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**T**ravel to any country in Latin America and you will see the visible hand of China at work: a computer manufacturing plant in Mexico, a copper mine in Peru, a football stadium in Costa Rica.

In 2007, the thought of China in Latin America would have appeared, at best, improbable. But in a three-year stretch, China signed free trade agreements with Chile, Peru and Costa Rica, inked billions of dollars worth of deals in oil and mining projects throughout the region, and supplanted the US as Brazil’s biggest trading partner. Once almost unseen in Latin America, China’s bilateral trade has risen from \$12bn in 2000 to well over \$150bn today.

Brazil, the largest economy in the region, is clearly China’s most important partner, both as a market for Chinese goods and also as a source of commodities. Brazil currently supplies over 40% of all Chinese soybeans, and 65% of Brazil’s iron ore is shipped to China. Brazil’s status as the most populous Latin country also makes it an important destination for Chinese products, including footwear, electronics, toys and others. China has made Brazil an obvious political and economic priority, and its status as a fellow Brics nation gives it further clout. Chinese and Brazilian delegations routinely get together and Brazil has no fewer than 30 chambers of commerce dedicated to China.

China is developing inroads into Argentina’s agriculture, oil and mining sectors. In 2003, China’s CNPC (China National Petroleum Co) acquired a stake in Argentina’s Pluspetrol, an oil

and gas company that operates in both Argentina and Peru. And this May, China National Offshore Oil Corporation (CNOOC) bought a 50% stake in Argentina’s Bidas Holdings for \$3bn. Rumours of a multi-billion dollar deal between Spanish oil giant Repsol and CNOOC regarding the \$17bn sale of Repsol’s Argentine oil subsidiary YPF, however, have yet to materialise.

Both Chile and Peru are members of Asian Pacific Economic Co-operation (Apec) and these countries are starting to see themselves not just as Latin Americans but also as members of the Pacific Rim economies. Chile is a copper producing nation with roughly 30% of the world’s known reserves. In addition to copper, Chile has other important minerals including large deposits of iron and precious metals.

Peru, with an estimated 10% of its population of Chinese descent, offers huge potential to China. Peru has oil and gas deposits, one of the world’s largest fishing industries, and it is also well endowed with other minerals including zinc, copper and gold. China has been on a buying spree in Peru over the last few years, and Chinese firms control significant mining assets including Toromocho, Rio Blanco, and Marcona. Both Chile and Peru have signed free trade agreements with China.

Meanwhile, the third Andean country, Colombia, while not yet an Apec member, is increasingly seeing its fortunes tied to Asia. Over a decade of reforms and stability have turned Colombia into one of Latin America’s most dynamic economies. Colombia

has opened its oil and gas sector and many analysts believe that it could be one of the most promising oil producing countries in the region. Colombia also has large quantities of precious metals (mainly gold) and is Latin America’s largest coal producer.

The Alba block (Cuba, Venezuela, Ecuador, Nicaragua, Bolivia) is known for having a strained relationship with the United States. Yet China has dodged major criticism by dealing with these countries in a pragmatic, apolitical manner. While Venezuelan leader Hugo Chavez declares himself a ‘Maoist’, the Venezuela-China relationship is not necessarily ideological, but rather about oil. China and Venezuela have signed billions of dollars in oil deals and China is currently building refining capacity in Guangdong Province to process Venezuela’s thick, high sulphur-content crude. Meanwhile, Bolivia has the second largest natural gas reserves in South America, large iron ore reserves and the largest lithium deposits in the world. It is also rich in tin and zinc. Ecuador is also well endowed with resources, especially oil, and China has invested in oilfields, port operations and pipeline assets as well as infrastructure projects (Coca Coda Sinclair Hydroelectric Plant).

Mexico’s relationship with China is complex and affected by the former’s proximity to the US. It is also affected by the perception of competitive overlap between Chinese and Mexican exports. Of Mexico’s 20 main exporting sectors, 15 are in direct competition with China. Yet, Mexico has the ability to turn this into an advantage by recruiting Chinese firms to Mexican maquiladora border towns where Chinese goods can arrive, get processed and assembled, and enter the US market through Nafta. Additionally, Mexico is rich with resources including copper (Grupo Mexico), manganese (Minera Autlan) and silver (Peñoles). Erik Bethel is a founding partner and CEO of SinoLatin Capital, a financial services firm focused on M&A and private equity transactions between China and Latin America.