

## **LATIN AMERICA AND CHINA: Multilateralism or dependency? An approach of Computable General Equilibrium for selected countries**

Topic: CGE & Trade

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This article is intended to contribute to the debate on relations between China and Latin America (LA), the question is whether the trade agreements among China and LA are complementary (multilateral) or strengthen the dependence of the LA on the international scene. For this, this article proposes to observe the impacts of the growth of the Chinese economy on production, export and import and in welfare variation in selected countries of LA and China itself. The model Computable General Equilibrium of the Global Trade Analysis Project (GTAP) is used in version 9. The Chinese growth was simulated by the expansion of this country's stock capital by 10%, which corresponds to the average growth of the capital stock of the China between 1990 and 2014, according to Penn World Table 9.0. The results point to a pattern of reprimarisation of the export agenda and a drop in industrial activity in the selected LA countries, especially in the high technology density sectors. In addition, there is an increase in welfare in LA, mainly due to gains in terms of trade (commodity boom). In contrast, China has been increasing the industrial output and technological density of its products, so that China is no longer an exporting economy of cheap manufactured goods and is competing in high technology segments. So the question is: multilateralism or dependence on trade relations between China and LA? LA is a source of natural resources, however, dependence on the production of these resources makes the region vulnerable on the international stage, ie susceptible to booms and falling commodity prices. Chinese economic growth and the consequent increase in demand for commodities by China demonstrate the degree of specialization in the production and export of the LA as well as its fragility in competition in industrial segments.