obtained from bituminous minerals, crude	173	4.5
100110	Durum wheat	97	2.5
520100	Cotton (not carded or combed)	96	2.5
090111	Coffee, not roasted, not decaffeinated	95	2.5
	Subtotal	**2 556**	**67.1**

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the United Nations Commodity Trade Statistics Database (COMTRADE).

Table 7

Top 10 products imported by the Community of Latin American and Caribbean States (CELAC) from Turkey, 2014

(Millions of dollars and percentages)

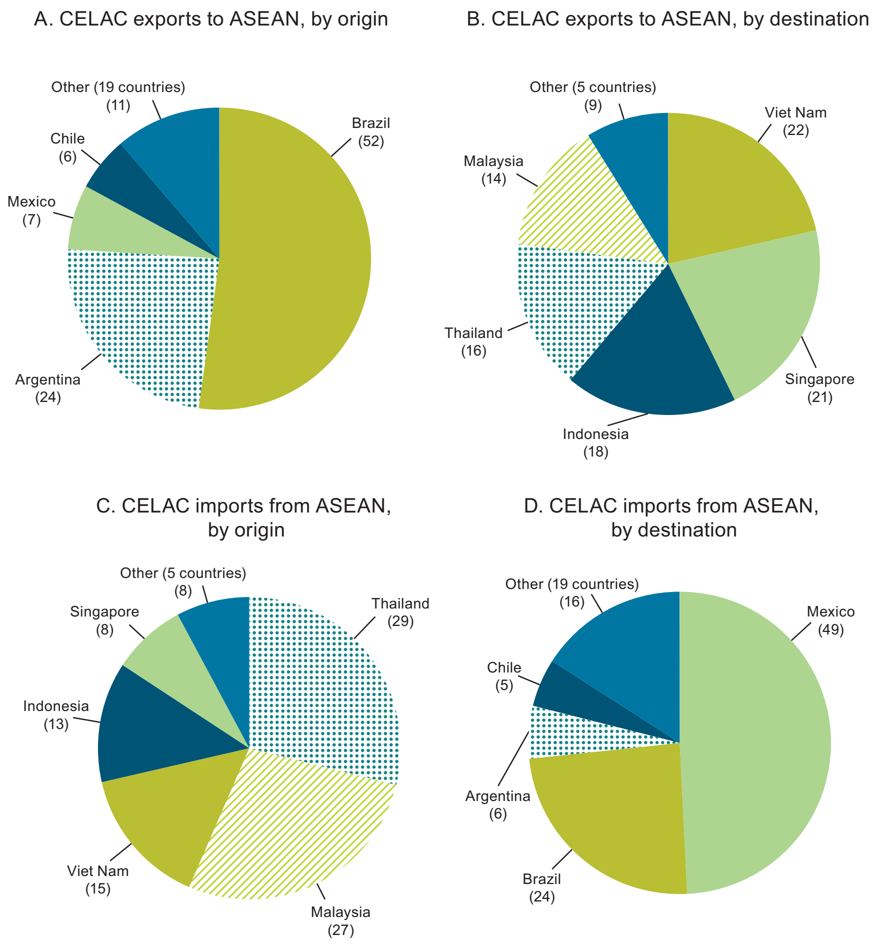
Code in the Harmonized Commodity Description and Coding System	**Description**	**Amount** *(millions of dollars)*	**Share** *(percentage)*
721420	Bars and rods of iron or non-alloy steel containing indentations, ribs, grooves or other deformations	311	10.8
720720	Semifinished products of iron or non-alloy steel	113	3.9
870829	Other parts and accessories of bodies for motor vehicles (including cabs)	76	2.6
870421	Other motor vehicles for the transport of goods	65	2.2
551011	Yarn (other than sewing thread) containing 85% or more by weight of artificial staple fibres	53	1.8
721621	U, I, H, L or T sections of a height of less than 80 mm, of iron or non-alloy steel	47	1.6
870190	Other wheeled tractors	45	1.6
721499	Bars and rods of iron or non-alloy steel	44	1.5
722830	Other bars and rods of alloy steel	42	1.4
870850	Drive-axles with differential, whether or not provided with other transmission components	41	1.4
	Subtotal	**838**	**28.9**

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the United Nations Commodity Trade Statistics Database (COMTRADE).

5. The Association of Southeast Asian Nations (ASEAN)

CELAC conducted US$ 57.5 billion worth of trade with the 10 member countries of ASEAN in 2014, registering a deficit of US$ 14 billion. Brazil is the region's main exporter to ASEAN, accounting for over half the value of shipments, while the combined share of Brazil, Argentina and Mexico is 83%. This heavy concentration of exports to ASEAN by country of origin contrasts with their far more diversified distribution by country of destination. Meanwhile, Mexico is the region's top importer from ASEAN, accounting for almost half of total imports by value. The combined share of Mexico, Brazil and Argentina is almost 80% (see figure 4).

Figure 4
Distribution of trade between the Community of Latin American and Caribbean States (CELAC) and the Association of Southeast Asian Nations (ASEAN), by origin and destination countries, 2014
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the United Nations Commodity Trade Statistics Database (COMTRADE).

Hitherto, no CELAC member country has signed a trade agreement with ASEAN as the counterparty. However, four CELAC countries have free trade agreements in force with individual members of ASEAN (see table 8). These will be joined be Mexico when the Trans-Pacific Partnership (TPP) comes into force, as its 12 members include 4 countries of ASEAN (Brunei Darussalam, Malaysia, Singapore and Viet Nam).

Table 8

Trade agreements between members of the Community of Latin American and Caribbean States (CELAC) and the Association of Southeast Asian Nations (ASEAN) as of 6 November 2015

CELAC member	ASEAN members
Chile	Brunei Darussalam,[a] Malaysia, Singapore,[a] Thailand and Viet Nam (all in force)
Costa Rica	Singapore (in force)
Panama	Singapore (in force)
Peru	Singapore and Thailand (both in force)

Source: Economic Commission for Latin America and the Caribbean (ECLAC).
[a] Under the Trans-Pacific Strategic Economic Partnership Agreement (P4).

The top 10 products exported by CELAC to ASEAN in 2014, representing 61% of its total exports to the bloc by value, consisted almost entirely of agricultural and mining commodities and petroleum. The only exceptions were light-vessels, fire-floats, floating cranes and other vessels, exports of which were worth US$ 866 million (see table 9). In contrast, the top 10 products imported from ASEAN (39% of the total by value) were all manufactures: telecommunications equipment, integrated circuits, vehicles and sports shoes (see table 10).

Table 9

Top 10 products exported by the Community of Latin American and Caribbean States (CELAC) to the Association of Southeast Asian Nations (ASEAN), 2014

(Millions of dollars and percentages)

Code in the Harmonized Commodity Description and Coding System	Description	Amount *(millions of dollars)*	Share *(percentage)*
230400	Soya-bean oil-cake	5 189	23.9
100590	Maize except seed corn	1 670	7.7
120100	Soya beans	1 136	5.2
271000	Petroleum oils and oils obtained from bituminous minerals, other than crude; other preparations	965	4.4
890590	Light-vessels, dredgers, floating cranes and other vessels whose navigability is subsidiary to their main function	866	4.0
260111	Iron ores and concentrates, unagglomerated	853	3.9
030613	Shrimps and prawns, frozen	688	3.2
520100	Cotton (not carded or combed)	654	3.0
270900	Petroleum oils and oils obtained from bituminous minerals, crude	634	2.9
170111	Raw cane sugar	619	2.8
	Subtotal	**13 274**	**61.1**

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the United Nations Commodity Trade Statistics Database (COMTRADE).

Table 10
Top 10 products imported by the Community of Latin American and Caribbean States (CELAC) from the Association of Southeast Asian Nations (ASEAN), 2014
(Millions of dollars and percentages)

Code in the Harmonized Commodity Description and Coding System	Description	Amount *(millions of dollars)*	Share *(percentage)*
854230	Other monolithic integrated circuits	5 273	14.9
847170	Storage units	2 333	6.6
851790	Parts of electrical apparatus for line telephony or line telegraphy	1 265	3.6
870421	Other motor vehicles for the transport of goods	1 064	3.0
851780	Electric apparatus for line telephony, telegraphy	859	2.4
847330	Parts and accessories of the machines of heading 752 (automatic processing machines)	698	2.0
854140	Photosensitive semiconductor devices; light emitting diodes	575	1.6
847160	Input or output units, whether or not containing storage units in the same housing	568	1.6
870322	Automobiles, spark ignition engine of 1000-1500 cc	545	1.5
640411	Tennis shoes, basketball shoes, gym shoes and the like	481	1.4
	Subtotal	**13 662**	**38.7**

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the United Nations Commodity Trade Statistics Database (COMTRADE).

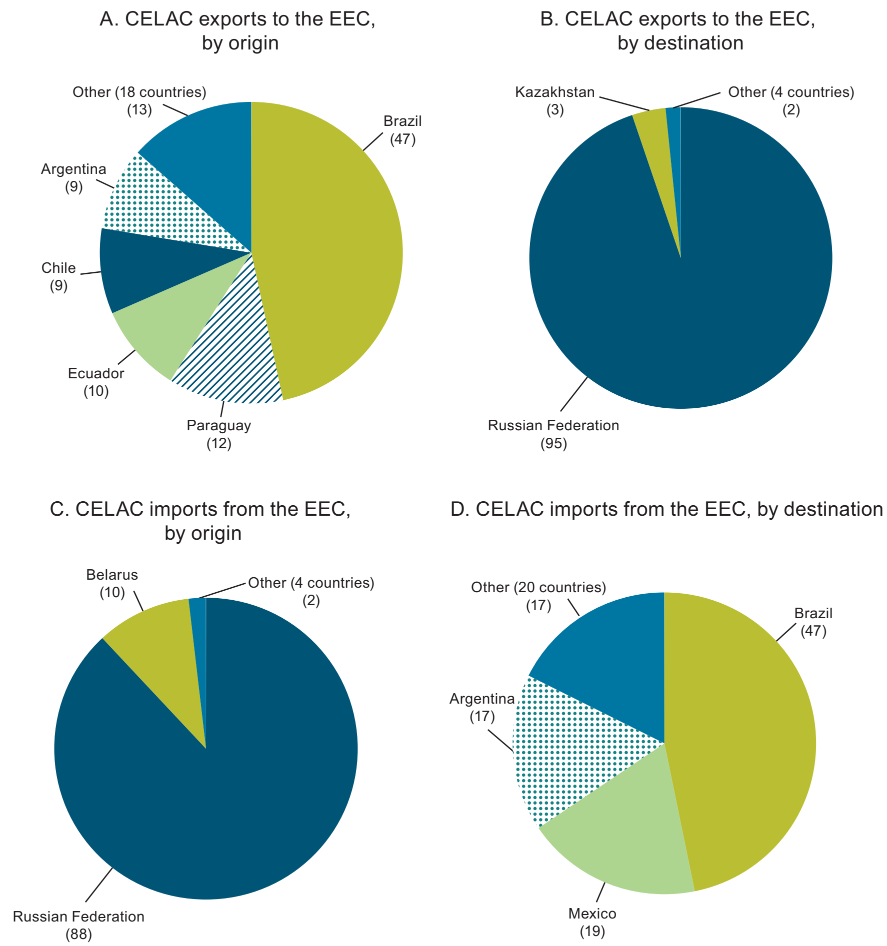
6. The Eurasian Economic Community

CELAC conducted US$ 16.7 billion worth of trade with the six member countries of the Eurasian Economic Community (EEC) in 2014, registering a surplus of US$ 400 million. In CELAC, Brazil accounted for 47% of both exports to and imports from the EEC by value. On the EEC side, the Russian Federation accounted for a very high proportion of trade (see figure 5). There are as yet no free trade agreements between members of CELAC and the EEC.

Figure 5

Distribution of trade between the Community of Latin American and Caribbean States (CELAC) and the Eurasian Economic Community (EEC), by origin and destination countries, 2014

(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the United Nations Commodity Trade Statistics Database (COMTRADE).

Unlike exports to Asia, in which minerals and metals feature much more heavily, CELAC exports to the EEC are characterized by a strong presence of agricultural and fisheries products (see table 11). By contrast, the main items imported from the EEC are petroleum, various chemical products (such as fertilizers), aluminium and wheat (see table 12). The top 10 traded products account for large proportions of overall trade in both directions.

Table 11

Top 10 products exported by the Community of Latin American and Caribbean States (CELAC) to the Eurasian Economic Community, 2014

(Millions of dollars and percentages)

Code in the Harmonized Commodity Description and Coding System	**Description**	**Amount** *(millions of dollars)*	**Share** *(percentage)*
020230	Bovine cuts boneless, frozen	1 995	23.3
030329	Other fish, frozen	896	10.5
120100	Soya beans	755	8.8
080300	Bananas and plantains, fresh or dried	554	6.5
170111	Raw cane sugar	535	6.3
020714	Frozen poultry cuts and offal	340	4.0
060310	Fresh cut flowers	257	3.0
030322	Other frozen salmonidae (excluding livers and roes)	244	2.8
260700	Lead ores and concentrates	184	2.2
240120	Tobacco, partly or wholly stemmed or stripped	164	1.9
	Subtotal	**5 924**	**69.3**

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the United Nations Commodity Trade Statistics Database (COMTRADE).

Table 12

Top 10 products imported by the Community of Latin American and Caribbean States (CELAC) from the Eurasian Economic Community, 2014

(Millions of dollars and percentages)

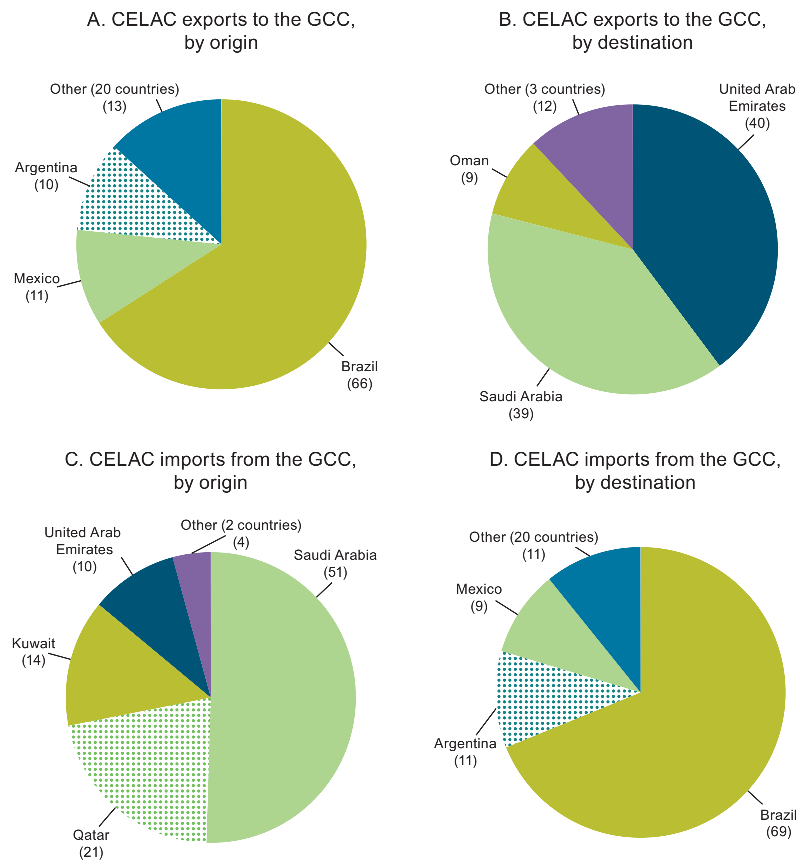
Code in the Harmonized Commodity Description and Coding System	**Description**	**Amount** *(millions of dollars)*	**Share** *(percentage)*
271000	Petroleum oils and oils obtained from bituminous minerals, other than crude; other preparations	1 466	19.5
310420	Potassium chloride	1 452	19.3
310210	Urea, whether or not in aqueous solution	713	9.5
310540	Ammonium dihydrogenorthophosphate (monoammonium phosphate)	540	7.2
310230	Ammonium nitrate, whether or not in aqueous solution	522	6.9
760110	Aluminium, not alloyed	412	5.5
310551	Other mineral or chemical fertilisers containing the two fertilising elements nitrogen and phosphorus	215	2.9
100190	Wheat except durum wheat, and meslin	214	2.8
310520	Mineral or chemical fertilisers containing two or three of the fertilising elements nitrogen, phosphorus and potassium	136	1.8
250300	Sulphur of all kinds, other than sublimed sulphur, precipitated sulphur and colloidal sulphur	134	1.8
	Subtotal	**5 804**	**77.3**

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the United Nations Commodity Trade Statistics Database (COMTRADE).

7. The Gulf Cooperation Council

CELAC conducted US$ 19.6 billion worth of trade with the six member countries of the Gulf Cooperation Council (GCC) in 2014, registering a surplus of US$ 2.2 billion. Brazil dominates the region's trade with the GCC, accounting for two thirds of exports and almost 70% of imports. The two largest GCC markets for CELAC by far are the United Arab Emirates and Saudi Arabia, while the main GCC exporter to CELAC is Saudi Arabia, accounting for half the grouping's total exports to the region by value (see figure 6). No CELAC country currently has a free trade agreement with any GCC country.

Figure 6
Distribution of trade between the Community of Latin American and Caribbean States (CELAC) and the Gulf Cooperation Council (GCC), by origin and destination countries, 2014
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the United Nations Commodity Trade Statistics Database (COMTRADE).

The top 10 products exported by CELAC to GCC countries in 2014, amounting to 67% of the total, were a mixture of agricultural and mineral commodities and certain manufactures such as vehicles and piping and tubing for oil or gas prospecting (see table 13). Meanwhile, oil and natural gas dominate GCC shipments to CELAC, accounting between them for 71% of the total. Other important products are fertilizers (urea) and various types of plastics (see table 14).

Table 13

Top 10 products exported by the Community of Latin American and Caribbean States (CELAC) to the Gulf Cooperation Council, 2014

(Millions of dollars and percentages)

Code in the Harmonized Commodity Description and Coding System	**Description**	**Amount** *(millions of dollars)*	**Share** *(percentage)*
020712	Domestic fowls, not cut in pieces, frozen	1 376	13.2
260111	Iron ores and concentrates, unagglomerated	1 048	10.0
020714	Frozen poultry cuts and offal	810	7.8
170111	Raw cane sugar	748	7.2
260112	Iron ores and concentrates, agglomerated	626	6.0
170199	Other sugars	528	5.1
870431	Spark ignition engine trucks weighing less than 5 tonnes	504	4.8
100590	Maize except seed corn	461	4.4
730429	Seamless iron or steel casing, tubing and drill pipe, of a kind used in drilling for oil or gas	458	4.4
281820	Aluminium oxide, except artificial corundum	401	3.8
	Subtotal	**6 960**	**66.7**

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the United Nations Commodity Trade Statistics Database (COMTRADE).

Table 14

Top 10 products imported by the Community of Latin American and Caribbean States (CELAC) from the Gulf Cooperation Council, 2014

(Millions of dollars and percentages)

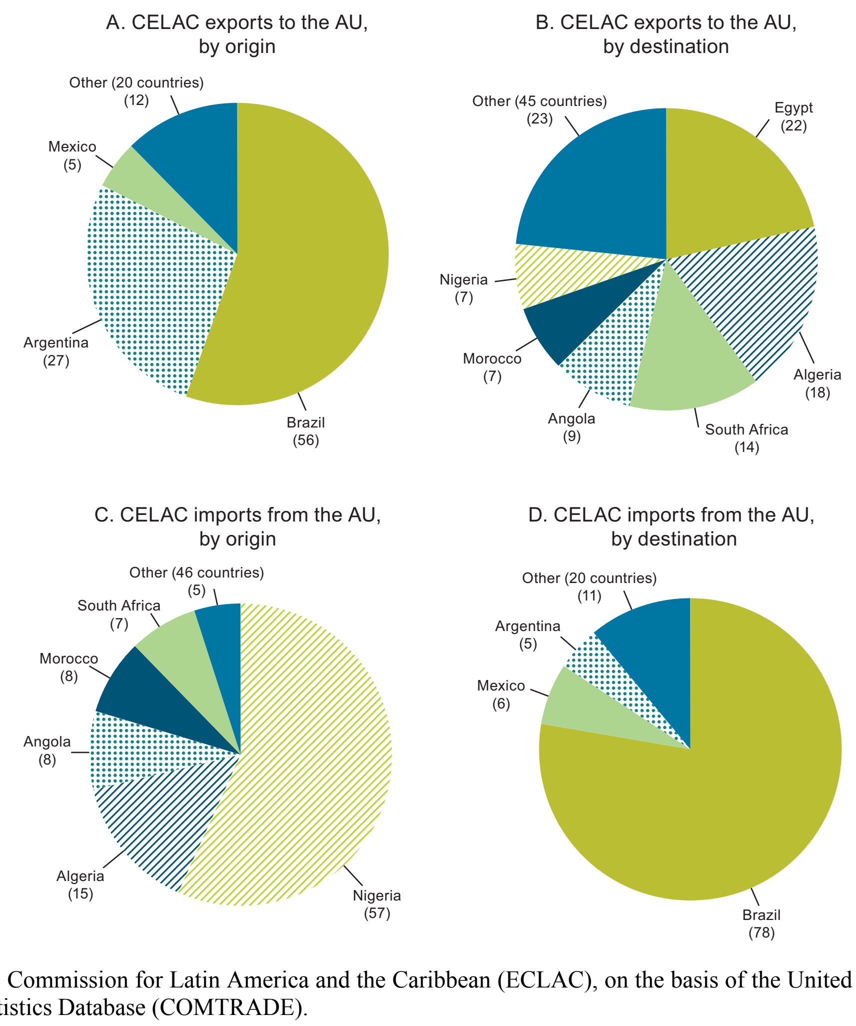
Code in the Harmonized Commodity Description and Coding System	**Description**	**Amount** *(millions of dollars)*	**Share** *(percentage)*
270900	Petroleum oils and oils obtained from bituminous minerals, crude	2 732	31.5
271000	Petroleum oils and oils obtained from bituminous minerals, other than crude; other preparations	2 195	25.3
271111	Liquefied natural gas	1 186	13.7
310210	Urea, whether or not in aqueous solution	999	11.5
390110	Polyethylene having a specific gravity of less than 0.94	267	3.1
390210	Polypropylene	211	2.4
760120	Aluminium alloys	171	2.0
390120	Polyethylene having a specific gravity of 0.94 or more	156	1.8
730531	Other welded pipes	96	1.1
310540	Ammonium dihydrogenorthophosphate (monoammonium phosphate)	86	1.0
	Subtotal	**8 097**	**93.3**

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the United Nations Commodity Trade Statistics Database (COMTRADE).

8. The African Union

CELAC conducted US$ 37.8 billion worth of trade with the African Union (AU) in 2014, registering a deficit of US$ 3.2 billion. Within CELAC, Brazil dominates trade with the AU, accounting for 56% of exports and 78% of imports. On the AU side, trade is also dominated by a limited number of countries, with oil-producing ones (Nigeria, Algeria and Angola) accounting for a large share of CELAC imports from the continent (see figure 7). There are at present no free trade agreements in force between member countries of CELAC and the AU. In 2008, the Southern Common Market (MERCOSUR) signed a preferential trade agreement with the Southern African Customs Union (SACU), whose members are Botswana, Lesotho, Namibia, South Africa and Swaziland.

Figure 7
Distribution of trade between the Community of Latin American and Caribbean States (CELAC) and the African Union (AU), by origin and destination countries, 2014
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the United Nations Commodity Trade Statistics Database (COMTRADE).

CELAC shipments to the AU are heavily dominated by the agricultural and food sector, to which 9 of the top 10 products exported to the continent belong (see table 15). By contrast, AU shipments to CELAC are dominated by hydrocarbons: oil and natural gas between them account for 80% of the total, with fertilizers also featuring prominently (see table 16).

Table 15
Top 10 products exported by the Community of Latin American and Caribbean States (CELAC) to the African Union, 2014
(Millions of dollars and percentages)

Code in the Harmonized Commodity Description and Coding System	**Description**	**Amount** *(millions of dollars)*	**Share** *(percentage)*
170111	Raw cane sugar	2 193	12.7
100590	Maize except seed corn	1 989	11.5
230400	Soya-bean oil-cake	1 705	9.8
170199	Other sugars	980	5.7
020230	Bovine cuts boneless, frozen	735	4.2
120100	Soya beans	642	3.7
260112	Iron ores and concentrates, agglomerated	490	2.8
150710	Crude soya-bean oil, whether or not degummed	370	2.1
020712	Domestic fowls, not cut in pieces, frozen	336	1.9
040221	Unsweetened milk and cream powder	333	1.9
	Subtotal	**9 775**	**56.4**

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the United Nations Commodity Trade Statistics Database (COMTRADE).

Table 16
Top 10 products imported by the Community of Latin American and Caribbean States (CELAC) from the African Union, 2014
(Millions of dollars and percentages)

Code in the Harmonized Commodity Description and Coding System	**Description**	**Amount** *(millions of dollars)*	**Share** *(percentage)*
270900	Petroleum oils and oils obtained from bituminous minerals, crude	11 956	58.5
271000	Petroleum oils and oils obtained from bituminous minerals, other than crude; other preparations	2 451	12.0
271111	Liquefied natural gas	1 948	9.5
310540	Ammonium dihydrogenorthophosphate (monoammonium phosphate)	412	2.0
310310	Superphosphates	307	1.5
271112	Liquefied propane	160	0.8
180100	Cocoa beans, whole or broken, raw or roasted	137	0.7
310530	Diammonium hydrogenorthophosphate (diammonium phosphate)	127	0.6
251010	Natural calcium phosphates, unground	101	0.5
251020	Natural calcium phosphates, ground	97	0.5
	Subtotal	**17 696**	**86.5**

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the United Nations Commodity Trade Statistics Database (COMTRADE).

B. INVESTMENT RELATIONS BETWEEN CELAC AND ITS EXTRAREGIONAL STRATEGIC PARTNERS

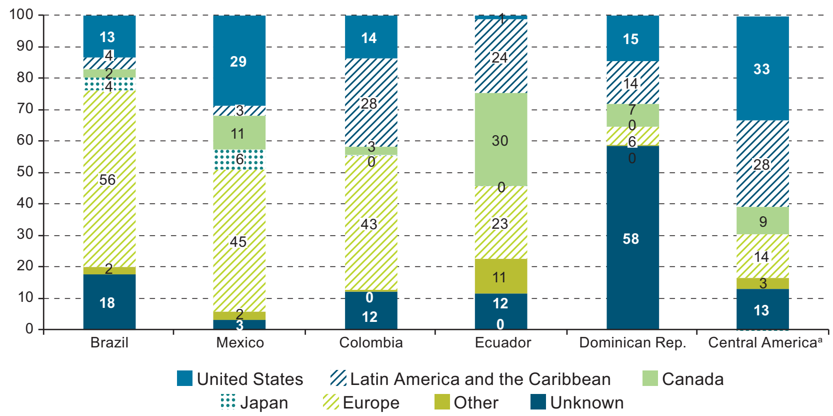
Only a few of the region's economies provide information on inflows of foreign direct investment (FDI) by country of origin. Besides the low coverage of information on the origin of FDI, there may be distortions between the origin of capital and the country of origin registered for it. For example, FDI by a Chinese-owned firm registered in the Netherlands could come to be recorded as originating in the latter country. Going by the data available, most FDI in Latin America and the Caribbean has traditionally come from the United States, Europe (particularly Spain and the Netherlands) and Canada. Investment by trans-Latins has grown in recent years, so that FDI from countries within the region has gained share.

More than half of all FDI flows entering the region in 2014 were from Europe (especially the Netherlands), the United States and Canada. After these three places of origin, Japan was the country outside the region with the largest investments in Latin America and the Caribbean. In 2014, investment from Japan represented 6% of the total received by Mexico and 4% of that received by Brazil. Investment from other identifiable origins accounted for very small shares of the total in almost all the countries except Ecuador, where it was 11% of all inward FDI in 2014. Much investment is of unknown origin, with the Dominican Republic having the largest share in this category (see figure 8).

Figure 8

Latin America (selected subregions and countries): origin of foreign direct investment, 2014

(Percentages)

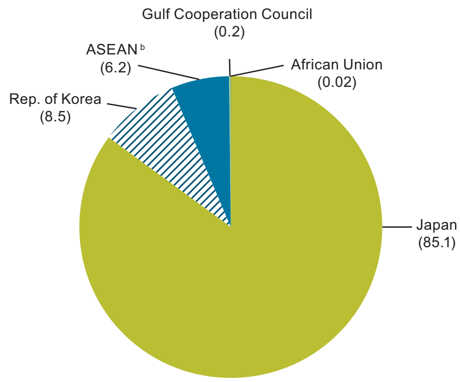


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures and estimates as of 18 May 2015.

[a] Includes Costa Rica, El Salvador, Guatemala and Honduras.

When the investment received by the CELAC countries from Japan, the Republic of Korea, Turkey, the African Union and the countries of the Gulf Cooperation Council is analysed, most FDI is found to come from the Asian countries, most particularly Japan and to a lesser extent the Republic of Korea and the members of ASEAN. The share of the Gulf Cooperation Council members and Africa is close to zero (see figure 9).

Figure 9
Latin America (selected countries[a]): distribution of foreign direct investment flows from selected countries and groupings, 2008-2014
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures and estimates as of 18 May 2015.

[a] The countries included in the analysis are Argentina, Brazil, Chile, Colombia, Ecuador and Mexico.

[b] Association of Southeast Asian Nations (ASEAN).

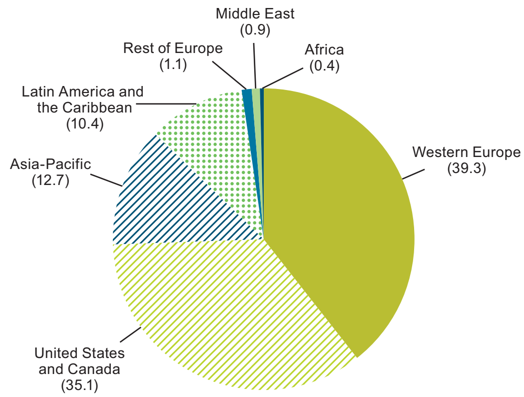
One way of identifying other origins for FDI in the region is to go by the project announcements used to compile the fDi Markets database of the *Financial Times*. This information includes projects announced by country of origin and the sums associated with them. Two things need to be borne in mind when using it. First, because they are only announcements, some of the projects may subsequently be altered or even cancelled. Second, the value of investments is estimated if no figure is given in the announcement, and while these estimated amounts give an idea of the scale of the project, they may not reflect the true investment figure.

Just over 12,800 foreign investment projects in Latin America and the Caribbean were announced between January 2003 and September 2015. Of these, about 1,940 (15%) were announced by firms from countries in Asia and the Pacific, eastern Europe, the Middle East or Africa, representing investments totalling an estimated US$ 378 billion (see figure 10).

Most of the projects originating in countries of Asia and the Pacific came from Japan, China, India and the Republic of Korea. Among the eastern European countries, the Russian Federation announced the most projects, followed by Poland and the Czech Republic, while the bulk of Middle Eastern investment announcements came from Israel and the United Arab Emirates. African investment announcements were heavily dominated by South Africa, with just 7 of the 54 countries making up the African Union announcing projects in Latin America and the Caribbean (see table 17).

As for the amounts announced, Japanese firms' projects totalled US$ 50.8 billion during the period, while the total investment estimated for projects by firms from the Republic of Korea was US$ 19.7 billion. Six of the 10 ASEAN member countries announced some FDI project in Latin America and the Caribbean, giving a total of 72 projects worth US$ 7.5 billion. Of the six countries forming the Eurasian Economic Community, only firms from the Russian Federation and Belarus announced projects —a total of 84, worth US$ 10 billion, between them. Four of the six countries making up the Gulf Cooperation Council announced 47 projects worth a total of US$ 6 billion. The investment estimated for the 53 projects announced by African firms was US$ 3.5 billion in the period analysed (see table 18).

Figure 10
Latin America: foreign direct investment project announcements, by origin, January 2003-September 2015
(Percentages of all projects announced)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of fDi Markets [online] http://www.fdimarkets.com/.

Table 17
Latin America and the Caribbean: foreign direct investment project announcements, by origin, January 2003-September 2015
(Number of projects)

Origin	Number of projects	Origin	Number of projects	Origin	Number of projects
Asia and the Pacific	**1 637**	**Eastern Europe**	**139**	**Middle East**	**110**
Japan	720	Russian Federation	74	Israel	52
China	250	Poland	14	United Arab Emirates	37
India	184	Czech Republic	12	Iran	9
Republic of Korea	170	Belarus	10	Qatar	5
Australia	109	Cyprus	9	Saudi Arabia	3
Taiwan Province of China	60	Turkey	6	Kuwait	2
Hong Kong (Special Administrative Region of China)	58	Malta	3	Syrian Arab Republic	1
Singapore	38	Ukraine	3	Lebanon	1
New Zealand	12	Hungary	3	**Africa**	**53**
Philippines	10	Slovakia	2	South Africa	41
Viet Nam	9	Romania	1	Kenya	4
Thailand	7	Slovenia	1	Angola	3
Malaysia	6	Bulgaria	1	Morocco	2
Indonesia	2			Algeria	1
Bangladesh	1			Namibia	1
Sri Lanka	1			Tunisia	1

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of fDi Markets [online] http://www.fdimarkets.com/.

Table 18
Latin America and the Caribbean: origin of foreign direct investment project announcements from selected countries and groupings, January 2003-September 2015
(Number of projects and millions of dollars)

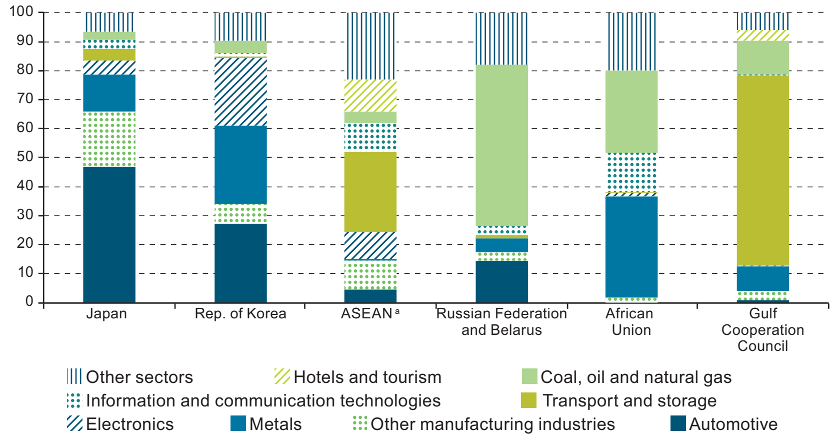
Country	Number of projects	Estimated investment amount
Japan	720	50 832
Republic of Korea	170	19 681
Russian Federation	74	8 014
Belarus	10	2 044
South Africa	41	2 012
Other African Union countries	12	1 477
Singapore	38	3 500
Other countries of the Association of Southeast Asian Nations (ASEAN)	34	3 981
United Arab Emirates	37	4 929
Other countries of the Gulf Cooperation Council	10	1 057
Turkey	6	84
Total	**1 152**	**97 612**

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of fDi Markets [online] http://www.fdimarkets.com/.

The sectors in which the investment projects announced were to take place varied depending on the origin of the finance. Firms from Japan and, to a lesser extent, the Republic of Korea mainly announced manufacturing industry projects, particularly in the automotive and car parts sector, where they involved major manufacturers such as Nissan, Toyota and Hyundai, and in the electronics and computer sector. The investment profile of the ASEAN countries is different, with a larger share for transport and storage projects (see figure 11).

The largest projects announced by firms from the Russian Federation and Belarus were in extractive industries, mainly in the Bolivarian Republic of Venezuela. South Africa had a similar profile, with the largest investment amounts being for metal mining and for coal, oil and natural gas. Meanwhile, projects by firms from Gulf Cooperation Council countries have mainly been in the transport and storage sector. The largest projects were those announced by the marine logistics firm DP World of the United Arab Emirates, which planned to invest in Peru, Brazil, the Dominican Republic and Argentina.

Figure 11
Latin America and the Caribbean: foreign direct investment project announcements, by origin and sector, January 2003 to September 2015
(Percentages of the figures announced per country or region)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of fDi Markets [online] http://www.fdimarkets.com/.

[a] Association of Southeast Asian Nations (ASEAN).

C. COOPERATION LINKS BETWEEN THE LATIN AMERICAN AND CARIBBEAN REGION AND CHINA AND THE REPUBLIC OF KOREA

1. Latin America and the Caribbean and China[6]

The China-CELAC Cooperation Plan (2015-2019) was adopted at the First Ministerial Meeting of the China-CELAC Forum, held in Beijing on 8 and 9 January 2015. The Plan sets out 13 thematic areas of work, 8 of which are in economic spheres: Trade, Investment and Finance (III)), Infrastructure and Transportation (IV), Energy and Natural Resources, (V), Agriculture (VI), Industry, Science and Technology, Aviation and Aerospace (VII), Education and Human Resources Training, (VIII), Tourism (XI), and Environmental Protection, Disaster Risk Management and Reduction, Poverty Eradication and Health (XII).[7]

The scope for potential cooperation is therefore extremely broad and varied. For the time being, the thematic areas propose only general goals and lines of action, which would need to be grounded in specific initiatives and projects. The themes are also indicative, and may be subject to change as the China-CELAC dialogue is deepened. China has established a technical secretariat for the ongoing evaluation of progress in these areas, and it would be fitting for CELAC to respond in kind. Considerable political and technical challenges must be overcome in order to make the transition from general formulations to specific projects and initiatives. Political challenges include the need for Latin American and Caribbean countries to establish forums for discussing the types of initiative that would be best

[6] This section is based on chapter IV of the document *Latin America and the Caribbean and China. Towards a new era in economic cooperation* (LC/L.4010), Santiago, May 2015.

[7] The other thematic areas are Policy and Security (I), International Affairs (II), Culture and Sports (IX), Press, Media and Publication (X) and People-to-People Friendship (XIII).

adapted to the objectives set out in the Plan. Such initiatives should reflect the necessary balance between subregions and the demands of the integration progress, as well as urgent requirements arising from the prevailing economic conditions.[8]

On the technical front, the general objectives need to be endowed with more operative content. This in turn requires some analytical refining, along with the identification of complementarities between initiatives and synergies between initiatives and national and subregional policies. Another requirement is that the contents of the Cooperation Plan be disseminated among the region's economic actors, particularly business groups and trans-Latin corporations. This is a major dialogue and outreach undertaking that has not yet commenced, and which is holding up the launch of the Plan. In that sense, CELAC is facing a huge coordination challenge at the technical and political levels. To tackle it, the Community should probably seek the support of regional bodies specializing in economic development, as well as universities and academic centres. Together, these institutions may contribute to an updated diagnostic of the region's main shortcomings and the viability and likely social return of the various initiatives that may be launched in the framework of the Cooperation Plan.

The main objectives established under the economic themes of the Cooperation Plan are set out below, along with some suggested lines of action.

(a) Trade and investment[9]

- Increase the level of bilateral trade to US$ 500 billion in 10 years.
- Work together to make trade balanced and mutually beneficial.
- Raise the stock of reciprocal investment to at least US$ 250 billion in the next 10 years, and the CELAC stock of investment with particular emphasis on high-technology and value-added goods production.
- Boost trade in services and e-commerce.
- Properly handle trade frictions in compliance with World Trade Organization (WTO) rules and existing trade agreements between the parties.
- Stimulate investment and the forging of joint ventures and partnerships.
- Encourage cooperation between small and medium-sized enterprises, supporting their internationalization and presence in global value chains.
- Enhance collaboration in customs and quality inspection.

Trade between Latin America and the Caribbean and China has grown at a remarkable rate in the past 15 years, [10] although serious shortcomings remain and cannot be ignored. Most Latin American and Caribbean countries run a trade deficit with China. Trade is almost exclusively inter-industrial, and is characterized by the exchange of manufactured goods for raw materials. This asymmetry is reflected in the region's basket of exports to China, which is extremely concentrated. Agro-industrial products, in which several Latin American countries are competitive in highly demanding third markets, scarcely figure among exports to China. Meanwhile, the growing manufactured goods trade deficit with China is a source of concern in Latin America and the Caribbean. In short, the current pattern of trade between the

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[8] For example, in March 2015, a meeting was held at ECLAC headquarters in Santiago with a view to advancing progress in the identification of viable spaces for infrastructure cooperation. The meeting was attended by experts from ECLAC, the China Development Bank and the Development Bank of Latin America (CAF).

[9] The objectives established in the Cooperation Plan are given in italics.

[10] In 2015, however, the region's exports to China are set to fall for the second year running, amid economic slowdown in China and heavy falls in the prices of the raw materials exported by Latin America and the Caribbean.

two parties diminishes the potential for Sino-Latin American business partnerships and makes it difficult for the countries of the region to enter Asia-Pacific production chains more effectively.

The Chinese authorities have shown themselves willing to maintain a dialogue on the challenge of diversifying the region's exports to China, seeking mutually beneficial agreements. However, such agreements have been slow to materialize, largely because the region has not yet articulated its response through a specific agenda. The China-CELAC Cooperation Plan 2015-2019 creates a space for conducting this dialogue in an institutional setting. Specifically, the framework of the Plan provides for the possibility of establishing a Regional Centre for Trade and Investment Facilitation in Beijing.

It is increasingly necessary for the countries of the region to better understand the likely impact of the economic reforms under way in China, as well as emerging consumer trends there. Other countries and regions have public-private organizations that provide a support platform for entrepreneurs and individuals interested in approaching China. Two examples are the European Union Chamber of Commerce in China and the American Chamber of Commerce in China. Latin America and the Caribbean needs a similar structure, such as a Regional Centre for Trade and Investment Facilitation, which would seek to support exports from the region to China, encouraging diversification and promoting trade and investment partnerships with Chinese companies. It would also provide institutional support to facilitate organized dialogue with Chinese authorities involved in trade and investment.

Such a Centre would also help to identify the most common barriers to and regulations affecting trade and investment, facilitating dialogue and a joint search for solutions, working directly with China's Ministry of Commerce and the China Council for the Promotion of International Trade. The Centre could also perform some of the following functions:

- Help understand and manage cultural differences in the business arena.
- Coordinate exporters and embassies in the region on specific aspects of trade and investment with China.
- Provide a forum for brainstorming and representing regional interests before the relevant Chinese authorities, including local governments.
- Represent the region in a bilateral technical body devoted to examining trade and FDI statistics for both parties, in an effort to overcome the major discrepancies between the figures reported by China and those reported by the countries of the region.
- Prepare material on the main regulations applicable to trade and investment with China, both in general and for specific sectors and products (technical standards, sanitary and phytosanitary measures, and requirements for establishing joint ventures with Chinese companies, among others).
- Provide referrals on possible Chinese export, import and investment counterparts, building databases that provide greater legal certainty for small and medium-sized Latin American and Caribbean firms.
- Provide a forum for dialogue on the integration initiatives and trade negotiations currency under way in Latin America and the Caribbean and in Asia-Pacific, including their potential impact on economic and trade relations between the region and China.
- Provide a forum for dialogue aimed at preventing or resolving disputes through negotiation, taking a long-term view geared towards mutual benefit.
- Promote business opportunities in Latin America and the Caribbean.
- Provide information on foreign trade and investment regimes in the region.
- Conduct basic market research.

(b) Infrastructure and transportation

- Foster cooperation in areas such as transportation, ports, roads and warehouse facilities, business logistics, information and communications technologies, broadband, radio and television, agriculture, energy and power, and housing and urban development.
- Encourage enterprises from China and CELAC countries to participate in key projects for the integration of Latin America and the Caribbean and the improvement of connectivity between China and CELAC countries.

Some advances have already been made in the area of infrastructure. One initiative is the Integration Priority Project Agenda (API), drawn up by the South American Infrastructure and Planning Council (COSIPLAN) of the Union of South American Nations (UNASUR). The Agenda is made up of 31 strategic projects with a large impact on the region's physical integration and socioeconomic development, involving an investment amount estimated at US$ 21.173 billion. These projects are designed to enhance connectivity through the construction and efficient operation of infrastructure, while taking into account sustainable socialand economic development criteria and preserving the environment and the balance of ecosystems. The components of the Agenda are "structured projects" because they strengthen physical connectivity networks that are regional in scope, with the purpose of enhancing existing synergies and solving deficiencies in the infrastructure in place.[11]

API was devised by the 12 member countries of UNASUR, approved by the Ministers at the Second Ordinary Meeting of COSIPLAN (Brasilia, November 2011) and ratified by the Presidents at the Sixth Meeting of the Council of Heads of State and Government of UNASUR (Lima, November 2012). In December 2014, the presidents of UNASUR member countries declared that priority would be given to seven infrastructure projects that were key for regional connectivity, with an estimated cost of between US$ 12 billion and US$ 14 billion. These seven projects are:

(i) Caracas-Bogotá-Buenaventura/Quito road corridor.
(ii) Northeastern access to the Amazon River.
(iii) Paranaguá-Antofagasta bioceanic railway corridor.
(iv) Routes interconnecting the Boliviarian Republic of Venezuela, Guyana and Suriname, including the construction of the bridge over the Corentyne River.
(v) Improvement of navigation conditions on the rivers of the La Plata Basin.
(vi) Foz do Iguaçu-Ciudad del Este-Asunción-Clorinda road connection.
(vii) Paraguya-Argentina-Uruguay railway interconnection.

This list provides a specific agenda of projects, which may serve as a platform for further progress through the identification of economic activities that may complement or benefit from these initiatives. The impact of these infrastructure projects on social profitability and private returns from various business activities, as well as the scope for continued progress in building subregional production chains, clearly illustrates the potential of infrastructure investment for regional competitiveness, intraregional trade and regional integration prospects.

[11] See [online] http://www.iirsa.org/Page/Detail?menuItemId=33, date of reference 27 April 2015.

Several projects are still awaiting pre-feasibility studies, and in this regard there is ample space for cooperation with Chinese agencies, since the governments of the region do not always have the fiscal space required to finance the pre-execution stage. As is known, these projects are implemented on the basis of international tendering processes. Where projects, or sections thereof, are financed by governments, it is also possible to find space for cooperation with Chinese agencies. In other cases, the space for cooperation lies in participation in the public tendering phase.

(c) Energy and natural resources

- Enhance technological research and development in the sustainable use of natural resources.
- Strengthen collaboration and investment in the electricity sector, including power generation, high- and ultra-high voltage power transmission, water resources planning and development, bio-energy, solar, geothermal and wind power.
- Promote training programmes for technicians and experts in the management and development of renewable energy.

Below is a list of some of the spheres in which CELAC member countries could agree on possible linkages between infrastructure, energy and natural resources.[12] Once consensus has been reached, it will be possible to identify the main gaps and the policies needed to close them, coordinating national, subregional and regional efforts with the cooperation envisaged in the Cooperation Plan.

- The economic infrastructure gap in Latin America and the Caribbean: evolution of the stock of economic infrastructure, the situation of public and private investment in infrastructure, analysis of infrastructure supply and demand in the medium and long term, training and capacity-building.
- Integrated and sustainable policies on infrastructure, logistics and mobility: analysis of the impact of public policies in the region, tools for incorporating criteria of comprehensiveness and sustainability into public policies, groundwork for public-private dialogue and regional dialogue on national logistics and mobility policies.
- Infrastructure and natural resource governance: the relationship between infrastructure governance and natural resource governance, strategic recommendations and training in infrastructure and logistics to enhance the sustainable use of natural resources.
- Sustainability of logistics chains: promoting value-added logistical services, performance indicators for logistical chains and corridors, energy efficiency and sustainability of logistics chains.
- Analysis of the long-term trends and prospects for energy investment in Latin America and the Caribbean, with emphasis on the technological options that are set to dominate the region in the next decade.
- Economic, social and environmental impact studies on energy megaprojects currently under consideration in the region, with a time frame to 2030.
- Analysis and proposals for overcoming social, economic, labour and environmental conflicts related to energy, water and mining projects, which could hamper an appropriate regional response in terms of the domestic supply of natural resources and related services.

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[12] The Economic Commission for Latin America and the Caribbean (ECLAC) and the Development Bank of Latin America (CAF) have extensive experience in research activities and the provision of technical assistance to the governments of the region in these thematic areas.

(d) Challenges for CELAC

The China-CELAC Cooperation Plan 2015-2019 refers to several summits and forums that are due to be held in the coming years. Some of these meetings are a continuation of existing processes, such as the China-LAC Agriculture Ministers' Forum, the China-LAC Think Tanks Forum, and the China-LAC Business Summit, which will meet for the ninth time in October 2015 in Guadalajara, Mexico. New high-level meetings proposed under the Cooperation Plan include the China-LAC Capital City Mayors' Forum, the China-LAC Local Governments Cooperation Forum, the China-LAC Infrastructure Forum, the China-LAC Energy and Mineral Resources Forum, the China-LAC Industrial Development and Cooperation Forum and the China-LAC Scientific and Technological Innovation Forum. With due preparation, all these meetings could give renewed impetus to cooperation within CELAC and between CELAC and China, insofar as they identify specific spheres of action and clearly define the parties responsible for implementation and funding.

This ambitious meeting schedule requires significant prior political coordination among the members of CELAC, as well as technical work that accurately identifies the best way forward so that cooperation can be reflected in concrete and measurable outcomes. In this context, CELAC could prepare a work agenda to ensure that its members can draw on sufficient technical preparation and political coordination when attending the various summits suggested in the Plan. For example, the organizational tasks corresponding to CELAC ahead of these summits and forums could be assigned to different countries. This would enable those countries to organize technical preparation activities that could even result in documents or proposals that would in turn facilitate political decisions within CELAC and improve dialogue with China at these meetings.

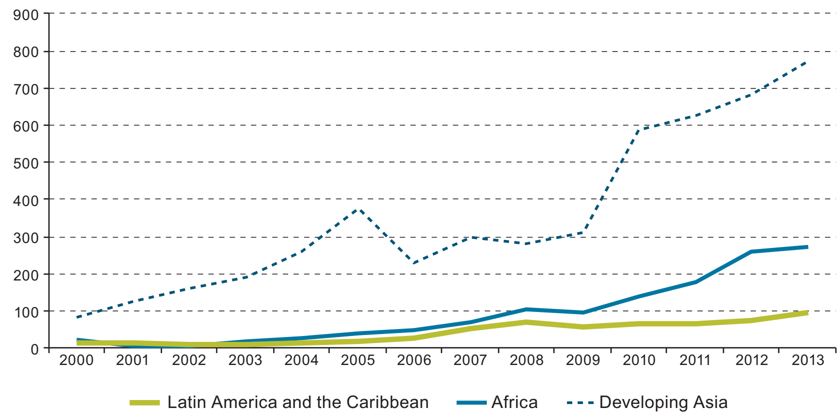
Similar work might be necessary in order to access the funds committed as part of the cooperation process. The Cooperation Plan (and previous statements given by high-level Chinese authorities) mention the following: (i) a US$ 5.0 billion cooperation fund designed to promote cooperation in industrial manufacturing projects, new technologies and sustainable development; (ii) a US$ 10.0 billion credit line for infrastructure construction including railways, roads, ports, power plants, electrical grids and telecommunications facilities; and (iii) a US$ 50 million agricultural cooperation fund, intended to create five to eight agricultural research and development centres, agro-industrial parks and agricultural investment and development zones. These funds are initial contributions by Chinese agencies, and counterparts are expected by the region. In all these spheres, the participation of regional development banks and the member countries of CELAC would help deliver a more streamlined agenda, both at the project level and in terms of financing arrangements.

Progress on this agenda is of immediate importance and would help identify national, subregional and even regional priorities in several of the thematic areas outlined in the Cooperation Plan. This, in turn, would lead to the creation of synergies, financing and complementarities that could facilitate and increase the profitability of initiatives which, without cooperation and the coordination of national priorities, would probably take much longer to become a reality. For the time being, a highly useful exercise would be to identify points of intersection between the China-CELAC cooperation agenda and the objectives, targets and indicators that CELAC is seeking to generate with a view to 2020. This concern is raised in the Cooperation Plan, which refers to the common interest in achieving progress on the post-2015 development agenda.

2. Latin America and the Caribbean and the Republic of Korea[13]

Official development assistance (ODA) from the Republic of Korea has climbed sharply in the past decade, to US$ 1.31 billion in 2013. [14] The traditional beneficiaries have been Asian countries, which receive nearly 60% of the total. Recently, Korea has expanded its cooperation with Africa, but the country's cooperation flows to Latin America and the Caribbean have been flatter (see figure 12). In 2012 and 2013, the region received approximately 7% of Korea's total ODA.

Figure 12
Republic of Korea: official development assistance, by destination region, 2000-2013
(Millions of dollars)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from the Organization for Economic Cooperation and Development (OCDE) statistics system [online] http://stats.oecd.org/.

The Republic of Korea recognizes that Latin America and the Caribbean, despite being a middle-income region, still faces myriad economic, environmental and social challenges. Thus, cooperation extended by the Korean government is aimed at mitigating social inequalities, strengthening the administrative capacity and transparency of governments and promoting sustainable development in the region. The Republic of Korea also supports the development of economic infrastructure through soft loans.

Between 2000 and 2013, the Republic of Korea disbursed a total of US$ 587.4 million in cooperation funds to Latin America and the Caribbean. Roughly 53% went to South America, with the remaining 47% going to Central America, the Caribbean and Mexico. During the period 2007-2013, the main recipient countries in the region were (in descending order by amount) Ecuador, Peru, Nicaragua, Paraguay, Colombia, the Dominican Republic, Honduras, the Plurinational State of Bolivia, Guatemala, El Salvador and Haiti. These 11 countries combined received over 90% of Korean ODA to the region during that period (see table 17). Whereas Peru, Nicaragua and the Plurinational State of Bolivia were the priority destinations for Korean ODA in 2000-2006, Ecuador, Colombia and the Dominican Republic became top priorities in 2007-2013. Korea's current cooperation strategy identifies 26 priority countries

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13 This section is based on section B of chapter V of ECLAC, *Economic relations between Latin America and the Caribbean and the Republic of Korea: Advances and opportunities* (LC/L.3994), Santiago, April 2015.

14 El Monitoring of Korean ODA flows has been facilitated by the Republic of Korea's admission to the OECD Development Assistance Committee in 2010.

around the world, and in Latin America this selection includes the Plurinational State of Bolivia, Colombia, Paraguay and Peru.[15]

Table 19

Countries of Latin America and the Caribbean: amounts received as official development assistance from the Republic of Korea, 2000 to 2013

(Millions of dollars and percentages)

Position	Country	2000-2006			2007-2013		
		Total amount *(millions of dollars)*	**Share** *(percentages)*	**Cumulative share** *(percentages)*	**Total amount** *(millions of dollars)*	**Share** *(percentages)*	**Cumulative share** *(percentages)*
1	Ecuador	-0.6	-	-	74.4	15.5	15.5
2	Peru [a]	16.0	15.0	14.4	58.0	12.1	27.5
3	Nicaragua	13.2	12.4	26.8	50.8	10.6	38.1
4	Paraguay [a]	7.3	6.8	33.6	50.0	10.4	48.5
5	Colombia [a]	2.1	2.0	35.6	45.1	9.4	57.9
6	Dominican Republic	2.6	2.4	38.0	35.1	7.3	65.2
7	Honduras	7.7	7.2	45.2	34.3	7.1	72.3
8	Bolivia (Plurinational State of) [a]	10.8	10.1	55.3	31.1	6.5	78.8
9	Guatemala	6.5	6.1	61.4	28.8	6.0	84.8
10	El Salvador	3.9	3.6	65.0	24.8	5.2	89.9
11	Haiti	0.6	0.6	65.6	14.9	3.1	93.0
12	CARICOM [b] (except Haiti)	5.2	4.9	70.5	11.4	2.4	95.4
13	Costa Rica	2.9	2.7	73.2	4.0	0.8	96.2
14	Mexico	3.2	3.0	76.1	3.8	0.8	97.0
15	Chile	1.6	1.5	77.6	3.8	0.8	97.8
16	Brazil	0.7	0.7	78.3	3.4	0.7	98.5
17	Venezuela (Bolivarian Republic of)	0.8	0.8	79.1	0.7	0.1	98.7
18	Argentina	0.6	0.6	79.6	0.6	0.1	98.8
19	Cuba	0.1	0.1	79.7	0.4	0.1	98.9
20	Uruguay	0.9	0.8	80.5	0.4	0.1	99.0
21	Panama	20.8	19.5	100.0	-0.3	-	-
Latin America and the Caribbean		**106.7**	**100.0**		**480.8**	**100.0**	

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from the Organization for Economic Cooperation and Development (OCDE) statistics system [online] http://stats.oecd.org/.

[a] Priority partners for Korean cooperation.

[b] The countries of CARICOM are Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname and Trinidad and Tobago.

[15] For more information on the cooperation policy, see the document "Strategic Plan for International Development Cooperation", approved at the seventh meeting of the Korean Committee for International Development Cooperation (Office for Government Policy Coordination [online] http://www.odakorea.go.kr/eng.policy.StrategicPlan.do).

From 2006 to 2013, the Republic of Korea allocated most of its assistance to infrastructure and social services (around 60% of its total ODA to the region). In the subperiod from 2010 to 2013, it sharpened its focus on the education sector, and infrastructure and economic services lost 11 percentage points of share (see table 18).

Table 20

Latin America and the Caribbean: amounts received and sector distribution of official development assistance from the Republic of Korea, 2006 to 2013

(Millions of dollars and percentages)

Sector	2006-2009		2010-2013	
	Total amount	**Share**	**Total amount**	**Share**
Infrastructure and social services	118.9	56.6	210.9	67.4
− Education	21.7	10.3	79.3	25.3
− Health	37.6	17.9	44.5	14.2
− Population and reproductive health	4.2	2.0	5.6	1.8
− Water and sanitation	35.9	17.1	47.9	15.3
− Government and civil society	15.9	7.6	21.0	6.7
− Other	3.6	1.7	12.5	4.0
Infrastructure and economic services	54.4	25.9	44.7	14.3
Production	26.0	12.4	32.7	10.5
Cross-cutting sectors	5.9	2.8	14.0	4.5
Total	205.3	97.7	302.3	96.6
All sectors	**210.0**	**100.0**	**313.1**	**100.0**

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from the Organization for Economic Cooperation and Development (OCDE) statistics system [online] http://stats.oecd.org/.

Two ministries are responsible for implementing the bulk of Korean cooperation. The Ministry of Foreign Affairs, acting through the Korea International Cooperation Agency (KOICA), executes Korea’s grant policies. The Ministry of Strategy and Finance handles soft loans in the Economic Development Cooperation Fund (EDCF), through the Export-Import Bank of Korea (EximBank). Other ministries, agencies and municipalities are also involved in cooperation at a smaller scale.

Compared with KOICA, EDCF provided more cooperation to Latin America and the Caribbean and in a concentrated number of countries. KOICA issued grants to over 30 countries in Latin America and the Caribbean between 2007 and 2013, for a total of US$ 288.4 million, representing 11.7% of total ODA processed through KOICA in the period. EDCF, meanwhile, made loans to just six countries in the region for a total amount of US$ 402.1 million.

KOICA and EDCF have different sector priorities. For KOICA, education received the largest portion of assistance to Latin America and the Caribbean, averaging 32% of the total in 2012 and 2013. Other priority sectors during those years were industry and energy (21%), health (21%), public administration (15%) and agriculture, forestry and fisheries (11%). Meanwhile, EDCF projects have been more focused on infrastructure and economic services. Projects related to water and sanitation are the most common, followed by public administration, education and energy.

In addition to ODA, the Republic of Korea also promotes knowledge-sharing as an effective and innovative tool for encouraging development in other emerging countries. The Ministry of Strategy and Finance implemented the Knowledge Sharing Program (KSP) in 2004, an initiative that offers detailed analysis of the Korean experience, national policy consultation and training opportunities. KSP has various member institutions. First, the Korea Development Institute (KDI) is in charge of bilateral policy consultations. Second, the Export-Import Bank of Korea (EximBank) handles consultations with international organizations. Third, the KDI School arranges training based on the Korean experience. The following countries in the region have benefited from KSP: Brazil, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Haiti, Honduras, Jamaica, Mexico, Panama, Peru, the Plurinational State of Bolivia, Trinidad and Tobago and Uruguay.

In 2007, the Republic of Korea became a member State of the Economic Commission for Latin America and the Caribbean (ECLAC). In its new role, the Korean government has been developing an interesting programme of cooperation with ECLAC, with funding of US$ 300,000 in 2014. Cooperation has focused on areas such as diagnostics and proposals to enhance the quality of reciprocal trade, Korean FDI in the region, public-private partnerships for export development, logistics and infrastructure linkages, SME innovation and development planning and public administration. In 2012, the Ministry of Foreign Affairs and Trade of the Republic of Korea signed a new framework agreement with ECLAC to expand and consolidate cooperation between the two parties. Under this agreement, the parties agree to promote the exchange of information and experts, organize joint research projects and promote seminars and conferences on issues of shared interest.

In the framework of its cooperation programme with Korea, ECLAC had the opportunity to collaborate with the country's Ministry of Foreign Affairs to formulate a strategic vision for the Forum for East Asia-Latin America Cooperation (FEALAC) Vision Group in 2011 and 2012. ECLAC also prepared documents for the FEALAC ministerial meetings held in Buenos Aires (2011) and Bali, Indonesia (2013). In 2011, a seminar was hosted in Seoul with Korean authorities, entrepreneurs and scholars on development experiences in Korea and in Latin America and the Caribbean. The issues covered related to macroeconomics, trade and investment, energy, infrastructure and sustainable development, as well as potential cooperation opportunities in those areas. The Korea Institute for International Economic Policy (KIEP) published a book compiling the presentations made at that seminar.[16] In addition, analysis has been conducted on the characteristics of Korean and Asian investment in the region in the agro-industrial, steel, automotive, electronics, textiles and services sectors. The potential for SMEs to participate in value chains linking Latin America and Asia has also been studied, including several case studies on the linkages between multinational firms and their suppliers in Brazil, Chile, Guatemala, Argentina and the Republic of Korea.

Lastly, the Republic of Korea is also partnering with the Inter-American Development Bank (IDB) and the Development Bank of Latin America (CAF) on issues of road safety, rural development and SME promotion.

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[16] Korea Institute for International Economic Policy (2012), *Economic Cooperation between Korea and Latin America and the Caribbean*, Seoul, Ministery of Foreign Affairs and Trade, Republic of Korea /Economic Commission for Latin America and the Caribbean (ECLAC).

D. CONCLUDING REMARKS

A blueprint for relations between CELAC and the partners it has defined as strategic outside the region must necessarily start by recognizing the heterogeneity of both, and hence of the linkages between each CELAC member and its respective extraregional partners. The analysis given here shows that trade, investment and cooperation relations do, in fact, vary broadly in intensity from one partner to another. While some are highly significant trade or investment partners for CELAC, others are only just striking up relations. The composition of trade and investment flows also varies considerably by partner. The situation is similar in the sphere of cooperation: some of the partners that CELAC has identified as strategic already have an established cooperation presence in the region, while others (the African Union, for example) are net recipients of ODA.

CELAC itself is very diverse, in terms of the geographical and economic size and population of its members, their production and export structures and their development strategies, among many other factors. The members' development levels also vary significantly, which has a direct impact on their eligibility for development cooperation funds, for example. The heterogeneity within CELAC adds a layer of complexity to the establishment of a common group strategy for building external relations. The analysis presented here is intended to provide the CELAC member countries with additional grounded considerations for approaching this important task.