

China-LAC Economic Relations

Updates and prospects for a crucial corridor for the global economy

Dr. Rebecca Ray December 2025

Overview

- ▶ The China-LAC economic relationship is crucial for the next step of the global economy, especially the energy transition
- ▶ Benefits for Latin American economies:
 - Significant new wave of Chinese investment, especially in new sectors
- ▶ Risks for Latin American economies: commodity dependency
 - Economic volatility
 - Environmental and social risks
- ▶ Policy responses: maximizing the benefits while mitigating risks

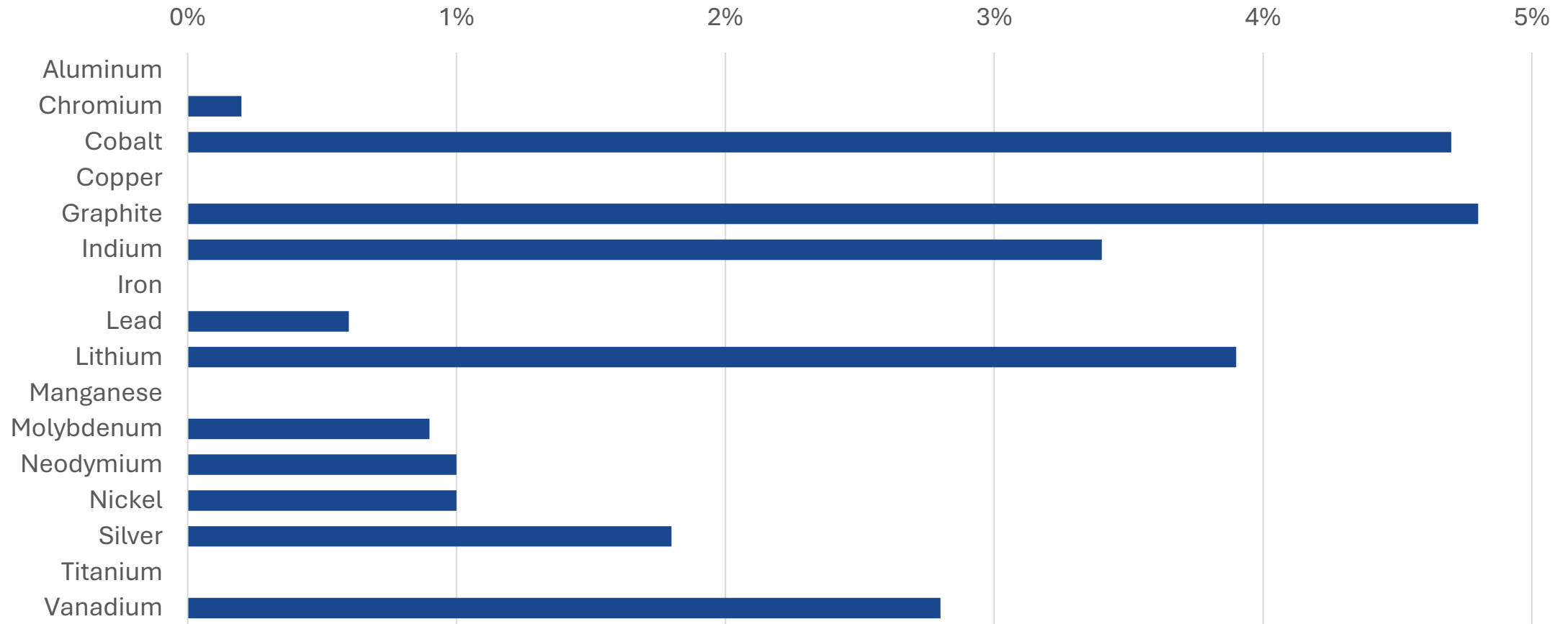
China-LAC and the 21st century

The China-LAC relationship is the most important one for several new sectors of the global economy:

- Energy transition minerals trade and investment
- Renewable energy deployment

Transition Minerals: Projections

Transition Minerals: Annual Average Growth Needed, 2023-2050, for Renewable Energy Goals



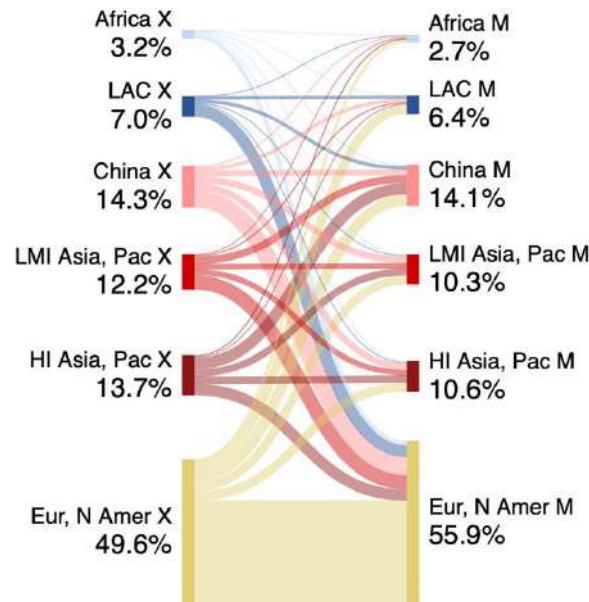
Source: Compiled from Hund et al, 2020; UN Comtrade data.

Transition Minerals Trade

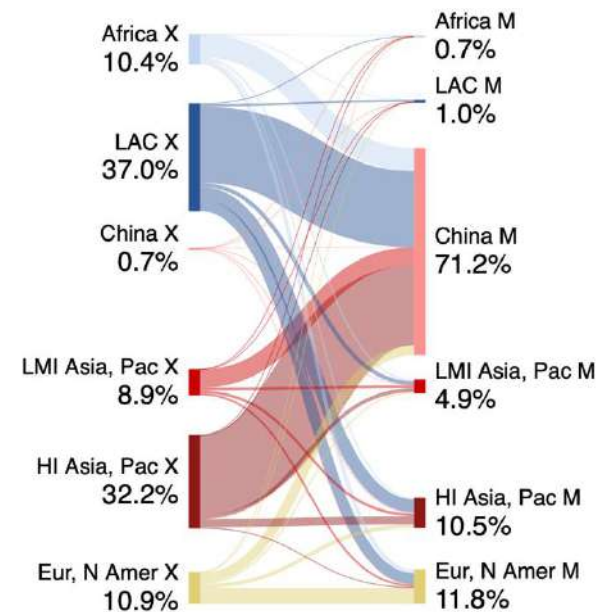
In 2023, China's imports from the developing world accounted for:

- 4% of all trade in goods
- 40% of all TM trade
- 52% of all trade in TMs that are projected to grow for global energy transitions by 2050

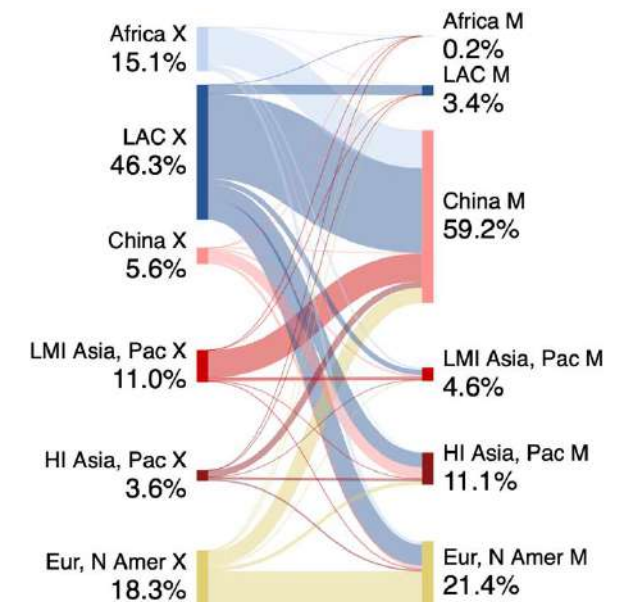
All trade in goods
(\$21.3t)



All TM Ores &
Concentrates (\$333.3b)



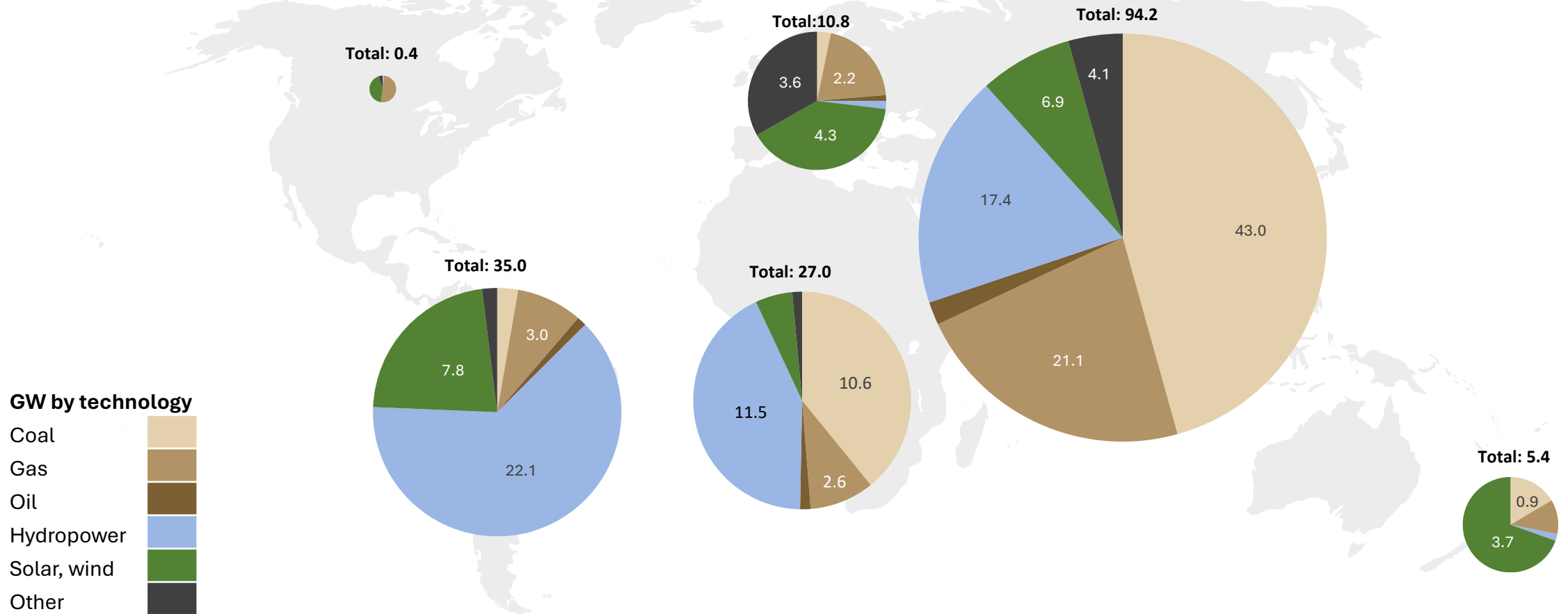
All TMs O&C projected
to grow (\$37.2b)



Source: Ray et al. 2025. "Development Finance and Critical Minerals: opportunities for supporting sustainability and inclusion through patient capital." *Resources, Conservation and Recycling*. <https://doi.org/10.1016/j.resconrec.2025.108424>.

Energy Generation: Chinese FDI & ODF

Funding Years 2000-2023: Solar and wind primarily goes to LatAm



Source: Boston University Global Development Policy Center, 2025. "China's Global Power Database."

Benefits for LatAm economies

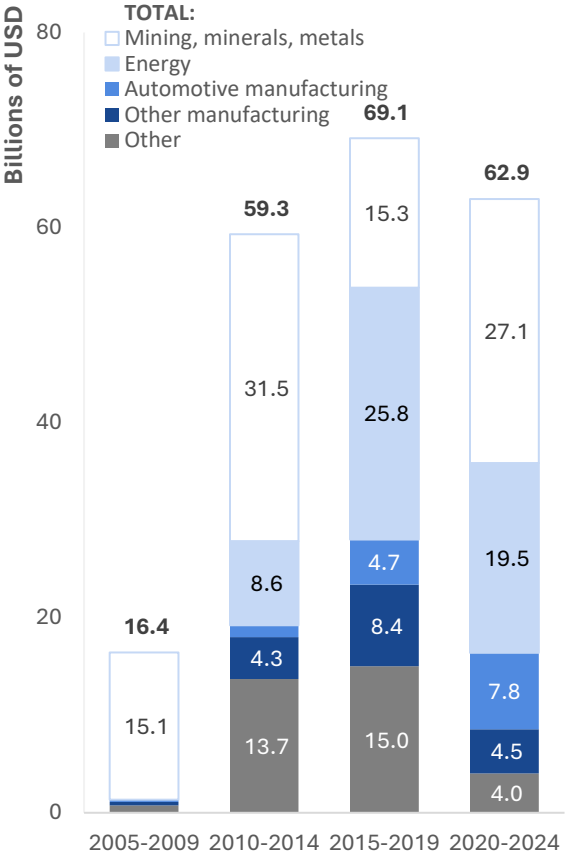
The China-LatAm relationship has brought a host of new investment

- Both upstream and downstream, energy supply chain investment has proliferated, especially in the Andean region
- Across the entire LatAm region, Chinese investment is becoming more concentrated in new sectors related to the energy transition.

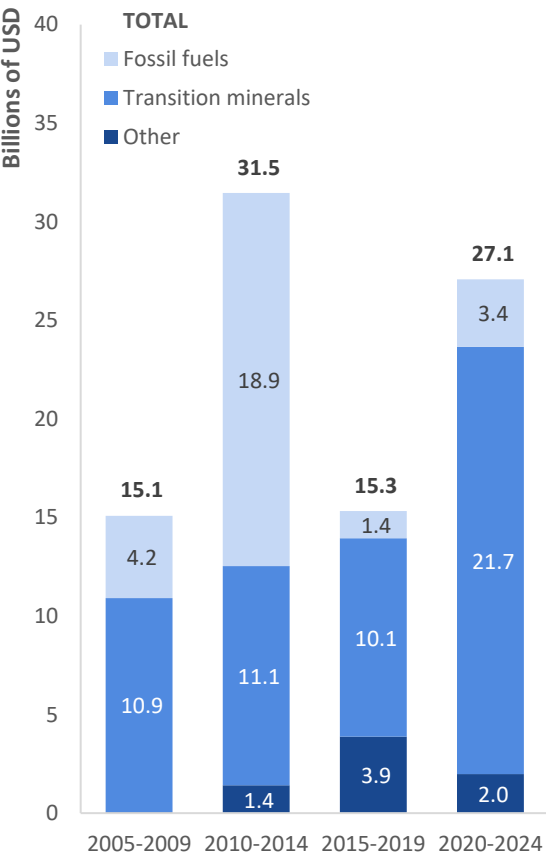
Chinese FDI in LAC Overall

Chinese FDI is opening new sectors for LAC economies

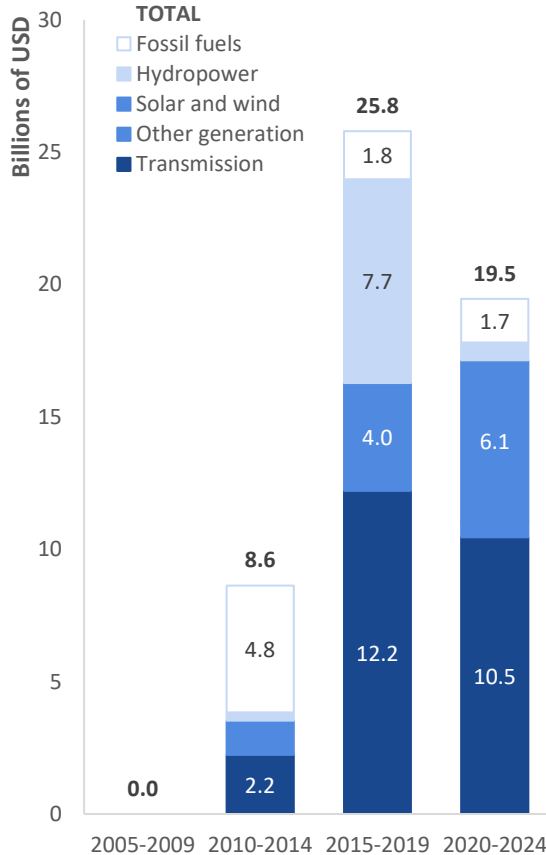
All Chinese FDI



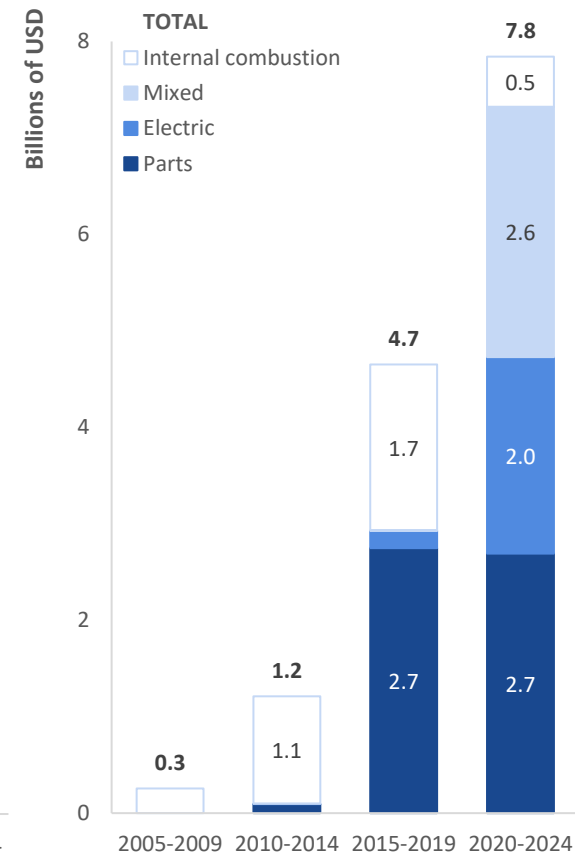
Minerals



Energy



Automotive manufacturing



Source: Ray and Dussel Peters. 2025. "China-LAC Economic Bulletin, 2025 Edition."

Risks for LatAm economies

The China-LatAm relationship has been concentrated in raw materials:

- Over time, this trend has accentuated, with greater concentration in a few low-value-added sectors. Even Chinese FDI in new sectors currently lacks value added.
- These sectors are traditionally associated with social conflict from environmental stress, so it is important to regulate them well and not rely on their expansion for all economic growth.
- This reliance on a few sectors makes the relationship vulnerable to strong commodity price swings, which tend to decline over the long term, bringing economic volatility and long-term stagnation.

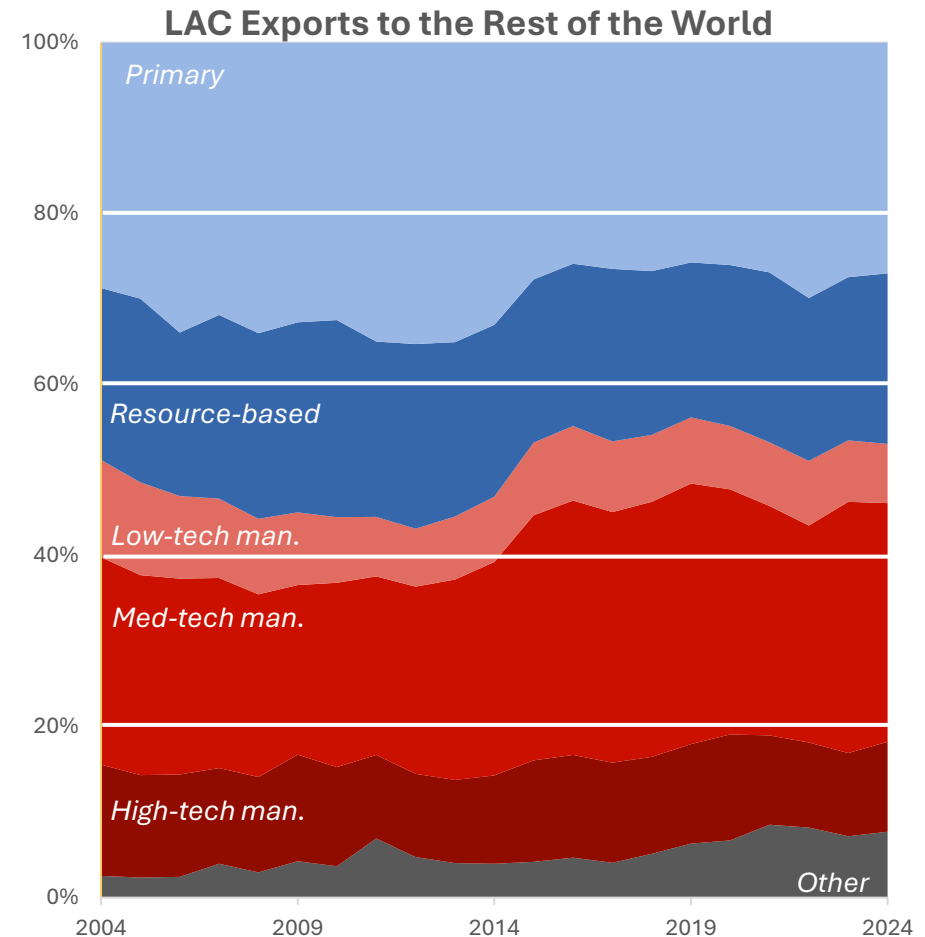
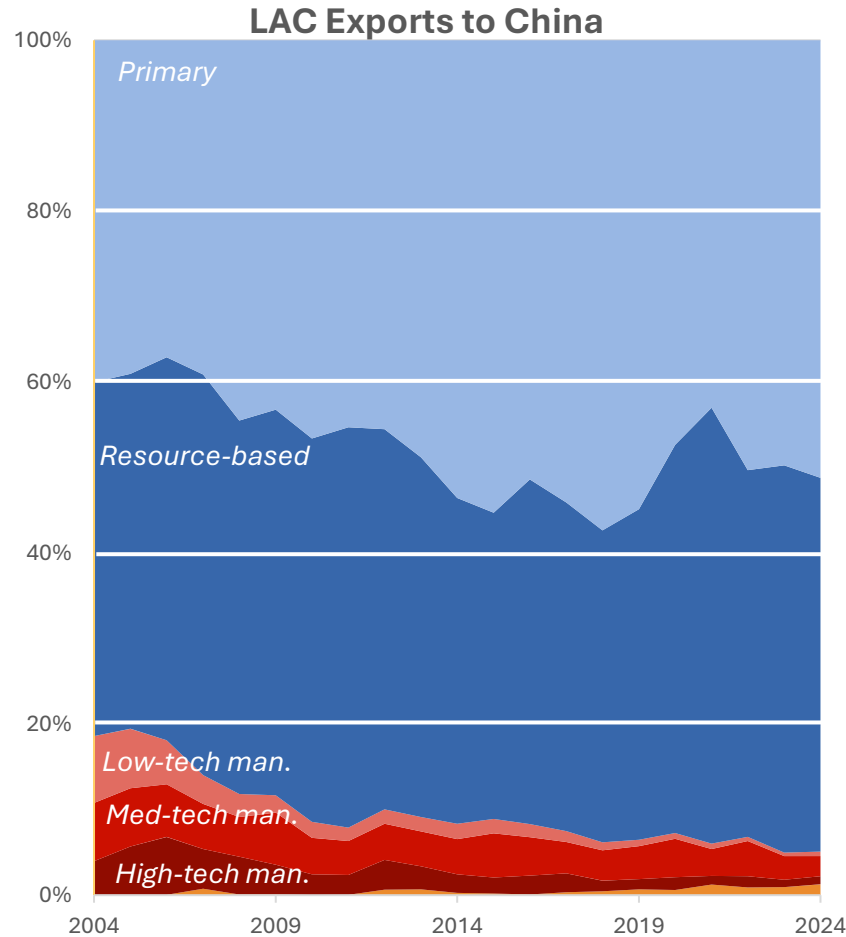
Risks: Commodity dependence

LAC-China exports are increasingly concentrated in raw materials

In the 20 years:

Manufactured goods have nearly disappeared from LAC-China exports.

Instead, exports are increasingly split between completely raw materials and processed raw materials.



Risks: Commodity dependence

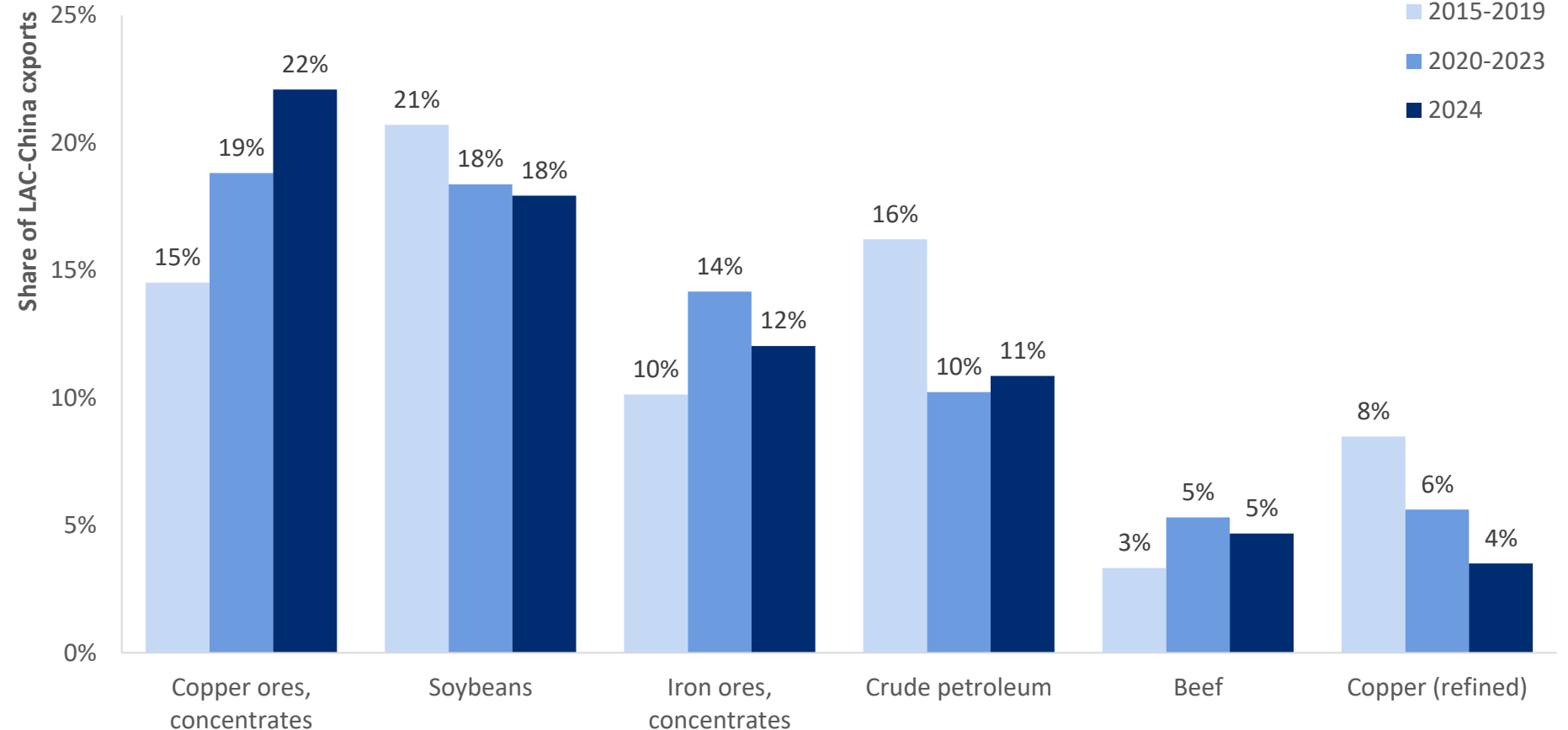
LAC-China exports are increasingly concentrated in raw materials

In the last decade:

Raw copper ores and concentrates have risen to 22% of LAC-China exports.

Refined copper has fallen to just 4%, falling out of the top 5 and being replaced by beef.

Importance of Top LAC-China Exports, 2015-2024



Risks: Commodity dependence

Result: volatile export prices

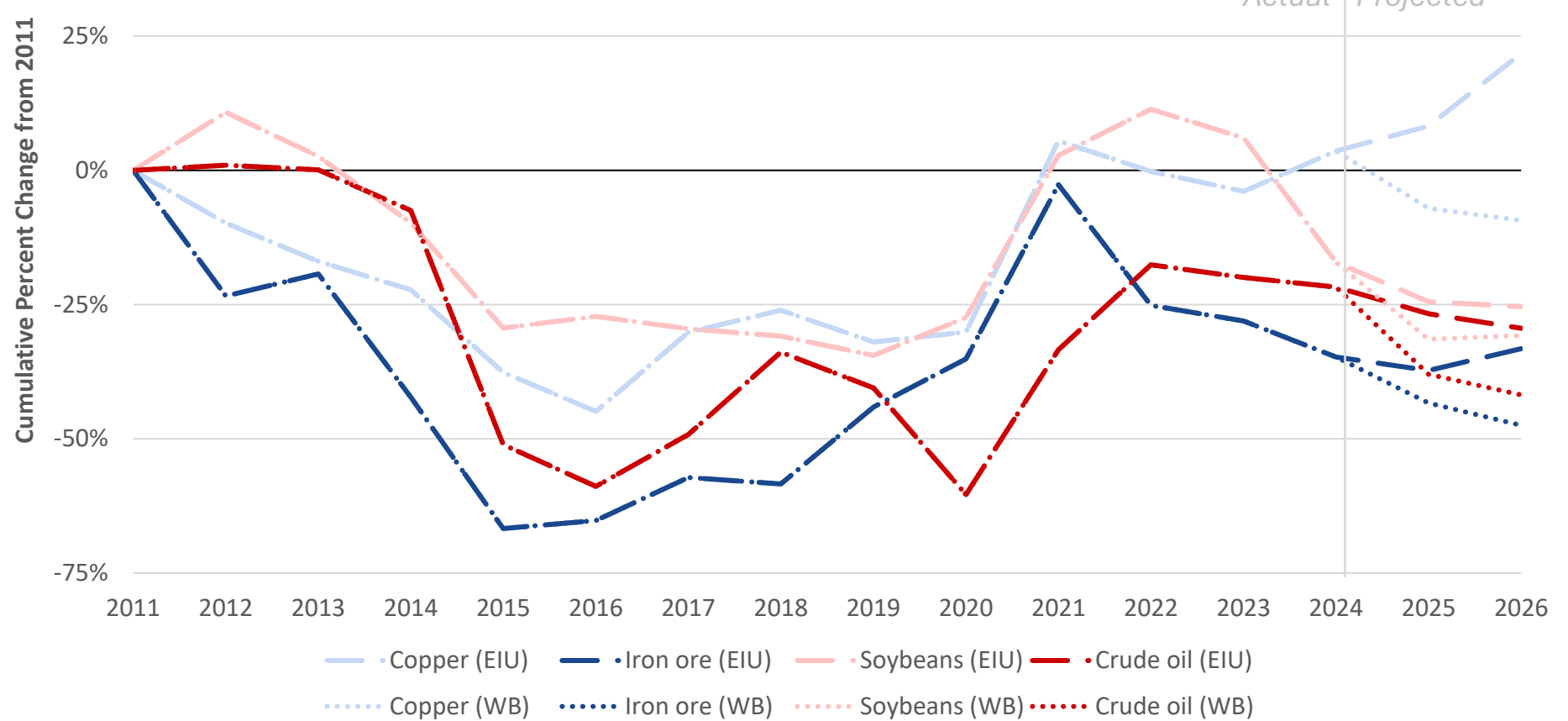
In the last 20 years:

LAC exports to China have risen based on a few commodity prices

Chinese exports to LAC have risen based on new and diversified technologies.

Over time, this will result in long-term trend of growing trade deficits.

Major China-LAC Export Commodity Prices, Actual and Projected



Risks: Commodity dependence

Result: increasing trade deficit with China

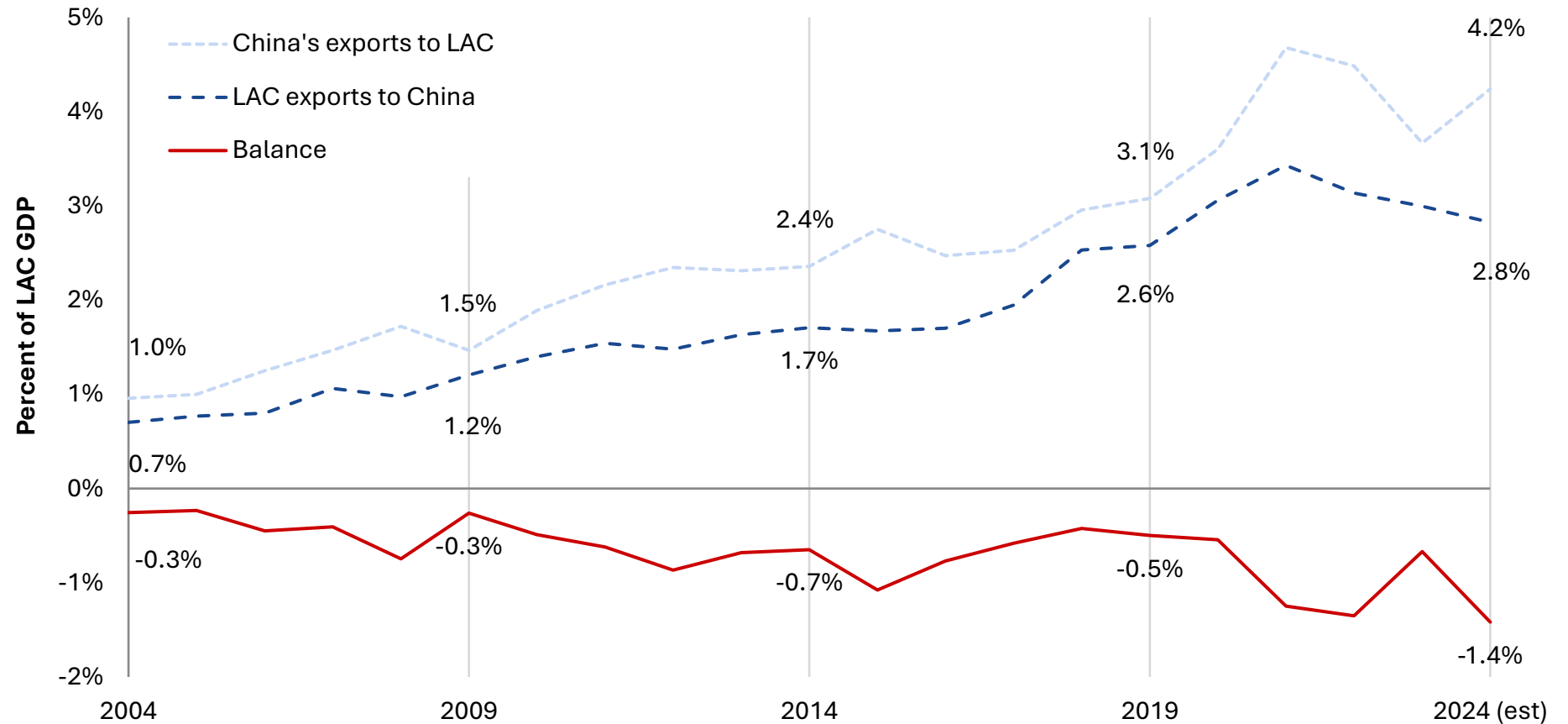
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LAC's Merchandise Trade with China, 2004-2024, as a % of LAC GDP





Soy, beef and Amazonian deforestation

Forest conversion to beef pasture and soy crop land are the two dominant deforestation drivers

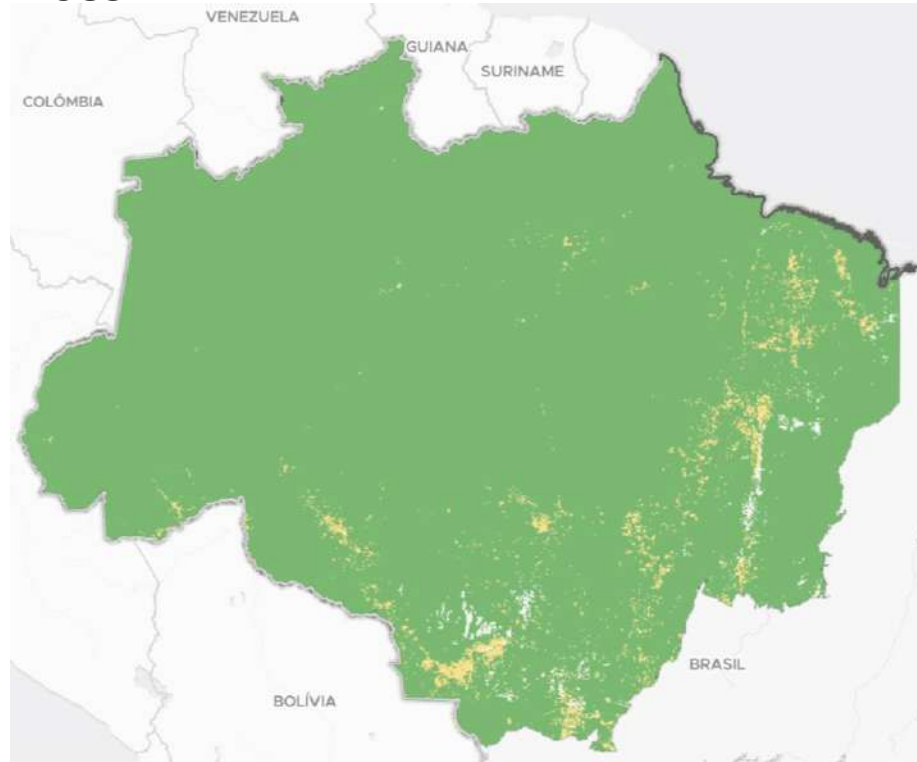
In the last 40 years, soy and beef have been the main drivers of Amazon deforestation

MAP INDEX

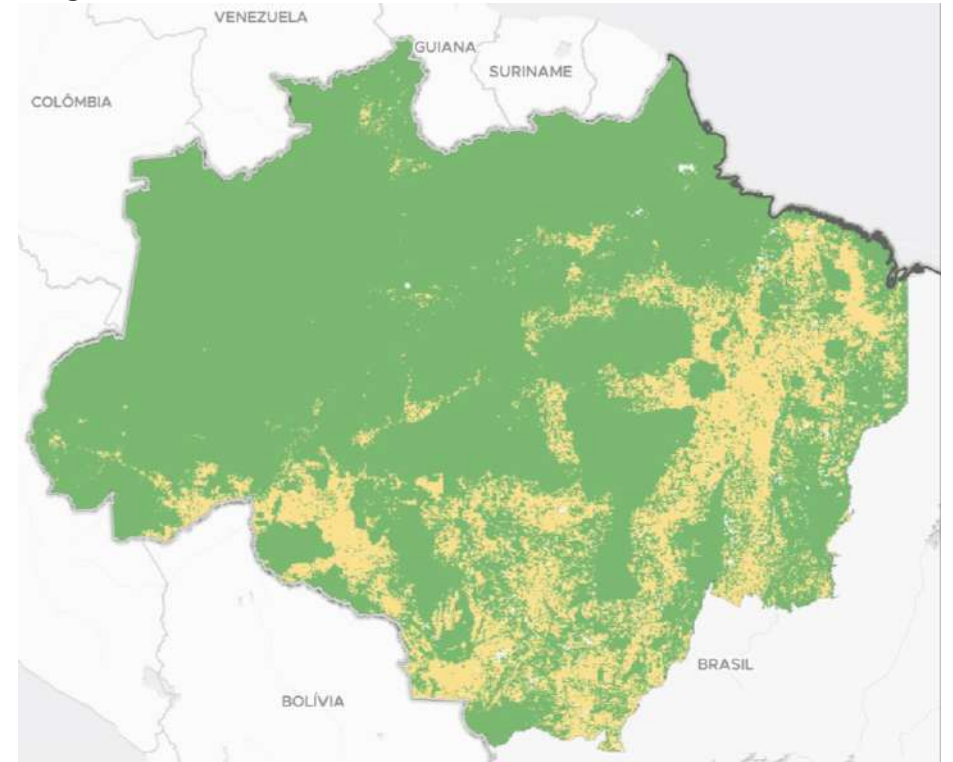
 Natural land cover (forest, savanna, water, etc)

 Soy and beef cultivation

1985



2024

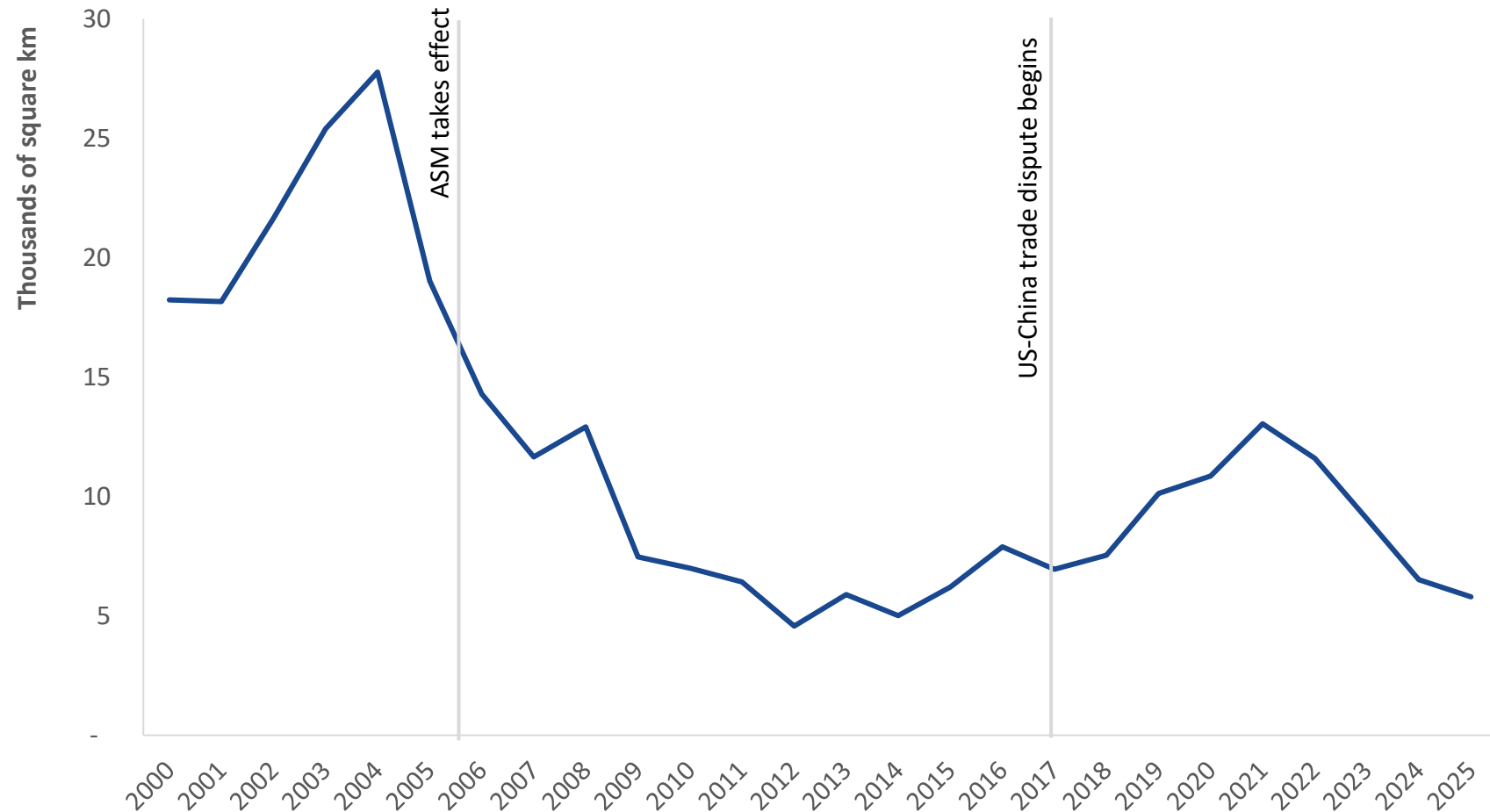


Source: mapbiomas.org

Soy, beef and Amazonian deforestation

Result: Brazilian deforestation fell after the ASM, but rose again after 2017

- After Amazon Soy Moratorium, Brazilian Amazonian deforestation fell dramatically.
- However, after 2017 it began to rise again
- Therefore, future expansion of Brazil-China soy and beef trade may risk additional deforestation



Source: Government of Brazil.

https://www.gov.br/inpe/pt-br/assuntos/ultimas-noticias/20251015Nota_tcnica_EstimativaPRODES_2025.pdf

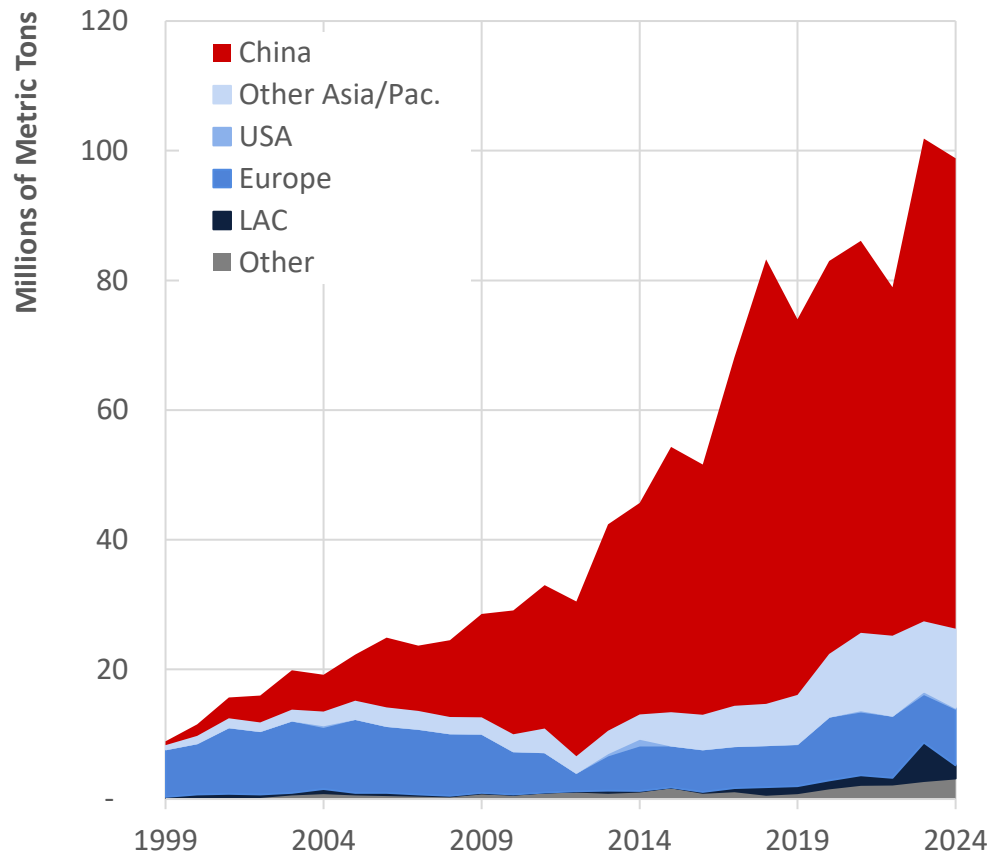


Global Development Policy Center

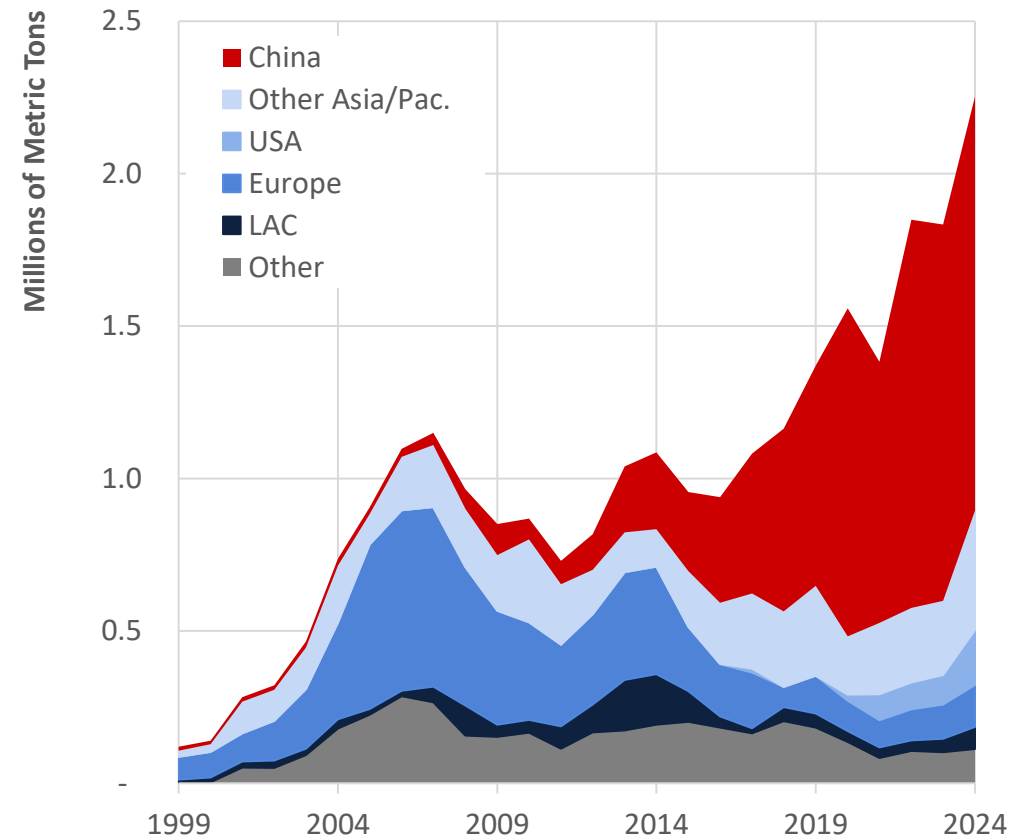
Importance of China-LAC in beef, soy

Brazil-China Soy and Beef Exports are a Recent Trend, Accelerating After 2017

Brazilian Soybean Exports



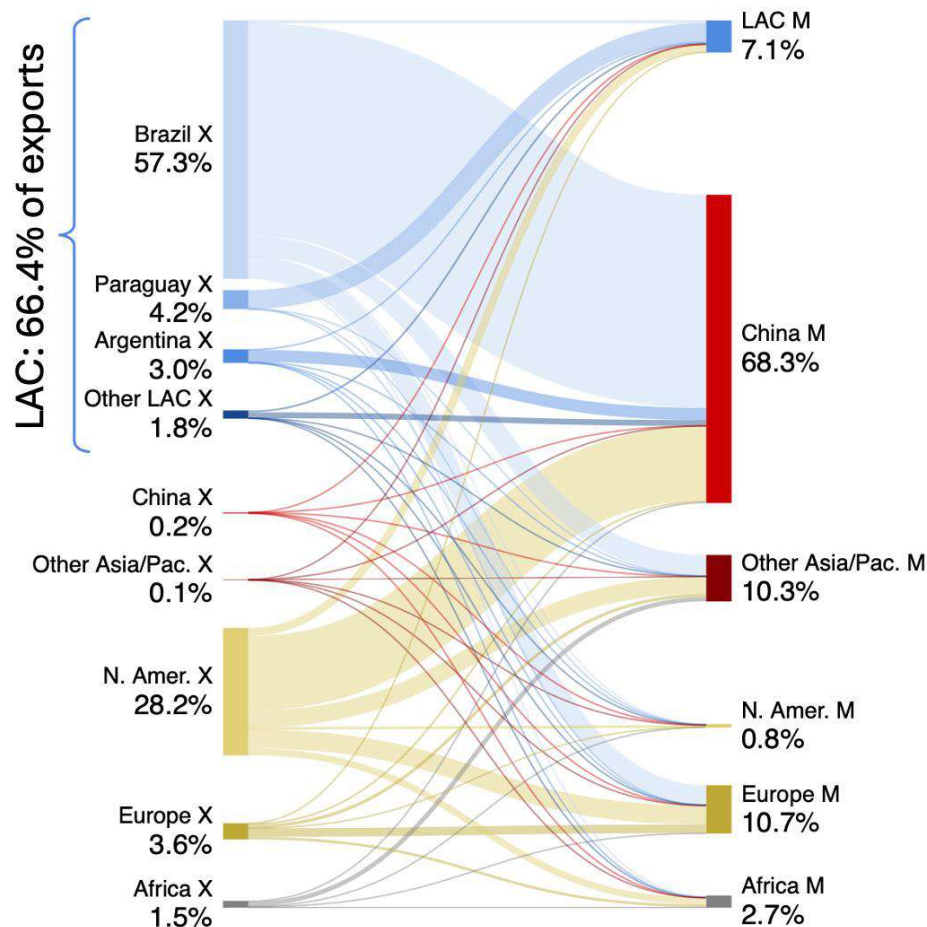
Brazilian Frozen Beef Exports



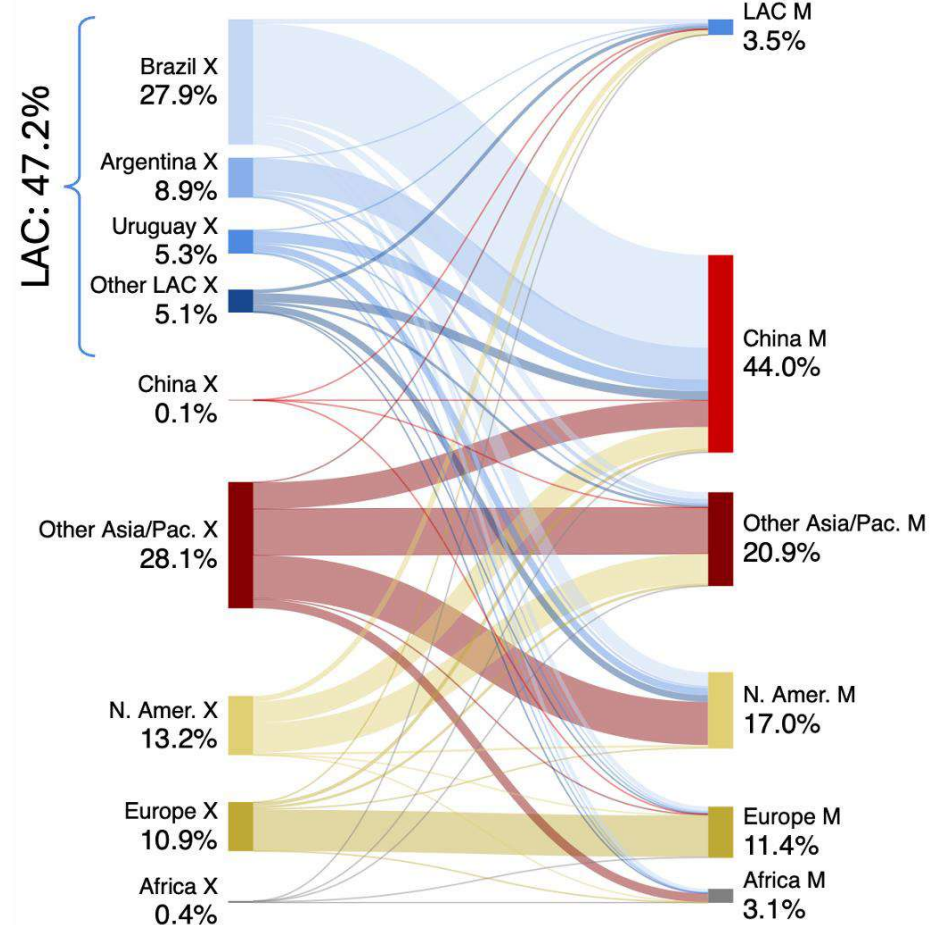
Importance of China-LAC in beef, soy

LAC-China trade represented the largest global trade flows for both soy and beef in 2024

Global Soybean Trade, 2024 (\$77.2b)



Global Frozen Beef Trade, 2024 (\$6.0b)



Source: Ray and Dussel Peters. 2025. "China-LAC Economic Bulletin, 2025, Edition" www.bu.edu.

Policy responses

Cooperation and ongoing communication are key

- New agricultural initiatives: **Boi China** and **Soja China** rely on traceability and may allow for market-based deforestation control.
- Both upstream and downstream: **coordination between Chinese and LAC DFIs** can help strategize building value-added into Chinese investments in LAC where appropriate. Sometimes this may require infrastructure investment as well.
- **A good example:** BNDES and CHEXIM just established a joint \$1b equity fund. BNDES is the largest and best established NDB in LAC, but others should follow suit to help build a future together.

Thank you

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