



China's Growing Influence on the Latin American Economy

OE Watch Commentary: The People's Republic of China continues to expand its economic influence throughout Central America. The accompanying excerpted article from the centrist, *Panama Today*, quotes economic expert Rolando Gordón, who claims that China will be the “foremost commercial power” by 2030. As the article points out, China's growing economic power has induced a number of the countries in the region to break “relations with Taiwan,” and instead “seal economic ties with China.” For instance, El Salvador recently signed a diplomatic agreement with China, hoping that they would develop projects to generate significant income for the Central American country. Similarly, the article states that Panama has already signed about thirty agreements with China, some related to the usage of the Canal, as well as China's cooperation with Costa Rica, where it has helped with infrastructure and technology. The article goes on to suggest that since China “has geopolitical and commercial plans for the next 40, 50, 100 years,” it is able to take advantage of the lack of strategic planning among countries in Central America. While the deals which China makes with individual countries in the region may bring some short-term economic benefit to these Central American countries, in the long run, these projects will end up serving Chinese strategic interests. **End OE Watch Commentary (Wedman)**

“By 2030 it is considered that the foremost commercial power will be China, and nobody can stop that.”

Source: “Giovanna Ferullo, “Central America without a clear vision to take advantage of the growing alliance with China,” *Panama Today*, 21 August 2018. <https://www.panamatoday.com/international/central-america-without-clear-vision-take-advantage-growing-alliance-china-7643>

...China “is clear” regarding what it wants in Central America: it sees Panama as a platform to distribute its products, thanks to its ports and the facilities of a bullet train that the Asian giant plans to build in the country. “By 2030 it is considered that the foremost commercial power will be China, and nobody can stop that”, added the president of the Faculty of Economics of the State University of Panama (UP), Rolando Gordon.

El Salvador announced on Monday that it broke relations with Taiwan, considered a rebel province by Beijing, and sealed diplomatic ties with China, a decision that Salvadoran President Salvador Sanchez called a “step in the right direction.”

A little more than a year ago Panama did the same and has already signed about thirty agreements with China, which for years has had a preponderant role in the local economy, being the second most important user of the Canal, second only to the United States, and the first supplier of the Colon Free Zone (ZLC), the largest in the continent.

Costa Rica was the first country in the region to establish ties with China in 2007, and both signed a joint 2016-2020 action framework last year that identifies infrastructure, technology, and financial cooperation as priority areas.



“Official photograph of 2014 Summit of Leaders of China and of countries of Latin America and the Caribbean.”

Source: Chilean Government, <https://www.flickr.com/photos/gobiernodechile/14661316116/>, CC-BY-2.0.