

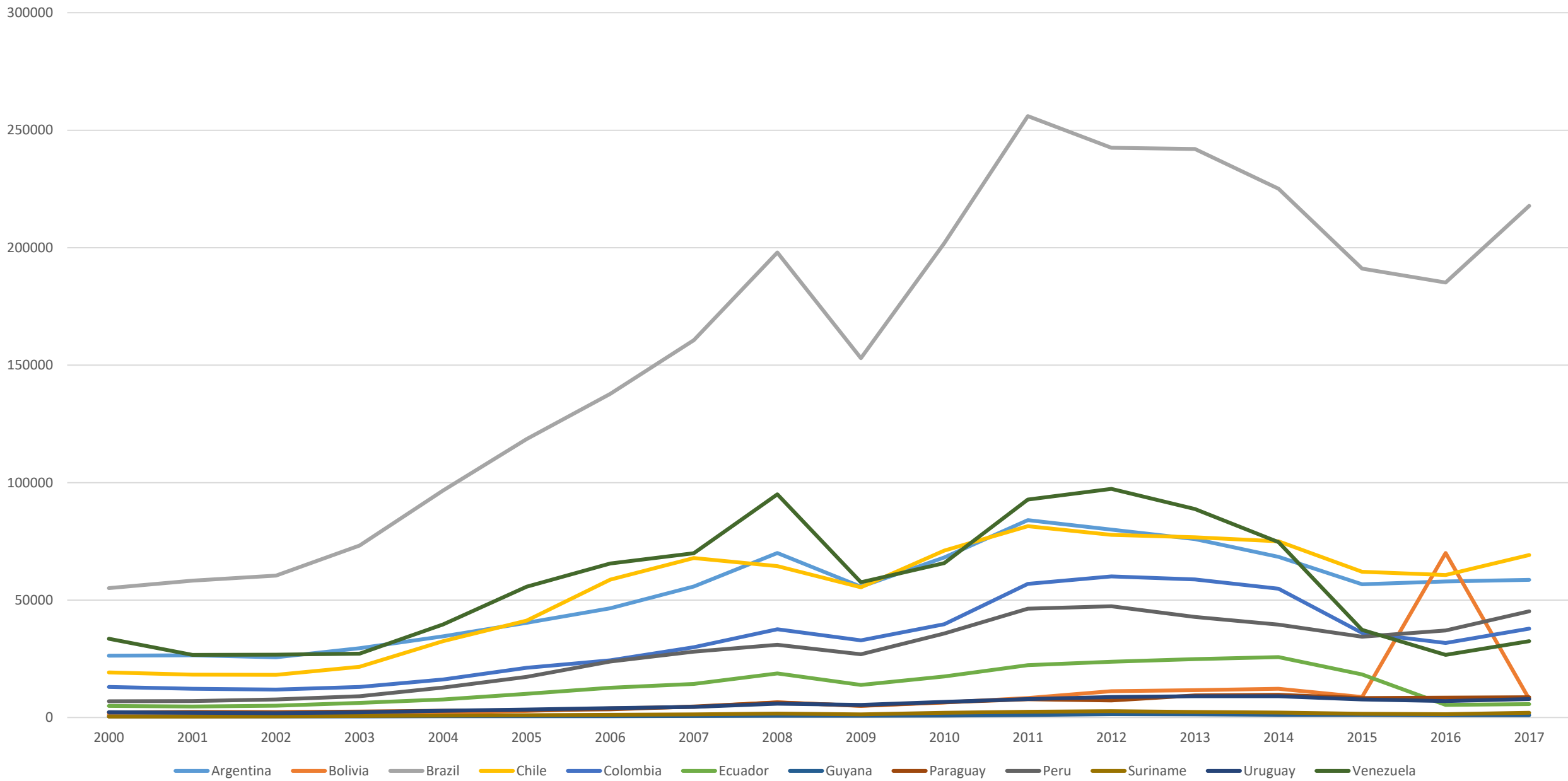
# The Southern Link and the Strategic Imperative for South America

Carlos Portales  
Research Associate  
Institute of International Studies  
Universidad de Chile  
June 2019

# South America

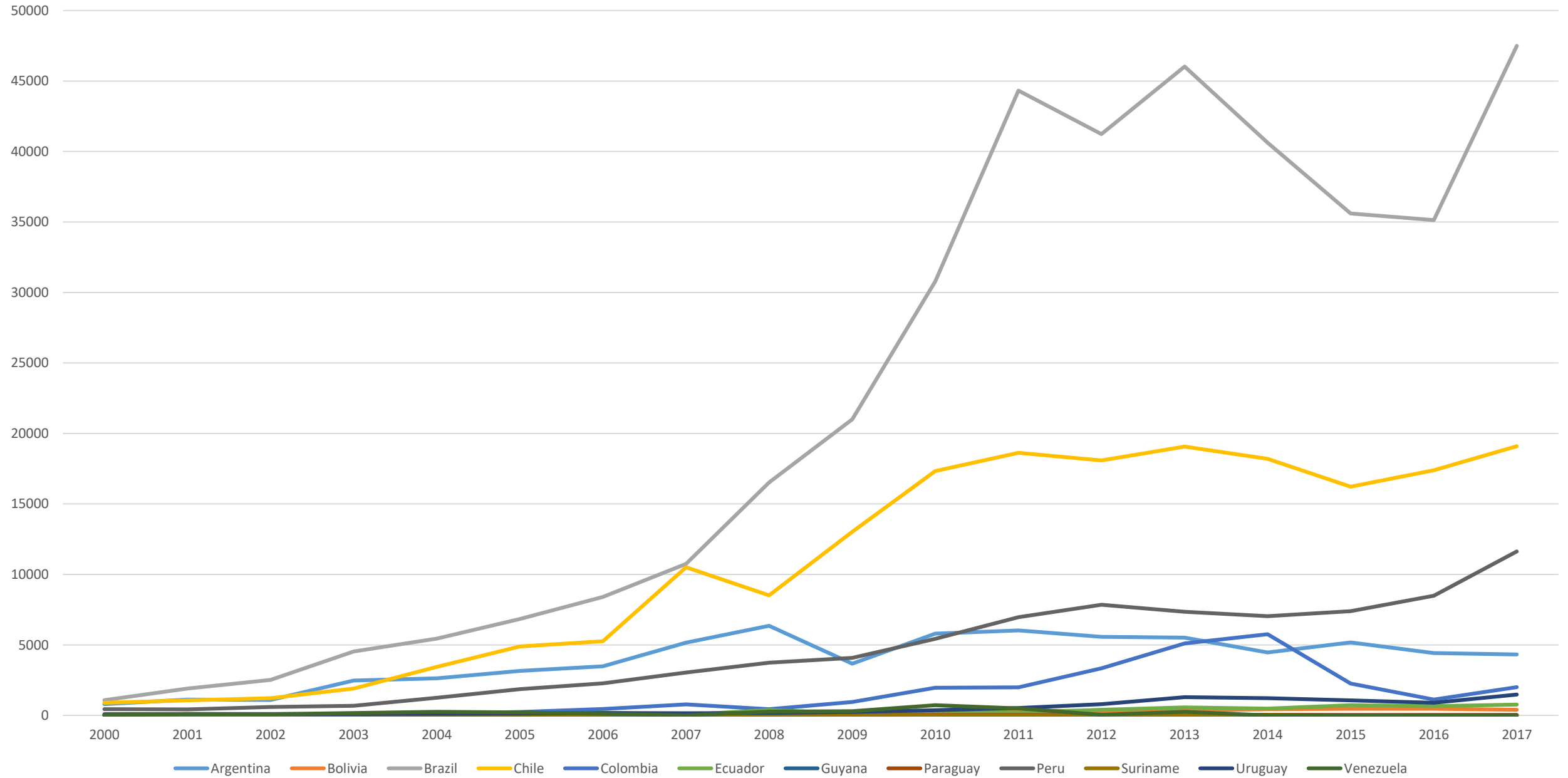


# South American Countries: Total Exports (2000-2017)



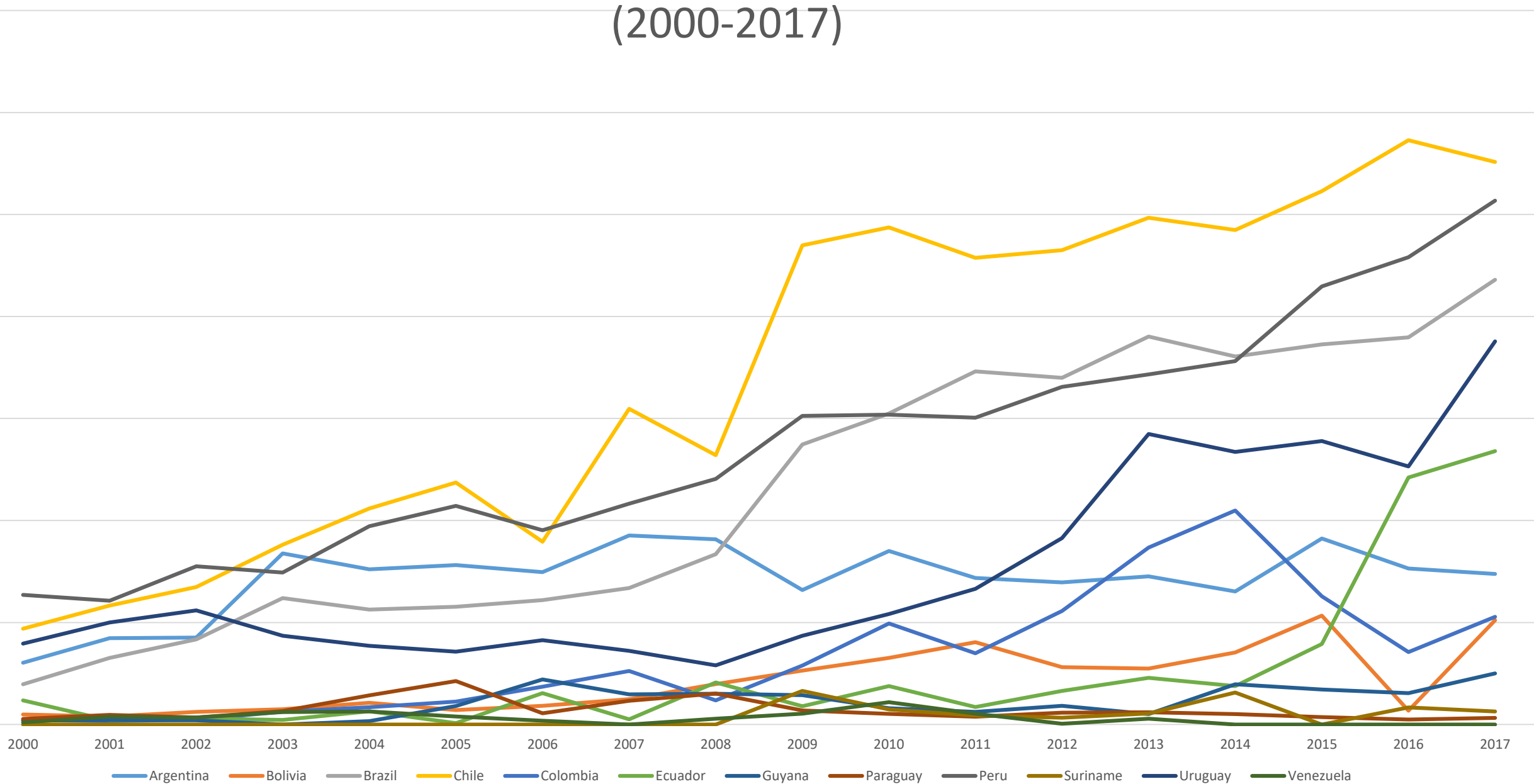
• Source: Unctadstat, June 2019

# South American Countries Exports to China (2000-2017)

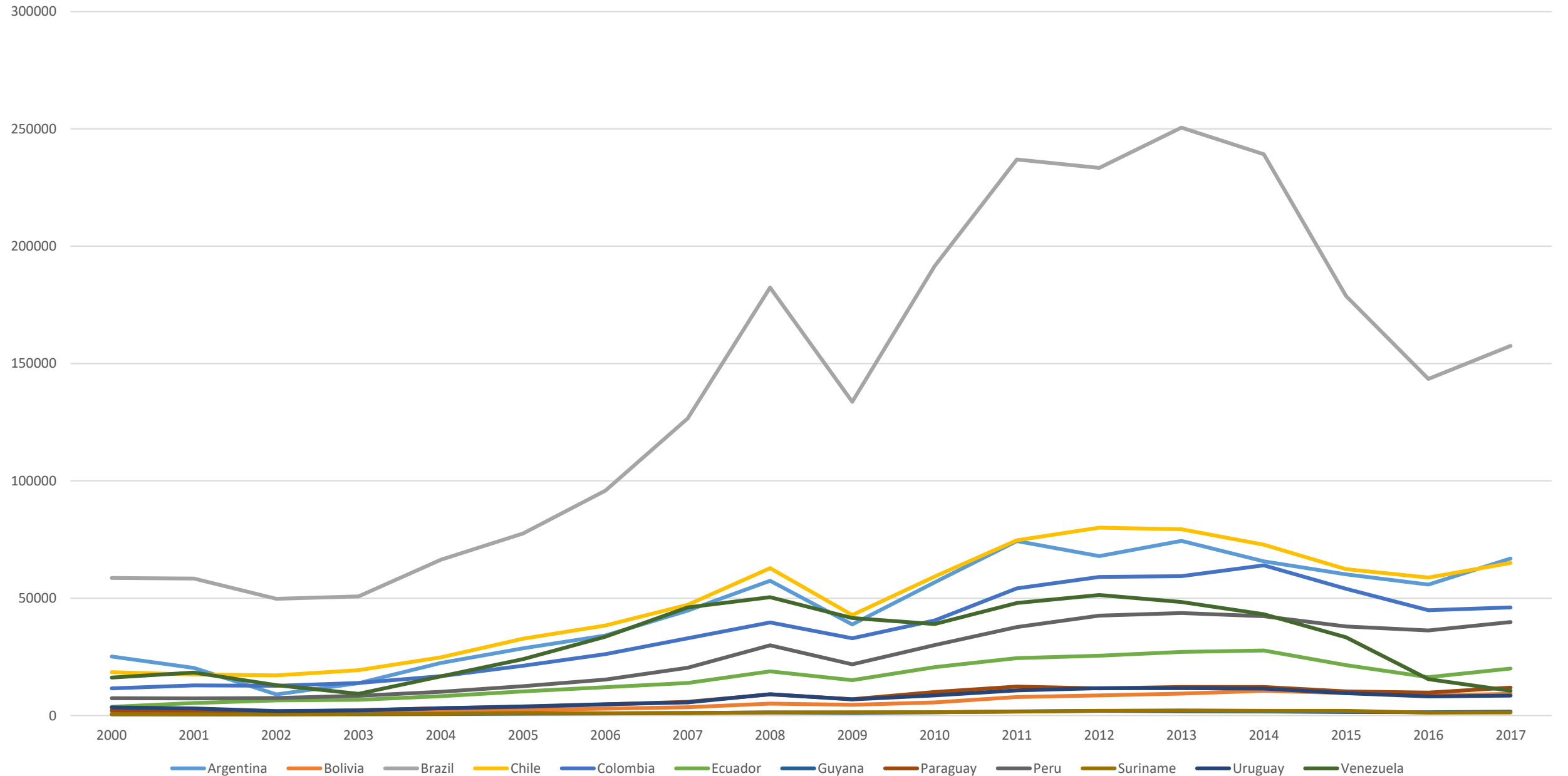


Source: Unctadstat, June 2019

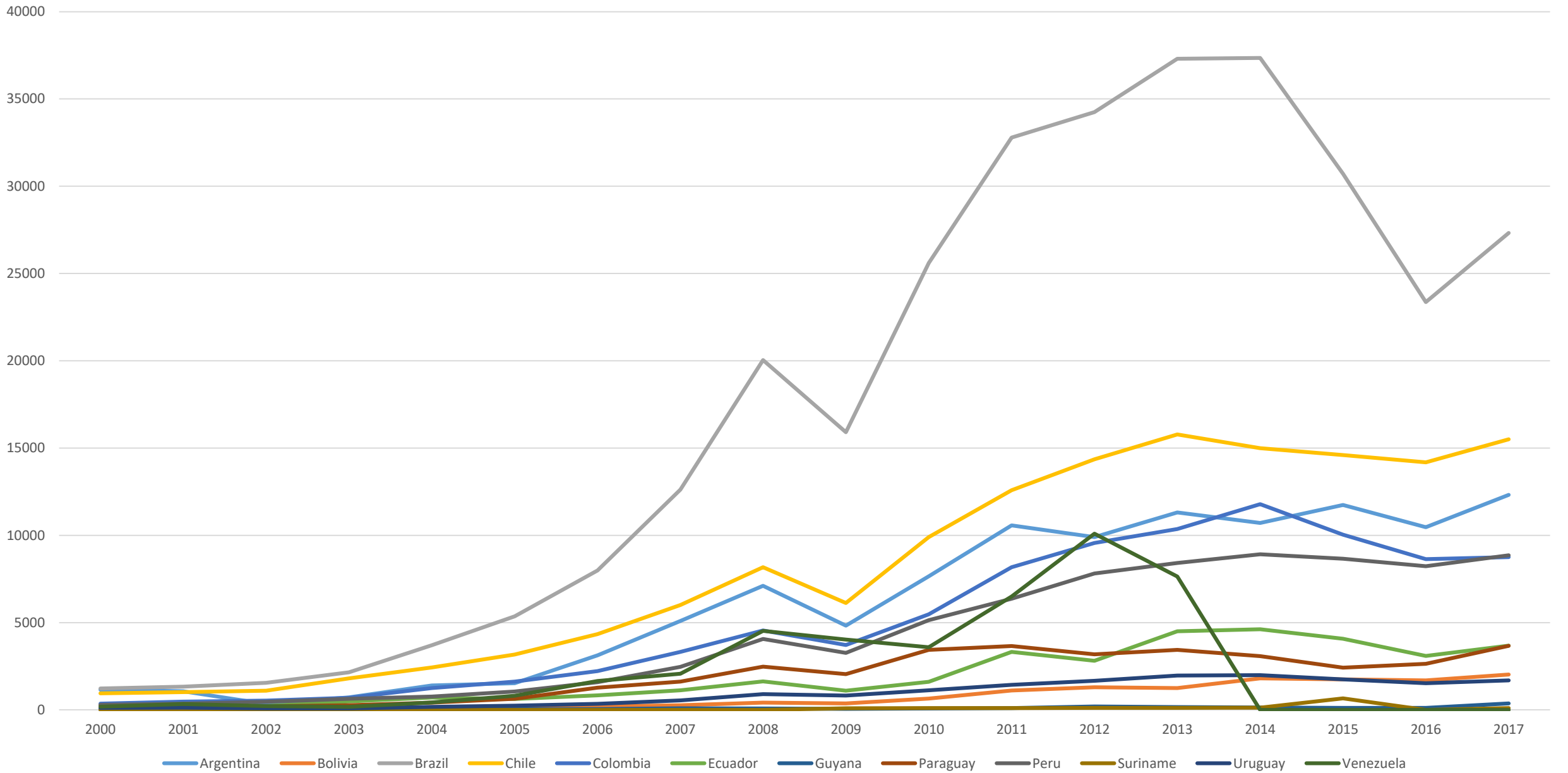
# South American Exports to China as percentage of Total Exports (2000-2017)



# South American Imports by Country (2000-2017)

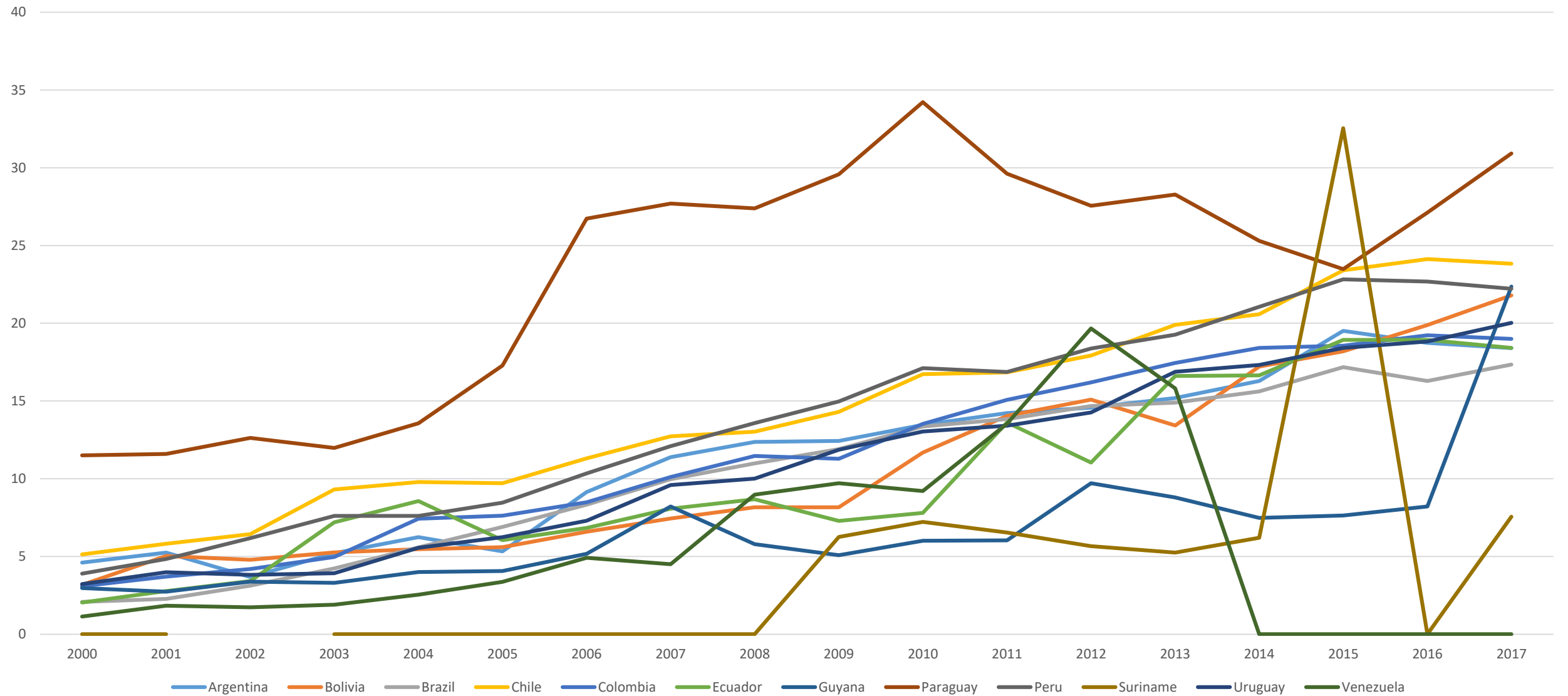


# South American Imports From China (2000-2017)



Source: Unctadstat, June 2019

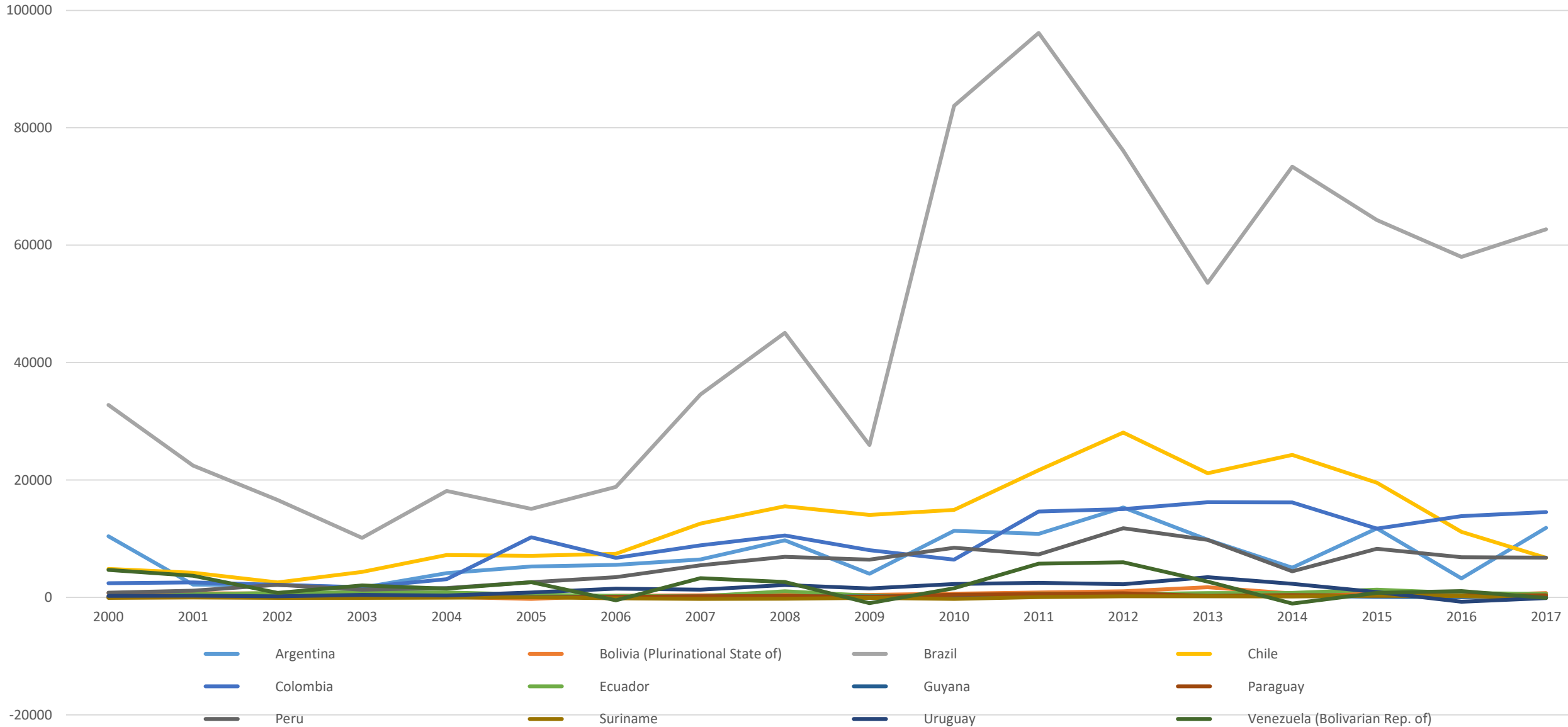
# South American Imports from China as percentage of total Imports (2000-2017) by Country



• Elaborated From Unctadstat, June 2019

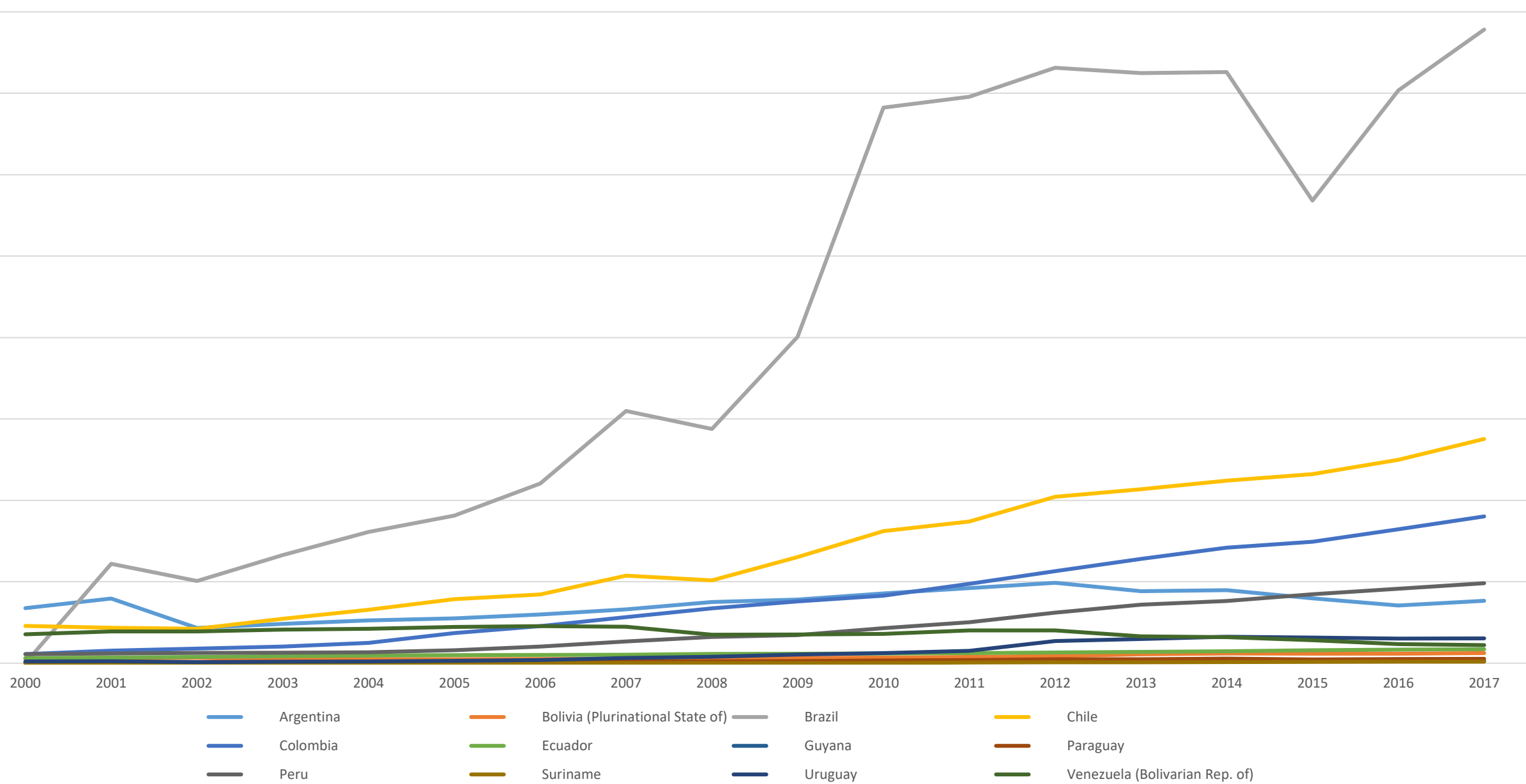


# Foreign direct investment: Inward flows annual (2000-2017)



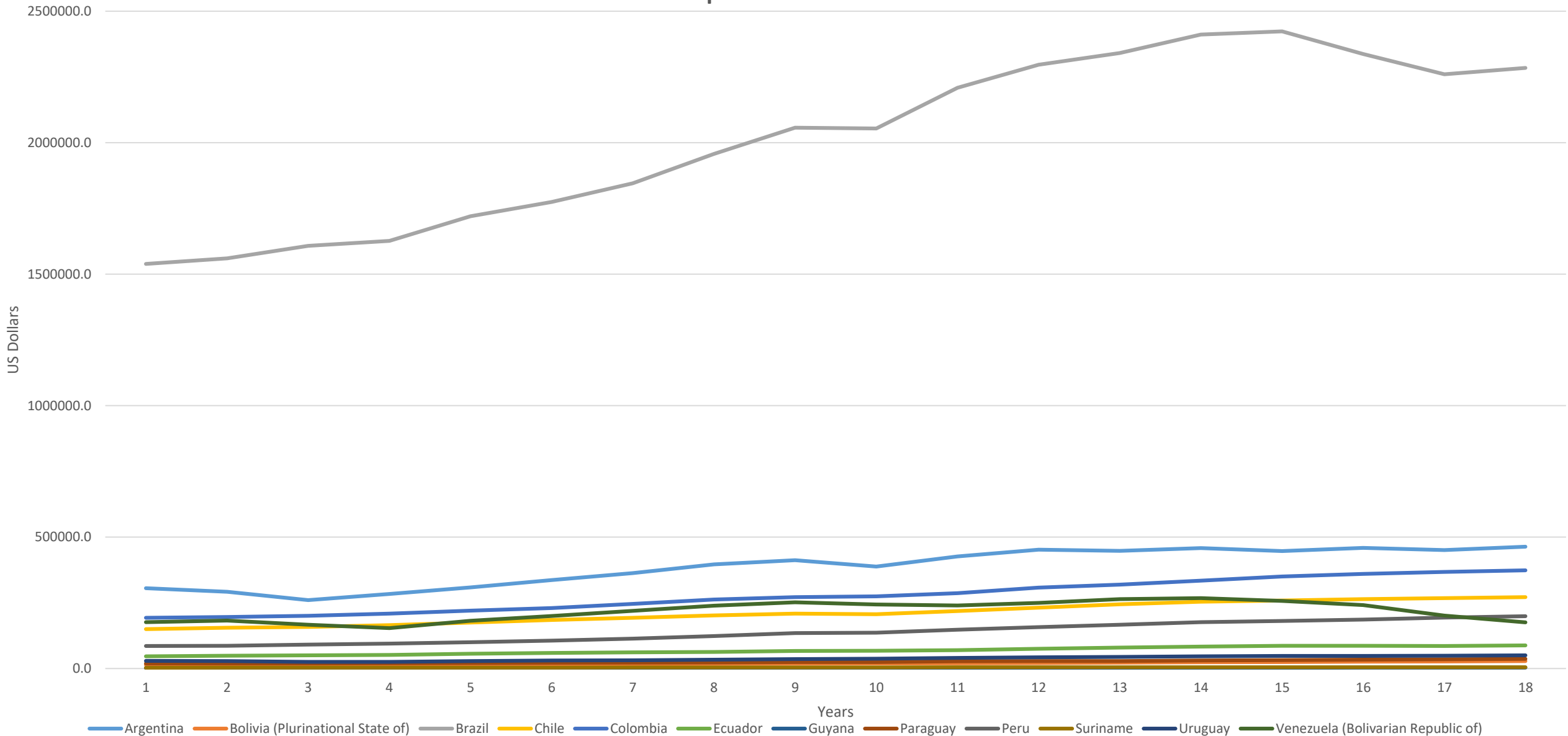
• Source: Unctadstat, June 2019.

# Foreign direct investment: Inward stock, annual (2000-2017)



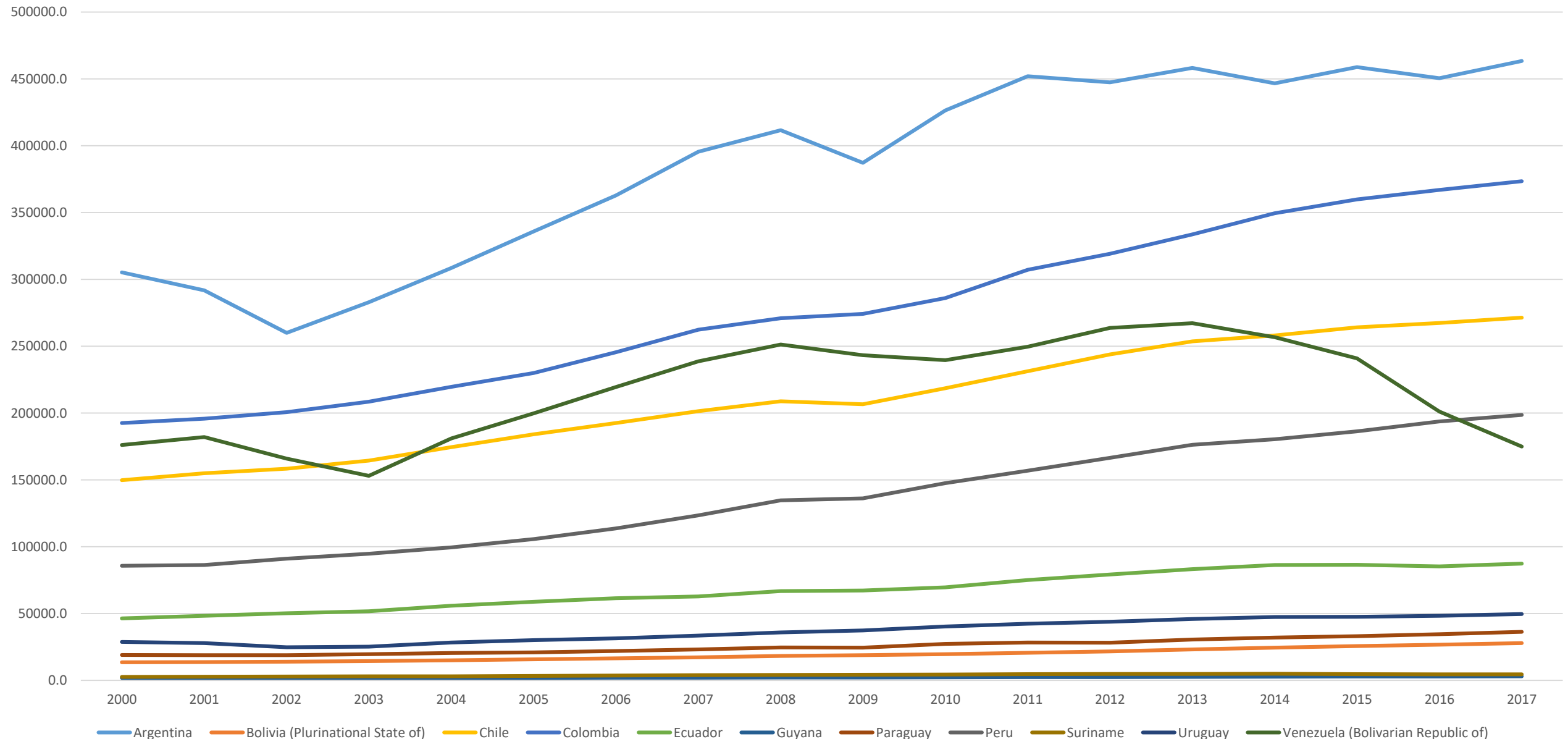
• Source: Unctadstat, June 2019 (Millions of current US Dollar)

# South American Countries: Total Annual Gross Domestic Product (GDP) at constant prices in US dollars



• Source Cepalstat, June 2019

# South American Countries (Without Brazil): Total Annual Gross Domestic Product (GDP) at constant prices in dollars



## South American Countries: annual growth rates in gross domestic product. (Constant prices)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Argentina	-5,9	10,1	6	-1	2,4	-2,5	2,7	-1,8	2,9	-2,6
Bolivia	3,4	4,1	5,2	5,1	6,8	5,5	4,9	4,3	4,2	4,4
Brazil	-0,1	7,5	4	1,9	3	0,5	-3,5	-3,3	1,1	1,3
Chile	-1	5,8	5,8	5,5	4	1,8	2,3	1,3	1,5	3,9
Colombia	1,2	4,3	7,4	3,9	4,6	4,7	3	2	1,8	2,7
Ecuador	0,6	3,5	7,9	5,6	4,9	3,8	0,1	-1,2	2,4	1
Paraguay	-0,3	11,1	4,2	-0,5	8,4	4,9	3,1	4,3	5,2	4,2
Perú	1,1	8,3	6,3	6,1	5,9	2,4	3,3	4	2,5	3,8
Uruguay	4,2	7,8	5,2	3,5	4,6	3,2	0,4	1,7	2,7	1,9
Venezuela	-3,2	-1,5	4,2	5,6	1,3	-3,9	-6,2	-16,5	-13,0c	-15,0 c
Guyana	3,6	4,1	5,2	5,3	5	3,9	3,1	3,4	2,2	3,4
Suriname	3	5,2	5,8	2,7	2,9	0,3	-3,4	-5,6	1,7	1,9

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

a Preliminary figures. b Based on official figures expressed in dollars at constant 2010 prices. c Estimates

# Country Risk Rating, 2019

COUNTRY/Rating	Moody's	Standard & Poor	Fitch
Argentina	B2	B	B
Bolivia	Ba3	BB-	BB-
Brazil	Ba2	BB-	BB-
Chile	A1	A+	A
China	A1	A+	A+
Colombia	Baa2	BBB-	BBB
Ecuador	B3	B-	B-
New Zealand	Aaa	AA	AA
Paraguay	Ba1	BB	BB+
Peru	A3	BBB+	BBB+
Suriname	B2	B	B-
Uruguay	Baa2	BBB	BBB-
Venezuela	C	B-	RD

# GLOBAL PEACE INDEX 2019

## Safety & Security, Militarization, Ongoing conflict

### Very High

1 (Iceland)  
2 New Zealand  
13 (Australia)

### Medium

80 Peru  
85 Bolivia  
88 Paraguay  
92 Guyana

### Low

128 (USA)  
143 Colombia  
144 Venezuela

### High

27 Chile  
34 Uruguay  
71 Ecuador  
75 Argentina

110 China  
116 Brazil

### Very Low

163(Afganistán)





# South American Governments (2010-2019)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
Argentina		C. Kirchner					M. Macri					
Bolivia		E. Morales										
Brazil		Lula Da Silva					D. Rouseff			M. Temer		J. Bolsonaro
Chile		S Piñera				M. Bachelet				S. Piñera		
Colombia		J.M. Santos										
Ecuador		R. Correa							L. Moreno			
Guyana	B. Jagdeo	D. Ramotar					D.A. Grange					
Paraguay	F. Lugo		F. Marco		H. Cartes					M Abdo Benitez		
Perú	A. Garcia	O. Humala					P.P. Kuscynski			M. Vizcarra		
Suriname	D. Bouterse											
Uruguay	J. Mujica					T. Vásquez						
Venezuela	H. Chávez			N. Maduro								

# Globalization and Confrontation between Great Powers

<i>Dimension</i>	<i>New Phenomena</i>	<i>Global Order</i>
<i>COMMERCE</i>	<i>“Trade War”</i>	<i>International Trade Rules</i>
<i>TECHNOLOGY</i>	<i>Tech. development</i> <i>Tech. and privacy</i>	<i>Intellectual Property Rules</i> <i>Rights to privacy and personal freedoms</i>
<i>POLITICAL</i>	<i>Blocked Multilateralism</i>	<i>International Law of the Sea</i> <i>Human Rights Law</i> <i>International and Domestic Law</i>
<i>STRATEGIC</i>	<i>Militarization</i> <i>Space Technology</i> <i>Maritime delimitation</i>	<i>Arms Control Treaties</i> <i>Demilitarization of Outer Space</i> <i>Law of the Sea</i>
<i>ENVIRONMENTAL</i>	<i>Climate Change</i> <i>Oceans</i> <i>Antarctica</i>	<i>Paris Agreement</i> <i>Fisheries and protected areas</i> <i>Environmental protection and rational use</i>

# SOUTH (LATIN) AMERICA: HOW TO HAVE A VOICE ?

## Economic Cooperation and Integration XX century

<u>Organization</u>	<u>Main Purposes</u>	<u>Results</u>
LAFTA / LAAI	Intra-regional trade	Modest opening, progress stalled
SICA	Intra-regional trade +	Better, but discontinuities
CARICOM	Intra-regional trade +	Enlargement and deepening. Size limits
ANDEAN COMMUNITY	Integration with industrial policy European institutional model Adaptation to open markets	Failed (Chile withdrew) Almost not implemented Divergent views (Venezuela withdrew) Stalled. Only some trade rules apply
MERCOSUR	Integration towards a common market	Incomplete advances towards a common external tariff.  Presidents of two major actors solve main disputes Argentina-Brazil Slow negotiations with external actors

# SOUTH (LATIN) AMERICA: HOW TO HAVE A VOICE ?

## ECONOMIC COOPERATION AND INTEGRATION 21<sup>ST</sup> CENTURY

Organization	Main purposes	Results
UNASUR	Integration without trade	Initial success in accommodation of conflicts Some areas of policy cooperation develop. Increasingly radical views led to breakdown
ALBA	Cooperation based on oil Anti FTA	FTA failed. Alba stalled after Venezuela's economic crisis.
PACIFIC ALLIANCE	Enhance free trade through policy coordination, opening to world markets (Asia Pacific)	Strong negotiations with external actors Slow progress in intra Alliance trade. Space for additional coordination

# SOUTH (LATIN) AMERICA: HOW TO HAVE A VOICE ?

## Political Voices

### ORGANIZATIONS

### PURPOSES

### RESULTS

Contadora Group

Mex. Pan. Col. Ven.  
peaceful resolution of Central  
American conflict 80s

Contadora Support Group (Ar. Br. Per. Ur)  
add pressure.  
Peace agreements and transitions

Río Group

Political coordination  
of Latin American democracies

Important role 90s as L.A. political voice  
New members and evolution of some gov.  
erode consensus during the 2000s up to  
the creation of CELAC

CELAC

To coordinate a Latin American Voice

Very low. Lack of enough consensus in  
main issues of the agenda, and divergent  
strategies development resulted in a  
formal and weak representation.

PROSUR

To coordinate a South American Voice

Following the breakdown of UNASUR  
several SA countries are preparing the  
basis of this new forum.

# South American Countries: FTAs & Association Agreements with major markets

	EU	USA	CHINA	CPTTP
Bolivia				
Ecuador				
Venezuela				
Argentina	N			
Brazil	N			
Paraguay	N			
Uruguay	N			
Colombia	X	X		
Chile	X	X	X	X pr
Peru	X	X	X	X pr
Mexico	X	X		X
N: negotiations	pr: pending ratification		X: binding agreements	

## CONCLUSIONS: IMPERATIVES FOR SOUTH AMERICA

Dimension	Challenges	What to look at?
Commerce	Economic development Protectionism	Implementation International Trade Rules WTO Pacific Alliance (Associated States) SOUTHERLINK PA – MERCOSUR, MERCOSUR - UE
Technology	Building Capacities	Investment in R&D Cooperation Building SOUTHERNLINK
Political	Latin (South) American Voice	LatinAmerican: Strength of CELAC AP; AP/MERCOSUR PROSUR Project
Strategic	Avoiding Conflicts Keeping the Zone of Peace	Strength of International Law Strengthening of Regional Agreements (Tlatelolco, Zone of Peace, Conflict Resolution mechanisms)
Environmental	COP 25  Oceans  Antartica	Implementation of the Paris Agreement Development & Environment (Amazonia, mining, agricultura)  Sustainable fisheries  Argentina – Chile proposal of Maritime Protected Area in West Antartica Peninsula SOUTHERNLINK

## CHILEAN – NEW ZEALAND COOPERATION AS PART OF THE SOUTHERN LINK

Rule Based international System :

UN System

WTO

Pacific countries links (SOUTHERN LINK)

APEC : 2019 (Chile) 2021 (New Zealand)

P4 : Chile – NZ – Singapore – Brunei

CPTTP : Chile – NZ +9

ASEAN NZ , Dialogue Partner

Chile, Requested to be Development Partner

NZ areas of cooperation and interest

Internet connectivity

Economic Governance

Health

Sustainable management of fisheries

Climate changes and agriculture

Indigenous Issues

Chile – NZ trade : USD 210 millions in 2018  
USD 72 millions in Chilean exports  
USD 138 millions in NZ exports



**THANK YOU!**