



中国传媒大学
COMMUNICATION UNIVERSITY OF CHINA



Institute for a Community
with Shared Future
人类命运共同体研究院



China-Latin America Trade booms with greater prospects



By Ms. Farah Gul, PRCCSF Fellow and Participant
of FJHS-PRCCSF Fellowship Program 2024-2025

Published on 5th February 2025



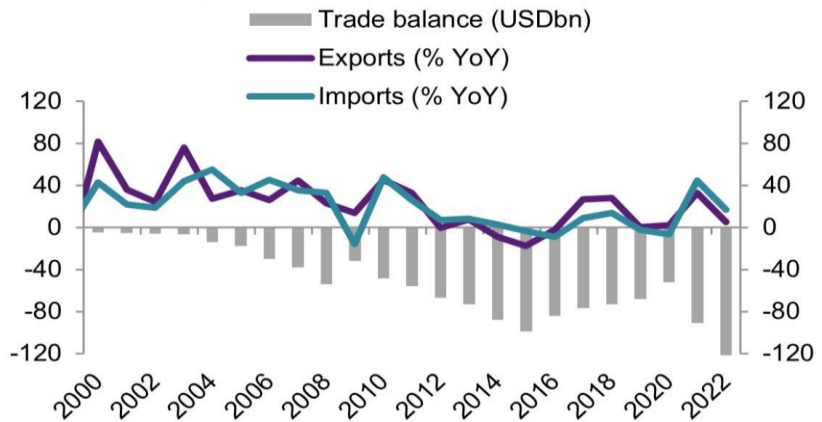
China's trade with Latin America has experienced a significant boom in recent years, with prospects for continued growth this surge in trade is largely driven by China's hunger for natural resources, such as energy, metals, and food, to fuel its rapidly growing economy. This year marks a major milestone—the 20th anniversary of the first trade agreement between China and Latin American



and Caribbean (LAC) countries. Over the past two decades, China has made significant strides in expanding its network of high standard free trade areas with LAC countries. Since 2005, China has signed and implemented five free trade agreements with Chile, Peru, Costa Rica, Ecuador, Nicaragua. Notably, the agreements with Nicaragua and Ecuador were concluded during China's 14th five-year plan period (2021-2025). China has invested heavily in Latin America's energy sector, with a focus on oil and gas. China has also invested significantly in Latin America's mining sector, particularly in "lithium triangle" of Argentina, Bolivia, and Chile. Chinese companies are actively involved in large-scale infrastructure projects in Latin America, including transportation networks, ports, and telecommunication systems. While China's growing presence in Latin America presents opportunities for economic growth and development.

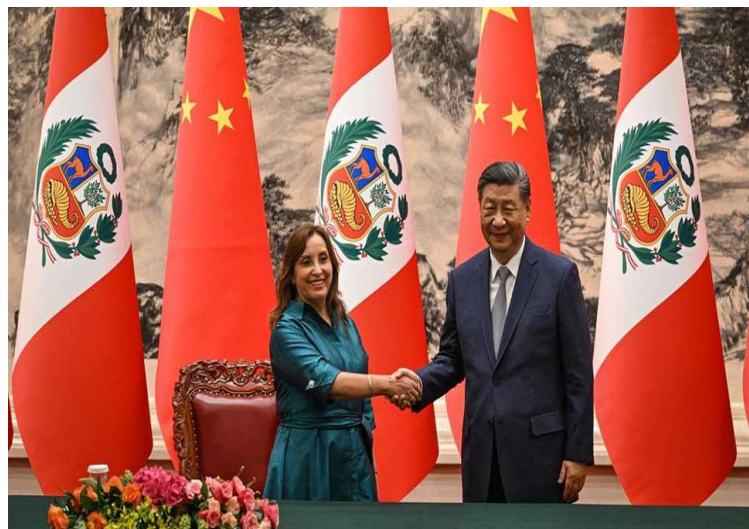
China is currently expediting free trade agreement negotiations with Honduras and has reached an early harvest agreement. Talks with El Salvador are also gaining momentum, with efforts underway to negotiate and conclude agreements with more LAC countries. In 2024 China played a key role as rotating chair of the Regional Comprehensive Economic Partnership (RCEP), facilitating

Graph 1: Latin America's trade with China



Source: Natixis, UNCTAD

procedures for new members to join the agreement. Chile's official application to join the RECP in 2024 paves the way for enhanced China-LAC free trade cooperation on a broader scale. The China-Chile Free Trade Agreement, implemented in 2006, has spurred remarkable growth in bilateral trade. China's gradual elimination of tariffs on Chilean wine led to staggering 13-fold increase in wine imports, catering to China's diverse consumer demands and creating lucrative opportunities for Chilean business. Chilean cherries have also benefited significantly from this agreement, becoming a favorite among Chinese consumers. The China-Peru Free





Trade Agreement, effective since 2010, has driven rapid growth in bilateral trade. Peruvian products like blueberries, grapes, avocados, and squid have successfully entered the Chinese market. Conversely, Chinese-made smartphones, toys, and passenger vehicles have gained immense popularity in Peru.

The China-Costa Rica Free Trade Agreement, implemented in 2011, has also shown promising results. The growth rates of these agreements surpass China's overall foreign trade growth, highlighting the potential for enhanced trade and economic cooperation. More recently the China-Ecuador Free Trade Agreement came into effect on May 1, 2024. Ecuador's signature export products, including frozen seafood, coffee, cocoa beans, and pitaya, have experienced substantial growth in exports to China. Chinese made smartphones, motorcycles, and home appliances, have become increasingly popular in Ecuador, improving the lives of locals. The

China-Honduras Free Trade Agreement's early harvest arrangement, implemented less than half a year ago, has already shown promising results. Honduran white shrimp has successfully entered the Chinese market, while China's tilapia



exports have made the fish more affordable for Honduran consumers, demonstrating the benefits of bilateral free trade cooperation. China is aggressively expanding its influence in Latin America through its “South-South Cooperation” initiative, which focuses on aid, investment, and trade. By strengthening cultural and educational ties, China has built significant goodwill with local governments, positioning itself as a



viable alternative to the US and Europe. Chinese state-owned companies like Power China, are dominating the energy development sector, with over 50 ongoing projects across 15 Latin American countries. Interestingly, China is also investing heavily in renewable energy projects, such as solar and wind farms, in countries like Argentina and Chile. China's influence extend beyond energy, with significant investment in infrastructure development, including airports, highways, ports and railways. In 2024, China opened a new mega port in Peru, paving the way for more Chinese investment in South America. This progress highlights China's commitment to strengthening its economic ties with LAC countries promoting mutual growth and development through expanded trade and investment opportunities.



Reference:

- 宋薇. 2025. “China-Latin America Trade Booms with Greater Prospects.” Chinadaily.com.cn. 2025.
<https://www.chinadaily.com.cn/a/202502/02/WS679ef16fa310a2ab06ea9e9e.html>.
- “China-Latin America Trade Booms with Greater Prospects – Newswire.” 2025. Newswire. February 3, 2025.
<https://www.newswire.com.pk/2025/02/02/china-1775/>.
- Roy, Diana. 2023. “China’s Growing Influence in Latin America.” Council on Foreign Relations. June 15, 2023. <https://www.cfr.org/backgrounders/china-influence-latin-america-argentina-brazil-venezuela-security-energy-bri>.
- CGTN. 2025. “China-Latin America Trade Booms with Greater Prospects.” Ground.news. Ground News. February 2, 2025.
<https://ground.news/article/china-latin-america-trade-booms-with-greater-prospects>.
- Caixin Global. 2023. “China-Latin America Ties Deepen amid Boom in Cross-Border Auto Trade, E-Commerce.” ThinkChina – Big Reads, Opinion & Columns on China. Think China. December 8, 2023.
<https://www.thinkchina.sg/economy/china-latin-america-ties-deepen-amid-boom-cross-border-auto-trade-e-commerce>.