



## China and Latin America: The Economy in a Covid-19 Context

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## **China and Latin America: The economy in a Covid-19 context**

### **Abstract:**

The COVID-19 has generated great changes in the world, directly impacting nationally and internationally, changes that range from mainly the economic aspect. That is why this work analyzes the economic implications that the COVID-19 pandemic brought to relations between China and Latin America. Starting from the premise that the pandemic has negatively affected these relationships and its implications will be long-term, the first part will analyze the general impact that COVID-19 has caused, and then give a context of how relationships were before of the pandemic; Then he describes the goods and services of China that are related to the economy of Latin America in terms of the international commodity markets.

**Keywords:** COVID-19, China, Latin America, economic relations, politics.

### **Introduction**

Relations between China and Latin America have been taking place thanks to the economic growth of both parties and the role that the South-South relationship has been taking, which is seen as “Part of this rebalancing in the distribution of political and economic power worldwide (Alonso, 2018), marking an important point for the development of both parties and showing the distancing of some countries towards continued dependence on the United States.

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But with the Covid-19 pandemic, which began in Wuhan, a Chinese city in December 2019, the world has seen increasing trends, such as the rise of populist movements, the loss of hegemony of the United States, growing economic sanctions, the importance that South-South relations are gaining, the failures in the governance of some political systems, etc. Situations that are leading to rethinking how the relations between the various actors of the international system will develop.

Therefore, the Latin American economy has been presenting problems since 2019, mainly due to the large external debt that most of the countries in the region have. Likewise, the fact that the right wing has regained power in this part of the world has generated great instability, with the exception of Mexico and Argentina, where the critical case of Venezuela is added.

Now, with this new pandemic situation thanks to COVID-19, the problems are even greater for Latin American countries, which obviously do not have the capacity or the stability to face it, where due to the neo-conservative situation in which it is the region, except for Venezuela, Argentina and Mexico, have returned to recessive economic policies, generating an increase in poverty and social inequality plus the repressive modalities of governments.

Similarly, governments such as Piñera in Chile and Iván Duque in Colombia have made decisions that mainly favor the economy and have implemented measures according to how the pandemic was progressing, where they could not prevent a quarantine. Likewise, there is Brazil with Bolsonaro, who said that the arrival of COVID-19 was not something serious and continued to promote the individual interests of companies to avoid economic damages.

Thus, it is important to highlight that these Latin American governments have a high dependence on the United States, where Trump has also placed the economy above health, privileging the private sectors, without giving due importance to the situation, where after obtaining Access to the entire global supply for the next three months of one of the most promising drugs in the treatment of covid-19 called remdesivir, once again demonstrates the individualism that the hegemony has against the rest of the world.

On the contrary, China has shown its great collective interest and has joined all its efforts to focus on the health of its citizens and the rest of the world, rapidly generating

strategies to safeguard the health sector and accelerate research for the creation of a treatment or vaccine for COVID-19. Likewise, China has focused on the regions of the world where the situation is even more critical, such as Africa and Latin America.

With regard to Latin America specifically, China has been supportive and has donated medical supplies, such as coronavirus test kits, chemical reagents, air purifiers, ventilators, masks and gloves, as well as technical help from health professionals. Therefore, it can be seen that the Asian giant has played a fundamental role in Latin America to face the pandemic, with which the question arises: What are the economic implications that have been generated from the Covid-19 pandemic on the dynamics of international trade in terms of goods and services between China and Latin America?

## **Objectives**

### **General objective**

Identify the economic implications that the Covid-19 pandemic has brought on the dynamics of international trade in terms of goods and services that occurs between China and Latin America due to the current situation.

### **Specific objectives**

1. Analyze from the economic factor in terms of international trade, the relationship between China and Latin America before the Covid-19 pandemic.
2. Describe the goods and services of China that are related with the economy of Latin America in terms of the international commodity markets, such as the manufacturing sector and medical supplies.

## **Methodology**

This research has a qualitative approach, for which a correlational method is determined through the literature review technique and where the instrument of searching for documents and case studies on the dynamics of relations between China and Latin America will be used. due to Covid-19. Therefore, the investigation is developed in five parts.

The first section is a briefly contextualization about the current situation, considering mainly China and Latin America. Second, it is to identify the context on how the relations

between China and Latin America were before the Covid-19 pandemic. Third, the behavior of international trade is analyzed in relation to the situation between these actors, taking into account both the supply chains and the goods and services that are affected by the situation. Fourth, the international commodity market is described based on the behavior of the manufacturing sector and medical supplies. Finally, some conclusions will be made regarding the new dynamics that are emerging between China and Latin America thanks to the current crisis.

### **State of Art**

To analyze China's relations with other states, relating it to Latin America, it is necessary to address how the pandemic has affected the world. In a first variable to be analyzed (Baldwin, R., & Tomiura, E. 2020), it is detailed how international demand has been affected due to the continuous dependence of countries' supply chains on China, which is known as the world's factory, especially in the field of manufacturing.

As we know, the health crisis of COVID-19 stopped the economic circle around the world, causing a financial crisis. A study (Shehzada, Xiaoxinga, & Kazouzb, 2002) shows that the crisis affects Asian markets less because these offer better opportunities to diversify financial risk. Also, the stock markets of the world confronted an extreme collision in their market values.

Moreover, the economic crisis that the coronavirus has generated is produced by a supply shock derived from the sanitary measures established to contain the virus, which contracts economic activity due to the closure of companies and the commercial sector, and also generates supply chain disruptions, due to the fact that goods and services produced in Europe or Latin America have intermediate goods and services manufactured in China, which are part of global production chains and networks (Hernández, 2020).

An important issue here is the high dependency of Latin American economies on the export of minerals, oil and agricultural products, and therefore on the fluctuations of international commodity markets (Van Teijlingen & Hogenboom, 2020). As they said, the pandemic brought a problem of mining, especially in Peru and Colombia. Peru is one of the main mining countries in Latin America since this sector represents 9% of GDP while in Colombia it is its second most important export. Mining companies that have not closed have

had to cut costs by cutting personnel. There is a percentage of informal workers, who due to their condition were dismissed, affecting women more.

In addition to the internal measures taken by each country, Latin America will suffer external shocks. Blofield, Hoffmann & Llanos (2020) affirm that the demand for raw materials will decrease notably while the industrialized countries of the North continue to be seriously affected by the pandemic, where states that export oil such as Venezuela, Colombia, Ecuador and Mexico, mineral exporters such as Chile with copper or agricultural products such as Brazil with soybeans, will be affected by low prices and low global demand. However, “the glimmer of hope is China, as the Asian superpower is leaving the lockdown phase and hopes to return soon to economic growth – crucial to cushioning the fall in global demand for Latin America’s exports” (Blofield, Hoffmann & Llanos, 2020, p. 7).

But not everything is seen from the negative point of view (Wyplosz, C. 2020), given that the pandemic has shown how governments have acted to help their citizens, highlighting the work of China as one of the main governments in this area, and how after surpassing the peak it has offered its help to the other countries; although this can also be understood cruelly in countries that have not developed their medical infrastructure.

In a study (Baia, Weia, Weib, Lic, & Zhang, 2020) on pandemics and epidemics throughout history, it is shown that there are positive results after 3 months to 2 years later, in the permanent volatility of international stock markets, even after controlling for the influences of the volatility carried out in the past, the uncertainty of global economic policy and the leverage effect of volatility. The infectious disease pandemic has an affirmative influence on price fluctuations in international equity markets.

Another aspect that has been affected by the pandemic is international mobility (Voth, J. 2020), which is represented in trips of different kinds, and which represent an important entry into countries. But that, due to the quarantine measures of the countries, not only mobility has been affected, but also trade, leading to the fact that certain products are related to public health problems due to their origin.

But this has been occurring in a context of big differences in the speed and direction of development and economic growth, in this respect (M. Dunford and B. Qi. 2020), it is important to highlight how the pandemic shift the center of the global system towards a multi-polar system, based in the new emergent power that has been facing the hegemony of

the United States. Mainly due to the increase in de-globalization trends and the increase in economic, political, and cultural integration.

In addition to being marked by the establishment of a new type of relationship, in which (Alonso, J. 2018) a change is seen in relations between countries, which have been marked by their economic development. In this regard and contrast to the North-South relationship, new relevant actors emerge in the system that challenges this model, establishing South-South relations, in which China has been taking the lead to help other countries from the southern region, especially in Southeast Asia and Latin America.

On the other hand, the United States has promoted a strong campaign against China as it is the origin of the pandemic due to the new coronavirus, saying that Beijing misinformed with the intention of destabilizing Washington and the rest of the world, including the current president of the States. United Donald Trump has stated that China's objective is to make him lose the elections (Klinger, 2020).

However, despite the bad image that the United States tries to give the world about China, the Asian power has strengthened diplomatic relations with Latin America, demonstrating its solidarity through aid to be able to face the situation. Even in spite of the dependence that Latin America has on the United States, most of the countries in this region have looked to China as a better option to have business and promote investment by the Asian nation in their respective countries.

Finally, a study (Ríos, 2020) affirms that there are some factors that help to foresee a relatively faster economic recovery in Latin America than in other parts of the world, which are the recovery of China mainly since it will boost the demand for raw materials and their prices. The rapid containment measures that were taken as well as the measures that have been taken to protect small and medium-sized companies, making use of social programs with the help of the state, also influence. Despite the uncertainty in Latin America, the phases of declination and economic activation have already begun.

## **Theoretical Framework**

To understand the economic relationships between China and Latin America, it is necessary to look beyond traditional theories about international trade, such as Adam Smith's

theory of absolute advantage and David Ricardo's comparative advantage, both of which present gaps. That is why the integrated model of heterogeneous companies by Bernard, Redding and Schott (2007) is brought up, who developed a model of comparative advantages that incorporate heterogeneous firms to study how the characteristics of companies, countries and industries interact by decreasing trading costs. Likewise, they involve two countries, two factors and two industries, and each industry is made up of a sequence of companies, each of which produces a single variety differentiated in its industry. With this model, the authors tried not to replace traditional theories, but to complement them to bring them closer to reality in a complementary way, "given that international trade relations are very complex and cannot be explained by a single cause" (Gonzales, 2011, p. 115).

From the theory of international relations of liberalism and the complex interdependence that Keohane raised, it can be seen that this theory can facilitate the understanding of the economic relations that occur between China and Latin America and their strengthening in difficult situations such as now with Covid-19, where "the free exchange of goods and services on the one hand and international institutions and standards on the other, can promote international cooperation as well as economic prosperity" (Keohane, 2009, p. 47). Similarly, according to the theory of complex interdependence, "power relations are not limited to the military, but rather that power occurs in various conceptions that include: economic, to a greater extent, but also technological, social, cultural, etc. " (Pérez, 2009, p. 2-3).

Historically "Latin America, is placed under the protection of the United States forming the bloc of the free world" (Martínez, 2009, p. 447), that is, under the model of the interventionist liberal State that presents different shades not only ideological but also politicians; since "the United States emerged as the only hegemonic power in the world thanks to its disproportionately greater economic and political capacity, compared to the rest of the planet" (Martínez, 2009, p. 447).

However, with the geopolitical and economic competition between China and the United States, and the emergence of the coronavirus, the relations that the Latin American states have come to be understood from multipolarity, where, in the presence of multiple centers of power, the one that can, to a greater extent, provide global public goods and solve global problems will be sought (Dunford & Qi, 2020), which since the last decades has been China.



This can be understood considering how relations between Latin America and China have been marked by the dimensions of economic influence, which allows us to appreciate the effects of global neoliberalism in relations between both regions. In this regard, Hogenboom & Fernández (2006) establish that:

[...] The policy of the "Four No" privileges bilateral relations simultaneously with active participation in economic regionalization processes. This is to a certain extent coinciding with the Latin American strategy of 'open regionalism' that favors the unrestricted globalization of the Latin American economy, without limits established by political or economic loyalties inherited from the Cold War (p.74).

## **1. Covid-19 and the world**

COVID-19 began in mid-December 2019 in the city of Wuhan, Hubei province, China, where it was initially classified as an epidemic outbreak of pneumonia of unknown cause. This new virus continued to spread throughout mainland China until the first cases outside China were reported in January 2020, after which the virus was gaining strength until March 11 was recognized as a pandemic by the WHO.

This led to many of the world's countries having to apply quarantine measures to safeguard the population, but these measures had a great impact, both economic and social. On the economic side, this has generated a series of shocks that, according to Baldwin & Tomiura (2020) notes that:

When it comes to economic shocks, it is important to distinguish three sources – two of which are tangible. First are the purely medical shocks – workers in their sickbeds aren't producing GDP; second is the economic impact of public and private containment measures – things like school and factory closures, travel restrictions, and quarantines; the third is literally 'all in our heads'.

This is in addition to the fact that a large part of the goods we consume have some part or are completely made from China, which showed how the world's economies were

dependent on the Asian giant. This in turn has led to the countries' GDP having suffered a fall, never seen before since the financial crisis of 2008.

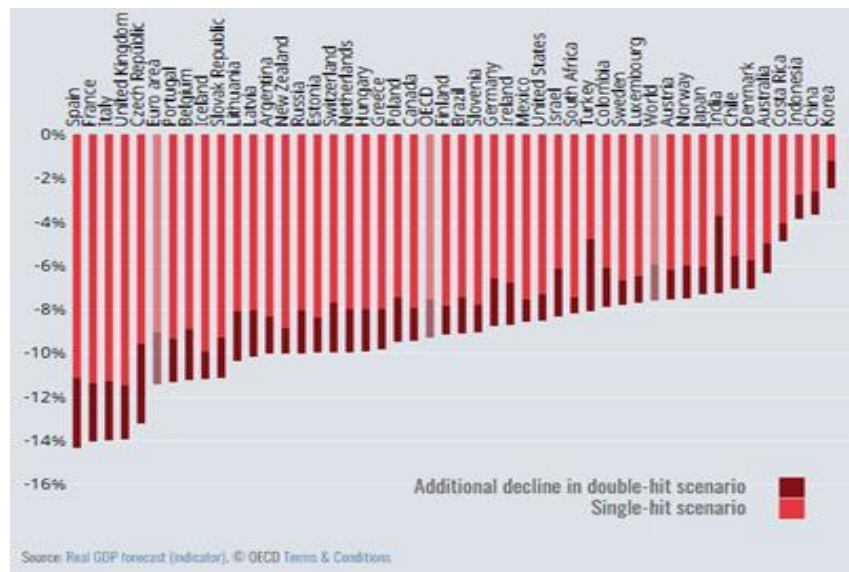


Figure 1: 2020 Projected Change in GDP

On the political and social side, at first, we saw how this increased xenophobia towards people from Asian countries, but especially the Chinese, in a second moment, the criticism was already concerning how “Without Undoubtedly, the initial lack of Chinese transparency about COVID-19 had a greater impact on its global diffusion” [own translation] (Toro, 2020). This has led to several countries, at the head of the United States, are exerting political pressure to learn about the truth about the virus, since “The US government affirms that it does not rule out that the new coronavirus has come out of a Wuhan laboratory that studies types of coronavirus in bats ” [own translation] (Dw, 2020), but it is resulting in the increase of Chinese nationalist sentiment, based on a war that is being fought against it.

Next, the impacts of COVID-19 on the relationship between Latin America and China are developed in more depth.

## 2. Relations between China and Latin America before Covid-19

In recent years, according to Charles W.L. Hill (2007, p.5) since the fall of the Russian communist regime, we have observed the globalization of markets and production, implying a merger of national markets towards a single market and the use of the different

actors in this process, involving of the monetary circuit through "the production, circulation, and transformation of money into capital" [own translation] (Girón, 2007, p. 40).

This has allowed that “China's rapid growth and its increasing opening to the world during the last quarter of the last century have led to its emergence as a key player in the global economy of the early 21st century” [own translation] (Jenkins, 2009, p 252). Taking that since 2000 the real GDP goes from 2,795,784.63 USD mn to 14,450,506.63 USD mn, according to data from Emis University.

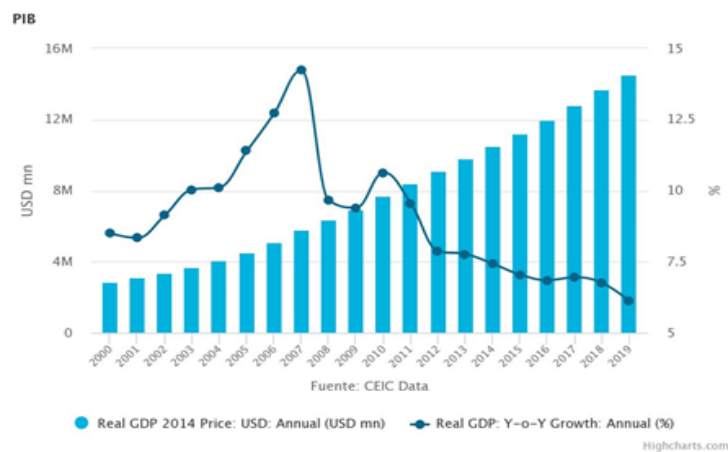


Figure 2: GDP China

For this reason, together with the advantages of "increased trade, the consolidation of economies of scale, intensification of competition, global positioning, improved political relations, customs protection" [own translation] (Pérez et al., 2016, P74), the countries that make up the Latin American region began to look towards China.

But the region has been characterized by constant dependence on the United States, given a process of specialization in the international economy. In this regard, Frieden & Lake (2002) point out how:

The nineteenth-century international economy was built upon a pattern of complementary trade. Britain, and later a handful of other industrialized countries, exported manufactured goods and imported raw materials and foodstuffs. To the extent that complementary products were not available within any particular economy, or available only at a substantially higher cost, this system of North-South trade created conditions of mutual dependence between core and peripheral states and, in turn, high opportunity costs of closure (p.136).

This can be seen reflected in how the “US trade with the region is almost five times that of China but the expansion of Chinese, Russian and Iranian influence poses a challenge to American dominance” (Passport, 2020), this has been reflected in As in 2018, a large part of China's exports are related to technology, in which Broadcasting Equipment stands out with 8.64%, Computers with 5.69%, Office Machine Parts with 3.87%, Integrated Circuits with 3.51%, and Telephones with 2.14%. while the main destinations of these are usually for the same region of Asia, followed by the United States and the European Union. Of which the Latin American region represents 6.9% of the total of said exports, highlighting the cases of Mexico (2.11%) and Brazil (1.31%).

For the following year, figures such as Exports (fob) to Latin America reached 6.1%, while Imports (cif) from Latin America reached 7.9%. This is because “In 2019, China ranked 46th out of 190 countries in the World Bank’s Ease of Doing Business Index compared to 78th out of 190 a year earlier” (Pasport, 2020).

However, these monetary factors have also had political repercussions, given Chinese thinking on how “assuming that diplomatic ties will adjust to strong economic ties” [own translation] (Morales, 2019). And we have seen this in how several countries in the region have progressively rejected the sovereignty of Taiwan, seeing it as a region of China.

But one of the most remembered issues before the COVID-19 pandemic is the support that the Chinese government provides to the Bolivarian Republic of Venezuela, more specifically to the government of Nicolás Maduro, who is not recognized by 12 countries in the region, excluding to the United States and Canada (Uruguay, Ecuador, Bolivia, Brazil, Chile, Colombia, Costa Rica, Guatemala, Honduras, Panama, Paraguay, Peru). But this, instead of being seen as "the application of the principle of non-interference in the internal affairs of States" [own translation] (Morales, 2019), was beginning to become the arena of competition of the two great powers, where investment policies and support for the government of Nicolás Maduro are causing the United States to see more need to evoke the Monroe doctrine to maintain its dominance in the region, in its backyard (Sitenko, 2020).

### **3. Behavior of international trade**

As we already know, China maintains trade relations around the world, specifically with 21 Latin American and Caribbean countries, and the other 12 countries have diplomatic relations with Taiwan. For Latin America, China ranks second in trade partners, this means

6.2% of China's foreign trade, so it is important to talk about what is traded between Latin America and China that make these numbers so important (Torres Mello, 2018).

In this second part, there are four points that we are going to talk about; goods and services, international commodity markets, manufacturing sector and medical supplies.

### ***Good and Services***

China was the first world exporter of goods and the fifth exporter of services, according to a study (Rosales, 2010). It also ranks first in the world as a consumer of energy and as a producer of renewable energy, as a consumer market for automobiles and as a producer of steel and ships.

It should be noted that in the tables of the Trademap source, the Caribbean is included along with Latin America and that the values are expressed in thousands of US dollars.

In this table, it can see the main products that China exports to the world as electrical machinery and equipment and parts thereof, mineral fuels, mineral oils, machinery, mechanical appliances, among others.


Code	Product label  
<a href="#">TOTAL</a>	All products
<a href="#">85</a>	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television . . .
<a href="#">27</a>	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral . . .
<a href="#">84</a>	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof
<a href="#">26</a>	Ores, slag and ash
<a href="#">90</a>	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical . . .
<a href="#">87</a>	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof
<a href="#">39</a>	Plastics and articles thereof
<a href="#">71</a>	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad . . .

Figure 4: Products that China exports to the world

In this table you can see the main products that China imports from the world as electrical machinery and equipment and parts thereof, machinery, mechanical appliances, these two are repeated in imports and exports because as we know China imports products to add value and exports the same product with something additional.

Code	Product label (← →)
<b>TOTAL</b>	All products
<b>85</b>	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television . . .
<b>84</b>	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof
<b>94</b>	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; . . .
<b>39</b>	Plastics and articles thereof
<b>87</b>	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof
<b>90</b>	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical . . .
<b>61</b>	Articles of apparel and clothing accessories, knitted or crocheted
<b>73</b>	Articles of iron or steel

Figure 5: Products that China imports from the world

For many years, China has been importing computer parts, auto parts, plastics, integral circuit components, oil, soybeans, scrap metal, steel, copper, leather, iron ores, wool, cellulose pulp, fish meal, while their main exports were pharmaceuticals, tires, coal, paraffin, household appliances, motorcycles and motorcycles, bicycles, boats, travel products, textiles and clothing, shoes, toys (Torres Mello, 2018). As a result of the pandemic, this information has varied, damaging or benefiting some products.

As it can be seen in the table, these are the main products that China imports from Latin America and the Caribbean. To mention a few, there are ores, sand and ash, oil seeds and oleaginous fruits, mineral fuels, mineral oils, among others. It can be seen that in the last quarter of 2019 more was imported than in the first and second quarters of 2020. This is understood to mean that the pandemic paralyzed negotiations and is reflected in numbers. There are some products that had a greater importation such as industrial or medicinal plants, this can be understood that it had an increase thanks to the Covid-19 disease given its medicinal function.

Product code	Product label (← →)	China's imports from América Latina y el Caribe		
		Value in 2019- Q4	Value in 2020- Q1	Value in 2020- Q2 ▼
<b>TOTAL</b>	All products	43,644,056	38,659,620	36,799,516
<b>26</b>	Ores, slag and ash	14,583,936	12,891,634	10,870,943
<b>12</b>	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal . . .	6,917,269	3,981,943	9,875,294
<b>27</b>	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral . . .	7,441,706	6,823,907	3,542,064
<b>02</b>	Meat and edible meat offal	2,785,336	3,074,784	2,619,993
<b>74</b>	Copper and articles thereof	2,662,789	2,380,265	2,361,069
<b>47</b>	Pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) paper or . . .	1,353,454	1,326,420	1,294,940
<b>85</b>	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television . . .	1,462,864	1,213,597	1,215,116
<b>03</b>	Fish and crustaceans, molluscs and other aquatic invertebrates	1,049,498	830,121	802,419

Figure 6: Products that China imports from Latin America and the Caribbean

In this table, exports from China to Latin America and the Caribbean are also affected. It can be said that from the last quarter of 2019 to the first quarter of 2020, exports fell, and for the second quarter of 2020 it recovered, but without reaching the values that were before the pandemic. These are the main products that are marketed, that is why the decrease in values, although they fell, was not as drastic as other products that are not as necessary.



Product code	Product label 	China's exports to América Latina y el Caribe		
		Value in 2019-Q4	Value in 2020-Q1	Value in 2020-Q2 
TOTAL	All products	40,479,482	29,406,591	33,383,865
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television . . .	8,658,471	6,862,072	6,789,743
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	6,313,234	4,658,358	5,681,994
63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	295,060	201,236	2,079,362
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical . . .	1,507,413	1,410,233	1,848,839
29	Organic chemicals	1,294,873	1,261,871	1,719,125
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	2,554,374	1,918,143	1,665,952
39	Plastics and articles thereof	1,403,726	1,065,880	1,146,046
73	Articles of iron or steel	1,158,381	866,536	980,974

Figure 7: Products that China exports to Latin America and the Caribbean

#### 4. International commodity markets

China was the world's leading consumer of aluminum, copper, tin, soy, and zinc and the second consumer of sugar and oil until 2010. In that same year, Latin American exports to Asia corresponded to more than 90% of basic products. Not counting the comparative advantages of Latin America, this is attributed to the protection structure of China and the rest of emerging Asia, whose barriers tend to increase with the degree of processing of imported goods. In addition, for the net commodity exporting countries, the rising world prices of their products contributed to the improvement of their terms of trade, have increased private and fiscal revenues related to the exploitation and export of these resources (Rosales, 2010). In recent years, Chinese investments have moved away from focusing on raw materials and energy to also contain more manufacturing, real estate and utilities, this shift would help protect the region from the dangers of dependence on commodity exports and would contribute to economic stability (Zhou 2017).

#### *Manufacturing sector*

It is well known that China is one of the countries with the largest labor force and that, in turn, it has great technological capacity, especially in the manufacturing sector, a process to which Latin America has not been alien. This is because Chinese companies seek resources and markets in this region of the world.

On the one hand, the importance of Latin America as one of the main suppliers of raw materials for China, especially minerals, metals and fuels, is due to the increasing percentage of China's imports from the region. On the other hand, Latin America also serves as a growing market for China's manufactured products, which has great potential as a consumer of these products (Yue, n.d.).

However, there are several factors that do not allow fluidity in this economic relationship, because Latin America presents different ways of developing its economy, that is, there is no set of policies and strategies that fits all the countries of the region. For example, Mexico, Central America, and the Caribbean depend heavily on measure of exports of primary products and manufactures to the United States market, while South American countries focus on natural resource industries and intraregional trade, driven by Brazil's central role in MERCOSUR, and emphasize much plus the development of more capable internal suppliers oriented to the regional market (Gereffi, 2015).

On the other hand, there are also cases of competition, such as what happens between Mexico and China, who run a marathon to see who has power over the US market with respect to the manufacturing sector. On the one hand, Mexico has the advantage of location, since it is a neighboring country of the United States, which is one of the most important exporters of manufactured goods to the United States market since the beginning of the Border Industrialization Program, in the mid-1990s. sixties. On the other hand, China has the advantage of scale, since it is the world's largest exporter of manufactured products, especially consumer goods (Gereffi, 2015).

This does not mean that everything is bad, since as has been observed, Latin America has great potential to grow economically in the international market. This can be seen reflected in the current situation due to the pandemic, for this it must be considered that on February 29, 2020, China was one of the largest economies in the world, where it had a production in the 29% of the manufacturing sector and with respect to its exports, it was 18%, with which China is the leader in this sector (Baldwin & Tomiura, 2020). It is important to



note that on that date, the Asian giant was the country most affected by covid-19. But it cannot hide the fact that Baldwin & Tomiura (2020) mentioned and it is that manufactured goods are 'postpone-able' and thus more susceptible to 'sudden stop' demand shocks, as we saw in the Great Trade Collapse of 2009. Although, the service sector in all affected countries are hit hard, as restaurants and movie theatres, but it may well be manufacturing that takes the biggest hit.

However, the impact that the pandemic has generated on the manufacturing sector has been enormous, from which Latin America does not escape. Because China is one of the main trade partners of the region, there are divided opinions, since it is presenting "the trend towards localized production and a greater importance of aspects such as labor costs, protection of intellectual property and competition from other nations. manufacturing "(Khanna, cited in Bnamericas, 2020, para. 3).

Similarly, Steven Ricchiuto, who is chief economist at investment bank Mizuho Securities USA, states that:

China will no longer have the ability to export for growth. As far as I'm concerned, the Chinese miracle is over, "he said." I think the production lines will be completely cut off over time. I think there will be many more regions - not just the US - like Europe and America. Latina [...] Many more regions will try to produce more of their products within the country to avoid these problems in the future (Cited in Bnamericas, 2020, para. 7)

In contrast, factors that strengthen the manufacturing sector may also emerge from the pandemic, bearing in mind that the opportunity is presenting itself to take the lead from the United States, as China's economic fortune is closely linked to that of South American commodity exporters, with which the Asian giant can shore up global demand, strengthening its geopolitical position and attracting investment from companies whose operations in other countries are stopped (Bnamericas, 2020).

### ***Medical supplies***

It is well known throughout the world that covid-19 originated in China, where despite various attempts to stop its spread, the Asian giant was unable to contain it. That is why one of the strategies that this country has implemented is to send medical supplies to the

countries that need it most, and among them the Latin American countries. In addition, with the great criticism that the United States has launched against China, one of the things that they want to achieve with these aids is to change the way in which Beijing is perceived by other governments. Some of this aid has been sent to a greater extent to Mexico and Argentina. For its part, Venezuela has received health teams and has welcomed some doctors from China to face the pandemic (Belchi, 2020).

Some analysts have branded all this dynamic of relations and approaches by China as "mask diplomacy", where in a short time, the country has gone from unleashing a disaster to containing it through pathogens and aid. Furthermore, China's concern has not been reflected only in donations, but also in the movement of capital flow, as what happened in Mexico, where China bought medical supplies worth US \$ 56.4 million from this Latin American country. including 11.5 million KN95 masks (Gil, 2020).

With the above, several doubts arise regarding how Beijing will act in the long term to rescue the region, considering the long history of loans that China has granted. One of the most significant and was the economic crisis of 2008, where the Asian country provided financial, investment and commercial support to Latin America. Therefore, this raises a concern about the chips that will move, whether China will act in the same way or not. However, Margaret Myers, Director of the Inter-American Dialogue Program on Latin America and Asia, states that "it is unlikely that trade ties between China and Latin America will have the same buoyant effect as after the 2008 financial crisis" (Cited in Gil, 2020, para. 27). Indeed, the way in which this complex interdependence dynamic is unfolding is very different from other crises that have occurred throughout history, taking into account that the United States is playing a passive role with respect to the decisions it has made. to face the pandemic, since it is leaving a vacuum that China takes advantage of, to perhaps position itself as a leader in a new world order. This is something that will have to be seen in the future.

## **Conclusions**

Finally, it can be concluded that covid-19 has brought what could be the beginning of a new era, in which Latin America benefits from China's development, thus achieving economic and social development, losing United States dependence. Also, China has shown in this pandemic that it is willing to help poor countries develop, especially Southeast Asia

and Latin America, without forgetting Africa. The relationship between China and Latin America is beneficial for both parts since while China gains greater influence throughout the world and obtains the necessary resources to support the largest population in the world, Latin America stops depending on the United States and achieves a market for more than one billion people to distribute their products.

On the other hand, China is the country with the largest export of goods globally. As we know, China is a manufacturing country since it imports goods and services, produces other goods based on these, and exports them to the world, this is due to the fact that its labor is cheap. These products are mainly related to technology. It cannot be omitted from mentioning that as a result of the pandemic, trade was affected in most of its products, with the exception of medical supplies and medical staff that China exported to the most affected countries in Latin America. Although China, being a manufacturing country, affected the production chains since they were broken and final products could not be obtained in the expected time, it showed its help by sending supplies and medical personnel to the most affected Latin American countries. In addition to this, capital flows are also included.

## **Figures**

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Trademap. (2020, October 08th) [Figure 4] Products that China exports to the world <https://www.trademap.org/>

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Trademap. (2020, October 08th) [Figure 6] Products that China imports from Latin America and the Caribbean <https://www.trademap.org/>

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