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Bern, April 2022

Table of contents

Boxes

Figures

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Source : Encyclopedia Britannica

Foreword

Dear reader,

In 2021, Latin America and the Caribbean managed to find back to the growth path, with 6.8 percent, over-performing the world economy (5.9%) and almost making good the loss of 2020 (-7.4%). In the light of the Russian aggression against Ukraine, prognostics for 2022 are difficult, yet it is not expected that pre-pandemic-trends can be matched with. On the one hand, inflation is going to display negative effects in an environment that is still in a recovery phase, added to disruptive effects in the global value chains. On the other hand, high commodity prices might help certain economies in Latin America at the macro level.

Swiss-Latin American trade relations recovered in 2021, rising by 8.4% (*gold excluded: 7.7%*), but not catching up with the fall in 2020 (-11.5%) and under-performing compared to total Swiss external trade (+12.1%). Trade with South America increased by 7.9% and with Central America by 21.4%, while trade with the Caribbean decreased by -19.5%. Swiss exports to LAC amounted to CHF 6.06 billion (*without gold: CHF 6.04 billion*) in 2021, an increase by 6.0% (*without gold: +5.7%*), after having dropped by 14.5% in 2020. Brazil, Mexico and Argentina remain the biggest export markets for Swiss goods (69% of Swiss exports to LAC) and the main products exported were pharmaceuticals (47%) and chemicals (18%). Swiss imports from LAC amounted to CHF 10.1 billion (*CHF 2.3 billion*), a rise by 9.8% (*without gold: +13.4%*) in 2021, after having decreased by 9.5% in 2020. Gold clearly remained the dominating import product (74%), followed by agricultural products (12%).

Regarding bilateral economic relations, several points can be emphasized: In April, the Memorandum of Understanding (MoU) for the establishment of a Swiss-Colombian Joint Economic Commission (JEC) was signed and a first meeting took place in November 2021, marking an important milestone by finally establishing a JEC with this important partner country in Latin America. With Brazil, the tenth meeting of the Brazilian-Swiss Joint Commission on Trade and Economic Relations took place in April 2021 and we were happy to note that the Double Taxation Agreement entered into force in March 2021 (applicable since January 2022). With Peru, the automatic exchange of information in tax matters was activated in 2021.

This year's special chapter focuses on China's Economic Influence in Latin America. China has become the most important export destination for many Latin American countries and a major source of imports for countries in the region. The chapter will enlighten the trade and investment dynamics between China and Latin America. It examines the trends that have emerged in China-Latin America trade relations in recent years and the impact of the COVID-19 pandemic on these relations. Finally, the different perceptions of China's involvement in Latin America are presented and the implications for Swiss companies are highlighted.

We wish you an instructive and pleasant reading of this year's Report.

Erwin Bollinger
Ambassador, Head of Bilateral Economic Relations
Delegate of the Federal Council for Trade Agreements

Overview

This report provides an overview on the economic situation in Latin America in 2021. Chapter 2 elaborates on China's economic influence in Latin America. Chapter 3 focuses on developments in Swiss-Latin American economic relations with regard to trade, investment and bilateral agreements. The remainder of the chapter offers insights into trends in Latin America's regional and global integration, SECO's economic development cooperation in the region and bilateral visits in 2021.

1. Economic Situation in Latin America in 2021

After a difficult 2020, economic recovery in Latin America and the Caribbean (LAC) was underway in 2021. Nevertheless, the pandemic still cast shadows on much of the region. The recovery was robust in the first quarter of 2021 but lost momentum in some countries in the second quarter, reflecting the rebound in COVID-19 cases. Rapid vaccination campaigns in several countries have helped mitigating the pandemic's impact. For example, as of today, more than 40 percent of the population has already been fully vaccinated in Anguilla, Antigua and Barbuda, Argentina, Aruba, Brazil, Chile, the Dominican Republic, Ecuador, El Salvador, Panama, St. Kitts and Nevis, and Uruguay. The share of the population that is fully vaccinated in LAC is slightly above the world average of 33½ % for 2021. Nonetheless, many LAC countries are still significantly below the 40 percent benchmark suggested by the IMF staff for December 2021 in order to end the pandemic.[1]

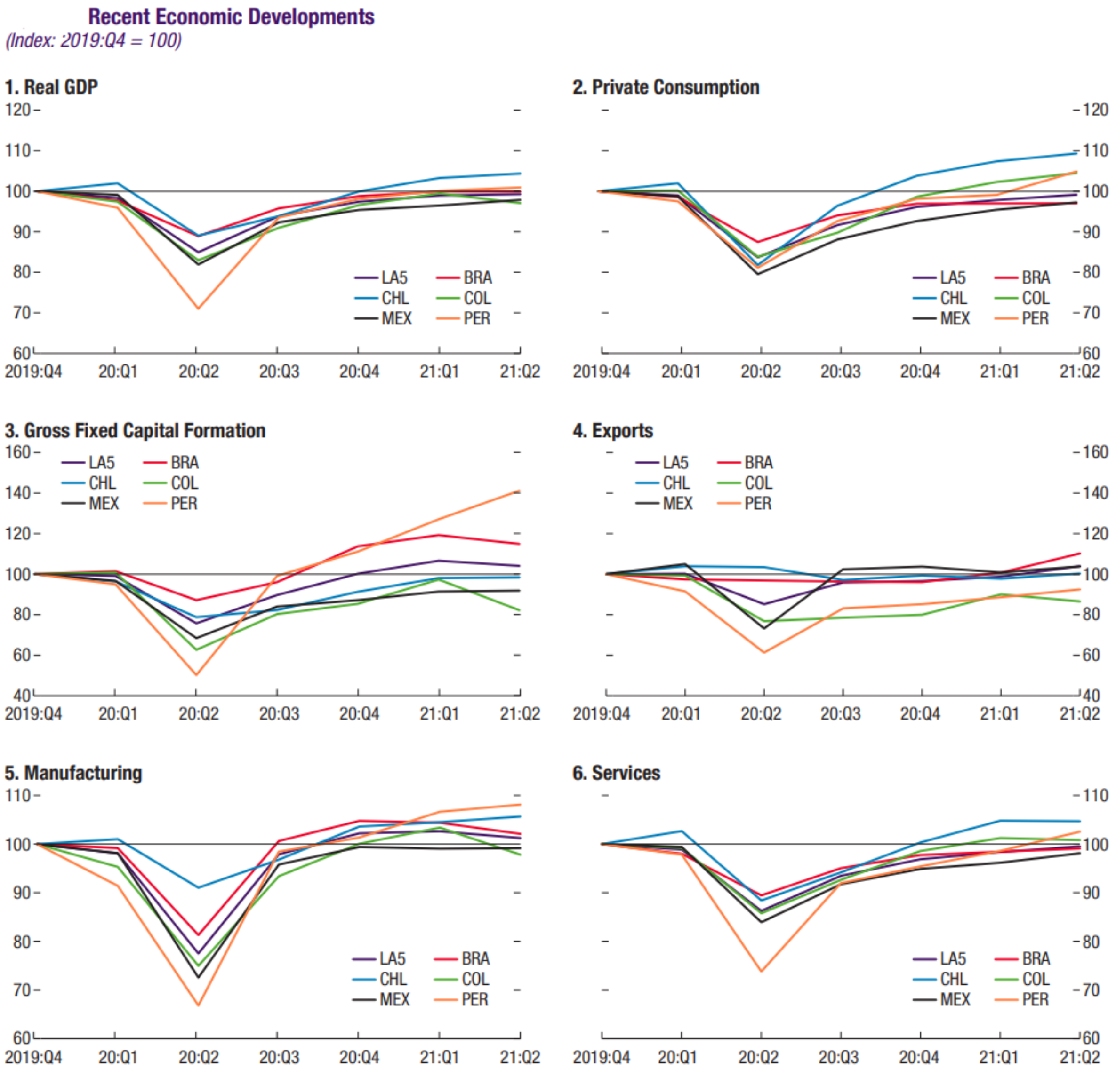
Real GDP is projected to grow by 6.8 % in 2021. While this is a positive signal, growth has not yet caught up with pre-pandemic trends. It is uncertain whether this will be the case in the medium term, in particular as weaknesses in labor markets persists.[2] Broadly favorable external conditions, high commodity prices, and rising demand support short-term growth, while sound monetary and fiscal policies work in the other direction.

Regarding the two largest markets in LAC, Brazil's GDP followed the trend with an overall growth of 4.7%, the trend being confirmed with a similar rate for Mexico 5.3%[3]. Argentina's, after a severe hit to its economy by a drop of 9.9% in 2020, saw a significant improvement with a growth rate of 7.5% the year after. The economic and humanitarian crisis coupled with the COVID-19-pandemic in Venezuela continued, even if the economic downturn was by far not as pronounced as the year before (-5% 2021, -30% 2020). Most other countries in South America saw moderate (Paraguay (4.5%), Uruguay (3.1%), Bolivia (5.0%), Ecuador (2.8%)) to strong growth (Peru (10.0%), Chile (11.0%), Colombia (7.6%)). In Central America, Panama and El Salvador both witnessed a strong recovery (12.0% and 9.0%), also Honduras (4.9%), Costa Rica (3.9%) recovered. For the first time since three years, Nicaragua found out of its persistent recession (5.0%). In the Caribbean, the gradual return of tourism through the lifting of travel restrictions gave strong impulses, albeit not to all countries. For example, Aruba's GDP grew by 12.8% while St. Kitts and Nevis's GDP shrank by 1% and St. Vincent and the Grenadines by 6.1%.[4]

[1] IMF World Economic Outlook 2021, Western Hemisphere Region.
[2] IMF World Economic Outlook 2021, Western Hemisphere Region.
[3] IMF World Economic Outlook Update, January 2022. Real GDP Growth.
[4] IMF World Economic Outlook as of October 2021, Western Hemisphere Region; Real GDP Growth.

2021 was marked by **rising inflation on a global scale:** In some of the largest economies in the region (Brazil, Chile, Colombia, Mexico and Peru), prices increased by up to 8.3% in 2021— the largest jump in 15 years and higher than in other emerging markets. This rapid increase partly reflected the surge in food and energy prices. Core inflation in 2021, excluding food and energy prices, rose by less (6.3%), but still exceeded pre-pandemic trends and outpaced core price inflation in other emerging markets (5.3% on average). Core prices grew rapidly in Brazil (7.2%), Chile (6.4%) and Mexico (5.9%), suggesting that inflation threatens to become more broad-based, though there is substantial variation across economies.[5]

Figure 1: **Key economic indicators**



Sources: IMF, World Economic Outlook database; and IMF staff calculations.
Note: Aggregates are purchasing-power-parity GDP-weighted averages. Data labels use International Organization for Standardization (ISO) country codes.
LA5 = Brazil, Chile, Colombia, Mexico, Peru.

Exports from Latin America and the Caribbean have recovered from the initial shock of the COVID-19 pandemic. **Export values are already back above pre-pandemic levels in most countries in the region.** This recovery owed mainly to improved prices for some of the region's main export commodities, while volumes recovered more slowly. The evolution of exported values

[5] IMF, Latin America's Strong Recovery is Losing Momentum, Underscoring Reform Needs, January 2022.

was volatile throughout 2021. In the first quarter of the year, exports grew at a similar rate to that recorded in the months leading up to the pandemic before soaring to exceptionally high levels in the second quarter — close to 50% year-on-year. However, from July onward, the trend began to slow and continued to do so toward the end of the year. The rebound that was observed was largely due to the low year-on-year baseline for comparison, as the region's trade was hit hardest by the pandemic between April and June 2020. All the same, export values in 2021 outstripped those of 2019 by between 13% and 16%. Once exports move beyond the recovery phase, the trend is likely to be affected by a balance of risks that is increasingly tilted to the downside.

On the one hand, the factors driving prices began to change direction, a process that accelerated toward the end of the year. On the other hand, the growing waves of infection that followed the identification of the new Omicron coronavirus variant have triggered new containment measures. Likewise, the shift toward more restrictive monetary policies to counter inflation at a time of crisis in the global logistics system could have a negative impact on the evolution of real trade flows.[6]

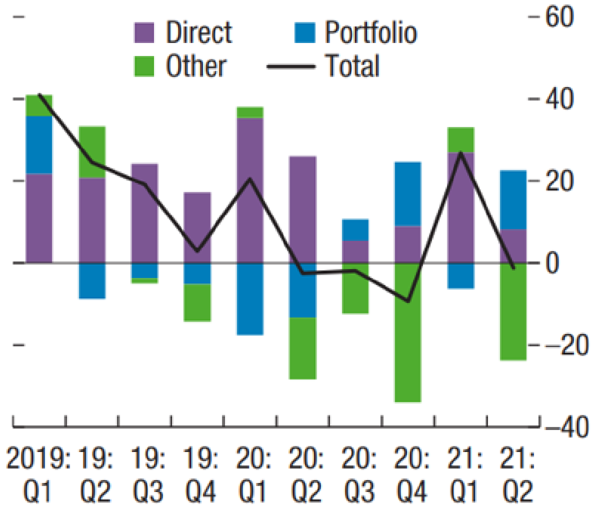
Public debt levels (general government gross debt) in the region remained at over 79% of GDP in average in 2021 which constitutes an increase compared to 2019 (75.8%). In South America, Bolivia had the largest debt-to-GDP ratio with 82.7%. No data is available for Venezuela and Argentina. Paraguay, Chile and Peru featured on the other side of the spectrum with debt-to-GDP ratios of below 40%. In Central America, Belize (117.9%) and El Salvador (84.2%) continued to show very high debt-to-GDP ratios, while Guatemala (32.1%), Nicaragua (49.5%) and Honduras (58.9%) had lower debt-to-GDP ratios, albeit with important increases as compared to preceding years. In the Caribbean, debt levels e.g. of Barbados (138.3%) and Jamaica (95.8%) remained very high. While debt stabilized as growth resumed in 2021, concerns about its sustainability remain.[7]

The region's **current accoun**t deficit amounting to -0.7% of GDP in 2021 compares to -0.8% in 2020. In South America, current account deficits range from -4.4% (Colombia) to -0.5% (Brazil). Argentina continues to show a small current account surplus (+1.0% compared to 1.2% in 2020). The Caribbean islands, also in 2021, recorded considerable deficits with Dominica (-35.5%), Grenada (-22.8%), and St. Vincent and the Grenadines (-21.5%) as the most pronounced.[8]

Capital flows have also been mildly supportive. **Foreign direct investment (FDI)** strengthened in the first quarter of 2021 compared to the fourth quarter of 2020. Global foreign direct investment (FDI) flows showed a strong rebound in 2021, up 77% to an estimated 1.65 trillion USD, from 929 billion USD in 2020, surpassing their pre-COVID-19 level, according to UNCTAD's Investment Trends Monitor published on 19 January 2021.[9] Latin America and the Caribbean saw a recovery to near pre-pandemic levels: for example, Brazil saw FDI double to 58 billion USD from a low level in 2020.[10] This effect particularly due to the recovery in the commodity sectors, but has lost momentum in the second quarter of 2021 and remains below 2020 levels, while resident outflows intensified in the second quarter.[11]

[6] IDB, Trade Trend Estimates, Latin America and the Caribbean, 2022 edition.
[7] IMF World Economic Outlook as of October 2021, Western Hemisphere Region, general government gross debt.
[8] IMF World Economic Outlook as of October 2021, current account balance, percent of GDP.
[9] UNCTAD Global foreign direct investment rebounded strongly in 2021, but the recovery is highly uneven.
[10] UNCTAD Global Investment Trend Monitor, No. 40.
[11] IMF World Economic Outlook as of October 2021, Western Hemisphere Region.

Figure 2: **Net capital inflows (billion USD)**



Source: IMF, world economic outlook database

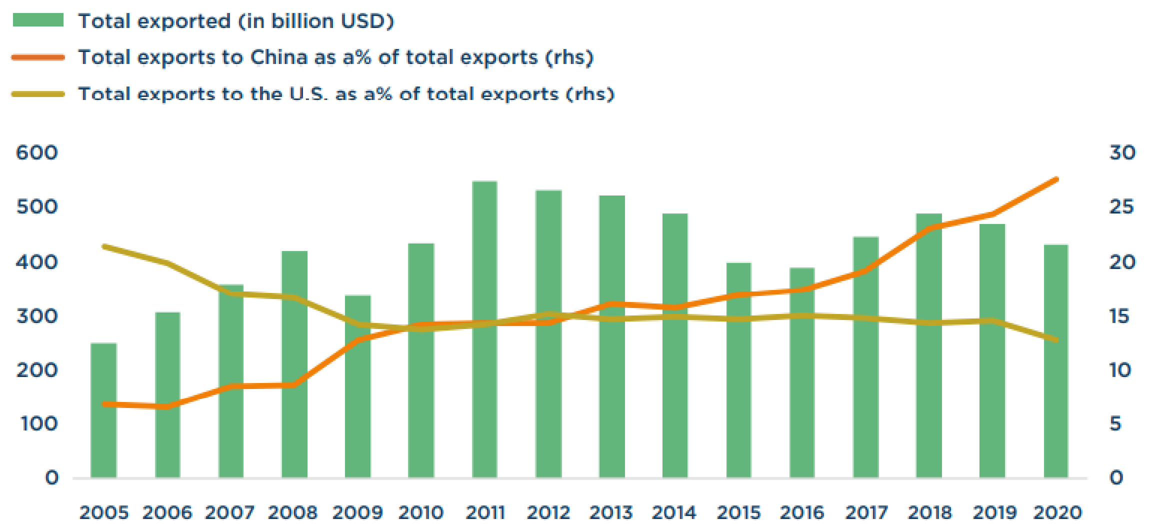
The short-term **outlook** is highly dependent on multiple factors such as the further evolution of the pandemic, commodity prices, global financial conditions, and private sector demand, as well as on a difficult balancing act with regard to monetary policy. The COVID-19 pandemic is expected to have a long-lasting influence on economic performance in LAC. Gaining medium-term growth momentum is crucial to minimize these effects, narrow the gaps opened by the pandemic, and avoid a further divergence relative to advanced economies. Medium-term growth is projected to be subdued in the region. LAC average real GDP and real GDP per capita are projected to exceed their pre-pandemic levels in 2022 and 2023, respectively, but they will not return to the path envisaged pre-pandemic.

2. China's Economic Influence in Latin America

Since the turn of the millennium, the presence of China in Latin America has been perceived as both an economic opportunity and a challenge. This concerns particularly trade and, more recently, foreign direct investment and finance. China has become the most important export destination for many Latin American countries and a major source of imports for countries in the region. About a decade ago, China has even overtaken the United States as the most important trading partner of the region (figure 3). For one thing, Latin America has benefited from China's boom, as some countries in the region gained greater access to one of the world's fastest-growing middle-income markets, as well as some apparent financial flexibility through new financial sources[12]. On the other hand, the range of products exported from Latin America to China remains insufficiently diversified, suggesting potential imbalances.

This chapter aims to provide an overview of the trade and investment dynamics between China and Latin America. It discusses the importance of China to Latin America as both an export and import market as well as an investor and source of credit. It also examines the trends that have emerged in China-Latin America trade relations in recent years and the impact of the COVID-19 pandemic on these relations. Finally, the different perceptions of China's involvement in Latin America are presented and the implications for Swiss companies are highlighted.

Figure 3: **Latin America 6-major economies (excl. Mexico) annual exports**



Sources: UN Comtrade and national statistical institutes, Coface

2.1 China's Trade and Investment Dynamics with Latin America

2.1.1 China as an increasingly important trading partner for Latin America

Since the 1990s, China has emerged as a major global trading and economic power. In 1999, China ranked ninth among the world's largest exporters and accounted for 3.45% of global exports. At that time, the country still maintained relatively high tariffs and various administrative controls of its foreign trade system. This was supposed to change decisively when China joined the WTO in 2001. In fact, administrative reforms were implemented and the average tariff rate reduced from 13.7% to 5.7% between the time of the accession and 2010[13]. In addition, Chinese products and

[12] Joining the Game: China's Role in Latin America's Investment Diversification (Chonn Ching, 2021).
[13] Some implications of accession to WTO for China's economy (UNCTAD, 2002).

services began to benefit from more favorable and predictable conditions in foreign markets. Together with other important domestic reforms, China's WTO accession promoted the country's rise as a trade superpower.

As of today, China is the world's leading trading nation. It is the largest exporter and is second only to the United States as the largest importer[14]. It accounts for 13.2% of all global exports in the first half of 2021[15]. China's imports are large and diversified, ranging from machinery and equipment to raw materials and agricultural products. With the dramatic growth of its trade relations, China has become an important trading partner for most regions of the world, including Latin America[17]. However, there are major differences among Latin American countries in terms of their economic relations and dependence vis-à-vis China.

According to the *Adrienne Arsht Latin America Center*[16], Latin America's share of world trade has remained stable over the last twenty years[17]. The region accounted for 5.4% of world trade in 1999 and 5.5% in 2019. Mexico is the only country in Latin America among the twenty largest importers and twenty largest exporters in the world. Behind the appearance of stability, however, some significant changes have taken place[18]. The growing importance of China compared to other trade and investment partners is one of the most notable developments in Latin American trade over the past two decades. Both as a source of imports and as a destination for exports, China has risen from an almost negligible position to become the region's second most important trading partner. Looking at South America alone, China has already caught up with the USA. As a result, Latin America's more traditional economic partners have lost percentage shares of trade in the region[19]. The United States in particular, but also the European Union and some Latin American countries themselves, especially Brazil, have a declining share of the region's trade.

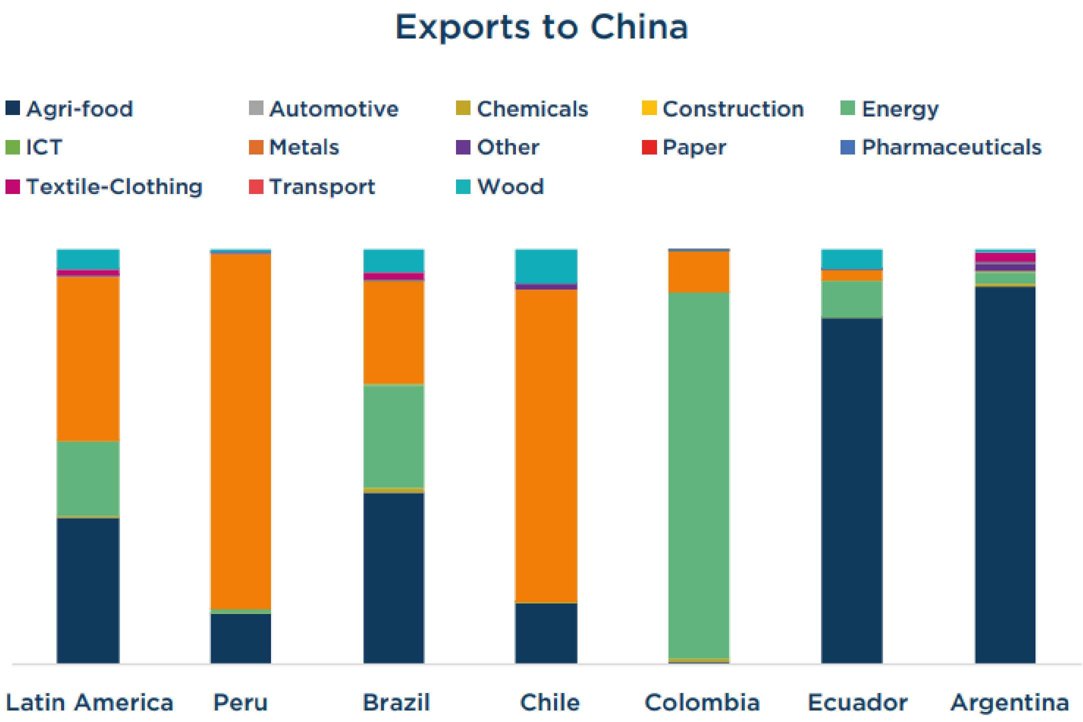
Looking only at trade in goods, China replaced the United States in 2009 to become Brazil's top trading partner, a position China continues to hold[20]. Brazil remains Argentina's top trading partner, but China came very close to overtaking it in 2020. In addition, China was the main source of imports for Brazil, Chile and Peru in 2019, and ranked second for another eleven countries in Latin America and the Caribbean. In contrast, Latin American countries did not stand out among China's target markets. Mexico and Brazil, China's top two export markets in Latin America, were the only ones to account for more than 1% of China's total exports in 2019, followed by Chile, Colombia and Peru. In terms of Chinese imports, only Brazil was among China's top ten suppliers in 2019, with all other Latin American countries combined accounted for about 1% of total imports. Despite these asymmetries, Sino-Latin American trade flows as a whole are relatively balanced. Absolute Trade surpluses and trade deficits have been fairly small relative to the size of trade flows in the region. However, the aggregate figures for the region mask some substantial discrepancies. China's demand for oil and raw materials has been driving prices up and boosting trade surpluses for exporters[21]. While Brazil, Chile, and Peru are like Switzerland among the few countries around the world with trade surpluses with China, other Latin American countries such as Mexico, Panama, and Colombia have accumulated deficits in their trade relations with China.[17]

[14] China surpasses US as world's largest trading nation (Mangham, 2014).
[15] China Updates Its Trade Data for the First Three Quarters of 2021 (Zhu, 2021).
[16] Part of the Atlantic Council, an American think tank.
[17] China-LAC Trade: Four Scenarios in 2035 (Atlantic Council, 2021).
[18] Top Exporters and Importers by country 2019 (World Bank, 2021).
[19] Trade Summary for Latin America & Caribbean 2010 & 2019 (World Integrated Trade Solutions, 2021).
[20] China says willing to increase agricultural, industrial goods imports from Brazil (Lee & Woo, 2019).
[21] The Visible Hand of China in Latin America (OECD, 2007).

Composition of trade by sector

China's rise is felt most strongly with regard to global demand for minerals and metals. China has reached a level of income where metal consumption strongly correlates with increasing GDP per capita. This is a consequence of the rapid industrialization process in China, which has become more metal-intensive over time as production has shifted from labor-intensive goods (such as clothing) to more capital-intensive sectors (such as electrical and electronic industries). Demand for metals has further been boosted by large-scale construction and other infrastructure projects[22]. These characteristics are also evident in trade with Latin America. The overall composition of Latin American exports to China is poorly diversified and highly commodity-focused. Overall, exports of metals (40%), agricultural products (35%) and energy (18%) account for 93% of all foreign sales from Brazil, Colombia, Chile, Peru, Argentina and Ecuador to China. Exports to China are mainly concentrated in agricultural products in Argentina and Ecuador, metals in Chile and Peru, and energy in Colombia.[23] The composition of exports to China by sector, as measured by revenue is shown in Figure 4.

Figure 4: **Exports composition by sector in USD revenue terms**



Sources: UN Comtrade, Coface

China's Strategy towards Latin America

China's increasing influence has challenged and changed the political and economic landscape across many regions of the world. Despite the geographical distance, Latin America has become an area of interest for China as the region is rich in natural resources and thus a key supplier of agricultural and mineral commodities for the manufacturing sector of China. Nonetheless, this relationship between China and Latin America also has implications in terms of geopolitics, as the

[22] The People's Republic of China and Latin America: the impact of Chinese economic growth on Latin American exports (Perrotti, 2015).
[23] Coface's economic study on Latin America (Krause, 2021).

United States have traditionally had strong ties with Latin America. For China, however, the approach to the region appears to be primarily pragmatic, focusing on securing the supply of key primary goods such as agricultural and mineral commodities and expanding the markets for its manufacturing sector[24].

The Chinese government published the first official policy paper on Latin America and the Caribbean in 2008. This document known as the "White Paper" highlights key areas and the approach of the Chinese government towards the region. It points out that the world is in a multi-polarity trend that needs to be recognized and that China seeks a peaceful development across the regions[25]. A second "White Paper" was published in 2016, outlining China's strategy to secure resources in Latin America for its domestic needs. It notes that China's government aims to establish a comprehensive and cooperative partnership with the region and to engage in frequent high-level exchanges[26]. In addition, China aims to consolidate its position as a vital partner and leverage its economic influence to improve the areas of logistics, energy, and infrastructure[24]. Correspondingly, China is eager to actively participate in bilateral cooperation frameworks in wide-ranging areas such as industrial cooperation, multilateral cooperation, and social and cultural aspects.

When comparing the first "White Paper" of 2008 with the 2016 version, some aspects have been maintained while new aspects have been added or updated. What has remained is the recognition of the strategic relevance of Latin America to China's development process and the economic stimulus and assistance needed for the majority of Latin American economies, which is perceived, from the Chinese point of view, as a mutually beneficial cooperation[24]. Besides, with the premise of the second "White Paper", China is promoting a new type of partnership that involves multipolarity and establishes alliances that evolve and support economic strategic results.

One issue addressed exclusively in the second version is the dynamics concerning the United States (US), given its historical ties to the region. China elaborates on the importance of third parties, acknowledging the influence of the US in the region and stating that China does not target or exclude any third party[26]. Another novel attribute of the 2016 "White Paper" is that it includes aspects of sustainable development and shared responses to climate change[27]. In terms of security, the specifications go beyond traditional economic topics to include cybersecurity, a contentious issue between the US and China, and strive for Latin American to engage in cooperation in the area of internet governance.[24]

Since the publication of the first "White Paper", China's influence in Latin America can be broken down into three main factors. First, China intends to secure supplies of vital raw materials and expand markets for its manufacturing industries. Second, China wants to reduce the number of states recognizing Taiwan in the region.[28] Third, China's strategic investment in Latin America is framed as a means to promote economic growth.[24]

[24] China's Policy Paper on Latin America and the Caribbean: Ten Years After (Aguilera-Castillo & Gil-Barragan, 2018).
[25] China's Policy Paper On Latin America And The Caribbean (USC, 2009).
[26] Full text of China's Policy Paper on Latin America and the Caribbean (Xinhua, 2016).
[27] New China white paper signals a step forward in Latin America (Soutar, 2016).
[28] Belize, Guatemala, Haiti, Honduras, Paraguay, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines.

Regional and Bilateral Arrangements with China

For many years, China has relied on bilateral engagement with Latin American countries to advance a number of goals. These include free trade agreements, memoranda of understanding, and long-standing cooperation mechanisms such as the China-Brazil High Level Coordination and Cooperation Committee and the China-CELAC Forum.[29]

The Mercosur bloc, which currently includes Argentina, Brazil, Paraguay, and Uruguay[30], is of strategic importance to China as it is the fourth largest trading bloc in the world with a population of 260 million people and accounts for 75% of South American GDP[31]. China's trade with Mercosur totaled about 107 billion USD in 2018, and in the first half of 2020, Mercosur was the only bloc whose shipments to China increased (13.2%)[32]. Although individual trade between Mercosur countries and China is increasing, no preferential trade agreement has yet been concluded. Uruguay has advocated increased cooperation with China and expressed interest in serving as a "gateway" for China into the region and helping to promote closer relations between China and Mercosur. Uruguay and China took the first step toward a possible FTA by announcing a new feasibility study in September 2021, although bilateral agreements on trade are prohibited by Mercosur. While Brazil favors a free trade agreement with China, Argentina has publicly opposed it, expressing concerns that a trade deal could lead to an influx of cheap Chinese imports into the region. The future of a Mercosur-China FTA will most likely depend on the ability to engage with China's Belt and Road Initiative and expand Mercosur's export portfolio, the political relations of Mercosur member states with Washington, most notably those of Brazil, and the response of critical voices to sustainability concerns. [33]

An important milestone in China-Latin America relations was the formation of the China-CELAC Forum, which brings China and the Community of Latin American and Caribbean States (CELAC) together under one formal banner. The Community of Latin American and Caribbean States (CELAC) is composed of all the sovereign states of the Americas except Canada and the United States. The establishment of CELAC was warmly welcomed by China in 2011 and on January 8, 2015, the first China-CELAC Forum was opened at the Great Hall of the People in China. The China-CELAC Forum serves as a platform for dialogue and agenda setting between international and regional leaders on both sites. It is the main platform to promote China-LAC overall cooperation. China pledged to conduct dialogues and cooperation with other organizations and institutions in Latin America and the Caribbean region within the framework of the China-CELAC Forum according to situation, so as to build a comprehensive and balanced China-LAC cooperation network.[34]

Another notable step toward intensifying economic ties between China and Latin America was the establishment of the Pacific Alliance. It was established to integrate its members into global supply chains and connect them with the fastest growing economies in East Asia. All four participating countries, Chile, Colombia, Mexico and Peru, are known for their openness to free trade and investment liberalization[35]. However, the Pacific Alliance‘s goal of promoting foreign relations with China as a bloc does not prevent individual members from competing with each other. Chile

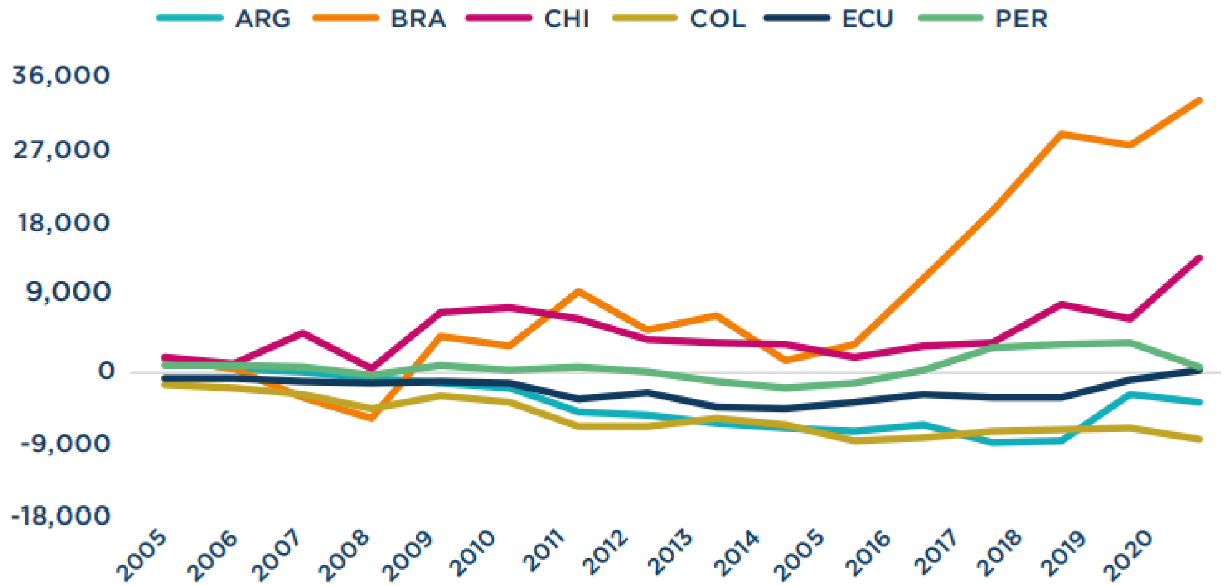
[29] China’s Regional Engagement Goals in Latin America (Myers, 2020).
[30] Venezuela being currently suspended.
[31] Mercosur: South America’s Fractious Trade Bloc (CFR, 2021).
[32] The Covid-19 Shock: Building Trade Resilience for After the Pandemic (IDB, 2020).
[33] Developing Global Free Trade: Linking China’s BRI with Mercosur, South America (Devonshire-Ellis, 2019).
[34] Basic Information about China-CELAC Forum (China-CELAC Forum, 2016).
[35] China’s Engagement with Regional Actors: The Pacific Alliance (Creutzfeldt, 2018).

and Peru are the only participants that are part of the Chinese Free Trade Agreement network. Chile is the only country that signaled its readiness to negotiate an upgrade of its FTA with China in 2017. Yet, surprisingly, Chile is also the one that receives the least amount of Chinese investment, leading to a paradoxical situation. Colombia, Peru and Chile intend to take advantage of their like-mindedness and political convergence on economic issues to act as a bloc *vis-à-vis* China, without having a common foreign policy as such, but within the framework of intergovernmental arrangements coordinated between their foreign ministries through a technical assembly called the Foreign Relations Group.[36]

The COVID-19 pandemic's effect on China–Latin America relations

The COVID-19 crisis, which broke out in the first quarter of 2020, had a massive impact on global trade and investment. Latin America was one of the regions most affected by the pandemic, both from a health and economic perspective. In 2020, exports to the US were generally more strongly affected than those to China. While the former fell by 19% in 2020, the latter rose by 4%, while GDP in Latin America and the Caribbean fell by 7%[37]. In other words, the share of Latin America and the Caribbean's trade flows with China in regional GDP increased significantly[38]. The stronger resilience of exports to China was largely due to a faster recovery of the Chinese economy than the US economy.

Figure 5: **Trade balance of selected LAC-countries with China**



Sources: UN Comtrade and national statistical institutes

Contributing to the resilience of Latin American exports is also China's growing demand for commodities from Latin America, particularly food products such as beef and soy. China's demand for these types of products accelerated in 2017 as China imposed punitive tariffs on US agricultural products in the wake of US-China trade tensions. The resulting record price level benefited Brazil and Argentina in particular. Given the high prices in the agrifood sector, the taxes imposed by some countries on grain exports and the financial support given by governments worldwide to the

[36] China and South America: The Pacific Alliance (Guerra-Barón, 2018).
[37] Report for Selected Countries and Subjects: October 2021 (IMF, 2021).
[38] 2020: A Point of Inflection in the China-Latin America Relationship? (Ray, Albright & Wang, 2020).

most vulnerable households also benefitted the agricultural sector[39]. However, as an undesirable side effect, domestic food prices have also risen extremely sharply, prompting the Argentinian government to impose a 30-day ban on meat exports in May 2021 to curb domestic prices[40].

In addition to foodstuffs, exports from Latin America to China were also boosted by the rebound in prices for metals, especially iron, as China's stimulus program significantly increased the construction of new buildings and increased demand for steel products. World iron prices rose by more than 10% in nominal terms in 2020, boosting export revenues for producing countries[41]. This development has continued until 2021. Average prices for iron ore and copper all exceeded their annual peaks between January and the end of September 2021. Most notable is iron ore, whose average price has surpassed the previous 2011 peak by 9%[42]. Strong Chinese demand and the current diplomatic tensions between China and Australia, the world's largest iron ore producer, have both contributed to this increase. For Latin American countries, especially Brazil, the world's second largest iron ore producer, these creates favorable conditions. For copper, the current high price level (4% above the record of 2011) benefits Chile and Peru as the world's leading and second largest producers, respectively.[40]

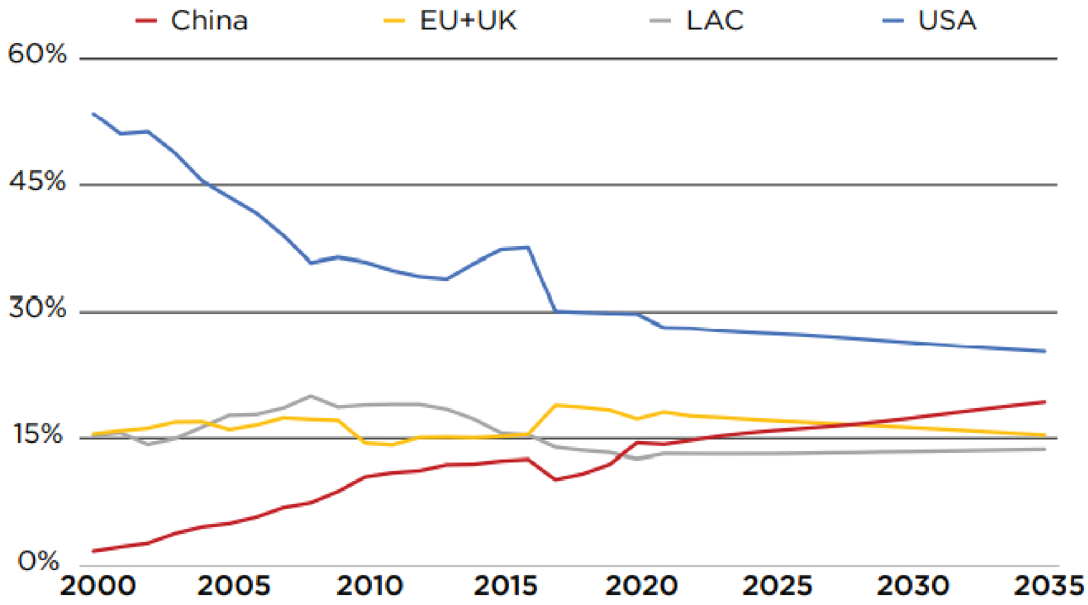
Trends

The US international affairs think tank Atlantic Council identified a number of trends that have emerged in recent years and are very likely to endure in the future. For example, China and the United States will continue to compete for the position of the most important trading partner in Latin America, a position historically held by the US and which now varies from country to country. China's growing presence in trade with Latin America is by no means an exclusive feature of the region, but rather a sign of China's emergence as a global trading partner in general. When trade flows are differentiated into exports and imports, it becomes clear that it is not exports to China but imports from China that are driving China's growing participation in Latin American trade[43]. This has implications for the balance of trade, as well as for the trade strategies of the governments of these countries.[44]

The rise of China in Latin America is leading to a more geographically balanced distribution of export and import partners. Yet, the experience varies widely across the region, with Brazil being the notable exception, where trade with China is leading to greater concentration rather than diversification of export markets. In many cases, greater trade dependence on China leads to less reliance on the United States. However, the US is not the only trading partner that has become less significant. A decline in intra-regional trade has been observed since the beginning of 2019, exacerbated by the COVID-19 pandemic. Although intra-regional exports recovered in 2021, their share in the region's total exports of goods only amounted to 13%, far below the historical highs of 21% in 1994 and 2008[45]. Whether this trend will prevail depends largely on the success of institutions such as the Pacific Alliance and Mercosur aimed at liberalizing the regional movement of goods, services, people and capital. Assuming trade dynamics stay on the current path, a pattern as shown in figure 6 emerges.

[39] Top Exporters and Importers by country 2019 (Wolrdbank, 2021).
[40] Coface's economic study on Latin America (Krause, 2021).
[41] 2020: A Point of Inflection in the China-Latin America Relationship? (Ray, Albright & Wang, 2021).
[42] Iron Ore Prices 2007 – 2021 (Trading Economics, 2021).
[43] China's trade with Latin America is bound to keep growing. Here's why that matters (Zhang & Prazeres, 2021).
[44] China-LAC Trade: Four Scenarios in 2035 (Atlantic Council, 2021).
[45] International Trade Outlook for Latin America and the Caribbean (ECLAC, 2021).

Figure 6: **LAC Trade Current Path Scenario**



<u>Examples from different Latin American Economies</u>

Brazil

Since 2009, China has been the most important destination for Brazilian exports. In 2020, Brazil exported 67.8 billion USD worth of goods to China, slightly more than the 63.4 billion USD exported in 2019, despite the global recession[46]. The main products Brazil exported to China were soybeans, crude oil and iron ore, accounting for 90% of all exports. Over the last 24 years, exports from Brazil to China have grown by 17.5% annually. In 2020, China exported goods worth 35 billion USD to Brazil[47]. The main products exported from China to Brazil were special ships, telephones and semiconductors, which accounted for almost 90% of all Brazilian purchases. Over the past 24 years, exports from China to Brazil have grown by 18.4% annually[48]. The long-standing economic ties have recently been put to the test as bilateral tensions increased during the presidency of Jair Bolsonaro, a vocal critic of China. Yet, even under this government, economic cooperation between Brazil and China has persisted, fueled by prevailing economic complementarities and the vested interests of Brazil's individual states, several of which see significant value in expanding their ties with China, notwithstanding broader geopolitical considerations[49]. Critics, however, are still worried that the close economic ties with China have had the overall effect of strengthening the agricultural and mining sectors at the expense of manufacturing, which generally has a greater level of value creation[50].

Mexico

Economic relations between Mexico and China are vastly asymmetrical, although the total volume of trade between the two countries has grown rapidly over the last decade. Chinese exports to Mexico have grown exponentially and diversified into different economic sectors. In 2020, China exported goods worth 73.5 billion USD to Mexico, and slightly less than in 2019, when Chinese

[46] Brazil Exports to China (Trading Economics, 2022).
[47] China Exports to Brazil (Trading Economics, 2022).
[48] Brazil-China: Bilateral Trade by Products (OECD, 2021).
[49] Reimagining China-Brazil Relations Under the BRI: The Climate Imperative (Unbound, 2021).
[50] Testing the limits of China and Brazil's partnership (Trinkunas, 2020).

exports amounted to around 83 billion USD[51]. The main products exported from China to Mexico were office machinery parts, telephones and integrated circuits. Over the past 24 years, exports from China to Mexico have grown at an annualized rate of 23.9%. In contrast, Mexican exports to China have also grown, but at a much slower rate, and the pattern shows a greater concentration on fewer products. In 2020, Mexico exported 7.8 billion USD worth of goods to China, a slight increase from the previous year when Mexican exports were around 6.9 billion USD[51]. The main products exported from Mexico to China were copper ore, vehicle parts and automobiles. Over the last 24 years, Mexico's exports to China have increased by 17.9% annually[52]. Amid trade tensions between the US and China, the Mexican economy has reaped the benefits of the increase in US tariffs on Chinese products. Mexico even replaced China as the US's most important trading partner for the first time in 2019[53].

Chile

China is Chile's most important export partner, accounting for 38.2 % of Chilean exports. This is an imposing gap compared to the country's second and third largest trading partners, the USA (16.5 %) and Japan (7.7 %)[54]. In 2020, Chile's exports to China exceeded its imports by more than 12 billion USD. The same year, the total value of products exported from Chile to China reached to about 28.6 billion USD, an increase of approximately 6 billion USD in comparison to the previous year. Imports from China totaled 16.46 billion USD, down from 16.55 billion USD a year earlier[55]. The main products Chile exported to China were copper ore, refined copper and pitted fruits. Chile's exports to China have grown at an annual rate of 19.5%, from 313 million USD in 1995 to 22.6 billion USD in 2019. The main products that China has exported to Chile are broadcasting equipment, computers and automobiles[56]. The increased growth in bilateral trade is mainly due to a bilateral free trade agreement that provides duty-free and competitive prices for many goods. Chile was the first country outside Asia to sign an FTA with China in 2005. Over the last ten years, Chilean goods and commodities shipments to China have increased by 182%, and since the implementation of the FTA, bilateral trade has grown by an average of 15.7% per year[57].

Peru

In 2020, China and Peru celebrated a decade since the launch of their free trade agreement. Under the agreement, China is committed to eliminating tariffs on 90% of goods originating from Peru, which include aquatic products, minerals and fruits, among others. China has also committed to further opening up its service sectors such as mining, consulting, translation, sports and tourism, to name a few[58].

China has now been the country's top trading partner for seven consecutive years. In 2020, the South American country exported merchandise worth 10.96 billion USD to the Asian country. Compared to the previous year, exports from Peru to China decreased by about 2.59 billion USD[59]. The main products Peru exported to China were copper ore, animal meal and pellets, and refined copper. Between 1995 and 2019, Peru's exports to China have grown at an annual rate of 16.3%. Meanwhile, the imports from China amounted to 10.31 billion USD. The main products that China exported to Peru are radio sets, computers and soft toys.[60]

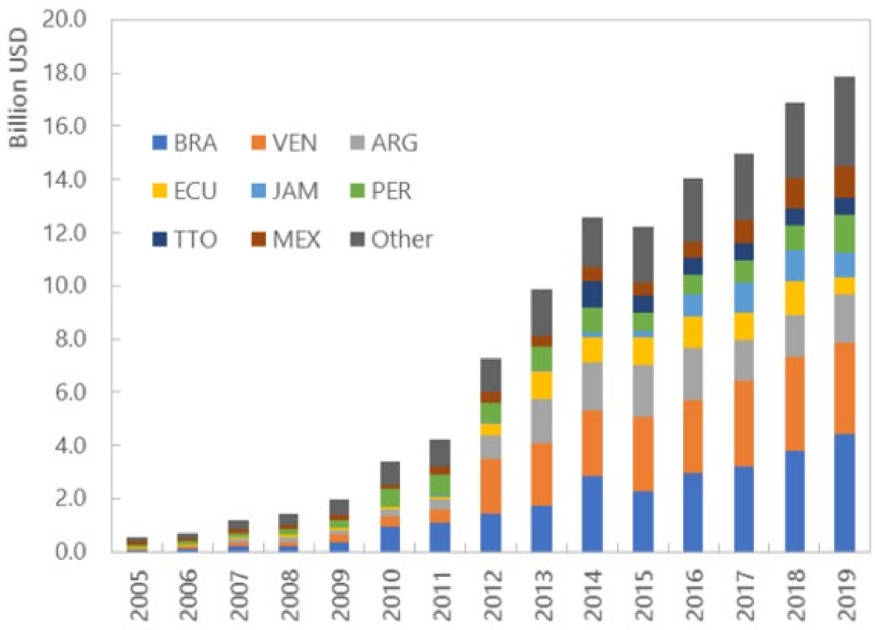
[51] Imports and exports of Mexico with China from 2015 to 2020 (Statista, 2021).
[52] Mexico-China: Bilateral Trade by Products (OECD, 2021).
[53] Mexico's Trade Relationship with China in the Context of the United States–China Trade war (Maya, 2021).
[54] China-Chile trade to reach record high in 2021 despite global headwinds: envoy (Yeping, 2021).
[55] Imports and exports of Chile with China from 2015 to 2020 (Statista, 2021).
[56] Chile-China: Bilateral Trade by Products (OECD, 2021).
[57] China-Chile trade to reach record high in 2021 despite global headwinds: envoy (Yeping, 2021).
[58] Joint Feasibility Study on a China-Switzerland Free Trade Agreement (SECO, 2010).
[59] Imports and exports of Peru with China from 2015 to 2020 (Statista, 2021).
[60] Peru-China: Bilateral Trade by Products (OECD, 2021).

2.1.2 Chinese Investments in Latin America (including mining sector, commodities, infrastructure)

China's financial power, as the country with the largest Foreign Direct Investment (FDI) outflows in 2020, has become so influential that the fate of the global economy is closely linked to the prosperity of the Chinese economy and related investments[61]. This success is among other things driven by China's ability to foster the economies of developing regions, including those of Latin America. China and Latin American countries have established particularly strong investment ties, with China now the largest foreign direct investor in Latin America. Changes in the international environment, in particular concerning a more reluctant US trade policy, have further converged economic relations between Latin America and China. According to the Chinese Ministry of Commerce, Chinese direct investment in Latin America has already surpassed US investment in the region by 200 billion USD, making Latin America the second largest destination for Chinese foreign investment overseas.[62]

Chinese investment in Latin America followed suit after both countries significantly intensified their economic ties in the 2000s. The share of Chinese investment in Latin America and the Caribbean in total Chinese outward investment has risen from 12% in 2014 to a peak of 21.4% in 2017, after remaining largely stable in the early 2000s. Since the mid-2010s, China's outward investment has been primarily concentrated in sectors where China has a comparative advantage in global markets, a trend similar to other major countries with FDI outflows[61]. Once heavily focused on fossil fuels, metals, agriculture and other natural resources, Chinese investment in Latin America has increasingly shifted to manufacturing and services sectors such as transport, electricity, financial services and information and communication technology. In particular, the power generation and distribution sector has become a major target of Chinese investment, with more than a dozen acquisitions across Latin America with an average volume of over one billion USD.[63]

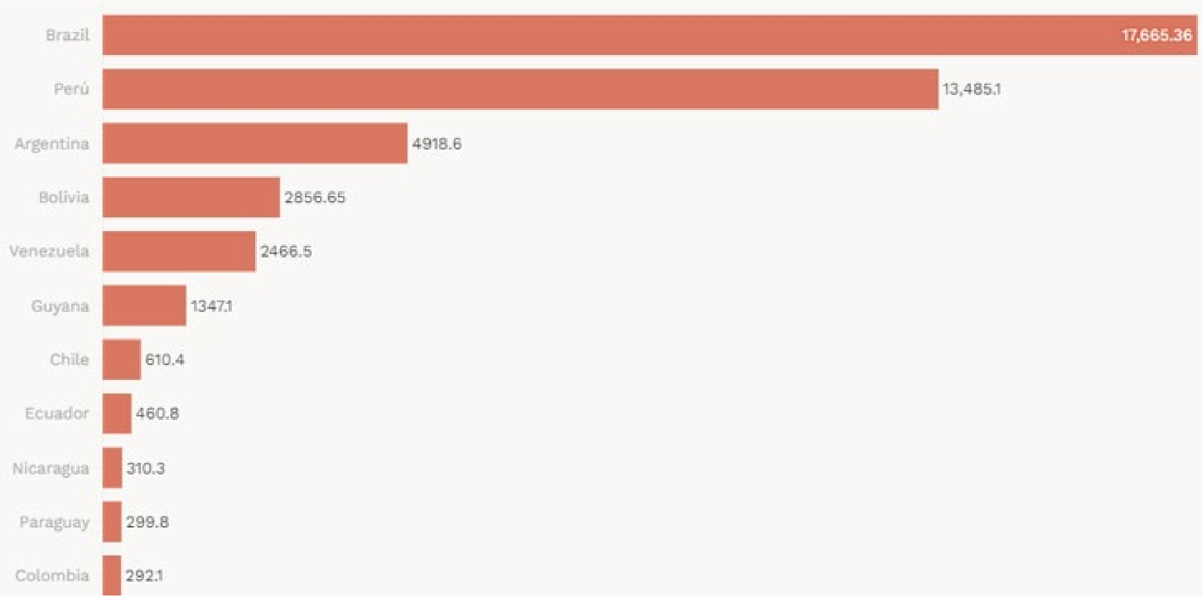
Figure 7: **Chinese FDI stock in LAC by destination country (excl. OFCs)**



Source: Chinese Ministry of Commerce

[61] Leading countries worldwide in 2019 and 2020, by Foreign Direct Investment (FDI) outflows (Statista, 2021).
[62] After the super boom – China in the LAC region (Teixeira, 2020).
[63] Chinese Investment in Latin America: Sectoral Complementarity and the Impact of China's Rebalancing (IMF, 2021).

Figure 8: **Chinese Investment in Latin America, 2003-2020**



Building on a large number of agreements in energy, infrastructure, transport and other strategic sectors in the region, so far 19 countries in Latin America and the Caribbean have joined China's Belt and Road Initiative, a global infrastructure development strategy adopted by the Chinese government in 2013 to invest in nearly 70 countries and international organizations[64]. China's investment in Latin America and the Caribbean from 2005 to mid-2021 amounted to 133 billion USD, with 61 billion USD for Brazil and 25 billion USD for Peru. Energy projects accounted for 60% of the investment, and mining operations for 25%. The database also shows that China's construction projects in Latin America and the Caribbean were worth 63 billion USD from 2005 to mid-2021, with energy projects accounting for 51% and transport projects 28%. In 2019 alone, Chinese companies invested 12.8 billion USD in Latin America, a 16.5% increase compared to 2018 investment figures. However, according to the American Enterprise Institute's China Global Investment Tracker, Chinese investment in the region fell dramatically to 4.8 billion USD in 2020, with the largest investments in Argentina, Brazil, Chile, Colombia, Guyana and Peru.[65]

In recent years, the trend has been for countries with historically high relative shares of Chinese FDI in Latin America, such as Brazil and Argentina, to see a decline in their intake, while others such as Chile and Peru have seen an increase. During the 2000-2018 period, Chinese FDI in Latin America was mainly concentrated in three sectors: Commodities (60.0%), Manufacturing (8.6%), and Services and Domestic Market (30.8%). However, the sector diversification of Chinese FDI in Latin America has been one of the most remarkable developments in recent years. While commodities accounted by far for the largest share of FDI and employment created between 2000 and 2010, China's presence has since become more diverse. In 2018, commodities accounted for only 53.39% of China's FDI in Latin America and 35.99% of employment, respectively. In recent years, Chinese FDI has been concentrated in the manufacturing and especially the services sectors, which accounted for 36.21% and 34.88% of FDI and employment, respectively, during 2010-2018. In addition, one of the most striking features of Chinese FDI in Latin America is the very high share of the public sector. In the period from 2000 to 2018, it accounted for 70.2% of FDI in Latin

[64] Belt and Road Initiative (World Bank, 2018).
[65] The dragon descends southwards: Chinese foreign policy in Latin America warrants a US response (Georgetown Security Studies Review, 2021).

America and 49.1% of employment. This trend is changing rapidly. In 2018, for example, the share of public enterprises in Chinese FDI was only 6.3%. Nevertheless, the Chinese state is still frequently involved in umbrella negotiations. This means that companies not only seek profits, but also try to align themselves with the priorities set by the Chinese government, such as those set out in the five-year plans, white papers and other planning and policy instruments, especially with regard to energy security.[66] Public sector transactions are much more capital intensive in terms of employment and employment per transaction. For the 2000-2018 period, for example, the ratio of the amount per transaction was 538 million USD and only 149 million USD for private companies. In general, China's financial engagement in Latin America has diversified significantly in recent years. Looking at the debates examined, China's FDI has moved well beyond commodities or resource extraction and is increasingly focused on manufacturing and services in Latin America. This diversification is reflected in the number of additional Latin American countries receiving Chinese FDI and the increase in the number of Chinese private companies operating in the region.[67]

Argentina

Once based on a complementary pattern of trading natural resources for manufactured goods, the relationship now goes well beyond trade as China has begun to turn its attention to Argentine markets and infrastructure. Argentina's current macroeconomic situation (low asset prices, long-term recession) offers favorable conditions for Chinese companies to invest at favorable prices and strengthen their position in the natural resource value chain. In terms of sectors, most Chinese investments in Argentina follow the blueprint of commodity exploration, with some atypical investments in manufacturing and service companies falling out of line. Investments are mainly found in oil and gas, mining, agribusiness, beef, railroads, and fisheries.[68]

According to the Central Bank of Argentina, the stock of Chinese direct investments in Argentina amounted to 13 million USD in 2004. In 2015, they had risen to 674 million USD, making China the country's 18th largest investor by stock. Not only is China the 18th largest investor, but its investment in Argentina has grown significantly since 2003, peaking in 2010. However, during the same period, US FDI increased by 9.8 billion USD and Brazilian FDI increased by 3.5 billion USD, while Chinese FDI increased by only 661 million USD. [69] In 2020, the total stock of FDI from China in Argentina was around 2 billion USD[70].

Chinese companies have become very active in infrastructure projects. Beijing has encouraged the internationalization of national enterprises through these projects, and Argentina, seeking new sources of financing, has welcomed them. China's global influence in finance is also increasing, benefiting Argentina through preferential loans and swap agreements. In addition, the current wave of mergers in the mining sector is transforming the industry globally, and thereby allowing China to benefit from Argentina's lithium boom. Recent investment inflows are also affecting the agricultural sector, as food security remains a key priority for China's officials. Chinese investment in the fisheries sector in particular has gone largely unnoticed, but is gaining momentum in local ports.[68]

[66] Skirting or Courting Controversy? Chinese FDI in Latin American Extractive Industries (Abdenur, 2017).
[67] China's OFDI in Latin America and The Caribbean (Peters, 2019).
[68] China's Foreign Direct Investment in Argentina (Stanley, 2019).
[69] Chinese Foreign Direct Investment and Argentina: Unraveling the Path (Luque, 2019).
[70] Total stock of foreign direct investments from China to Argentina between 2010 and 2020 (Statista, 2021).

Venezuela

In the last decade, China has been, along with Russia, the main economic promoter of "Chavismo", a strand of economic nationalism named after the former Venezuelan president Hugo Chávez. China's loans became an attractive option for many Latin American governments, especially those like Venezuela and Ecuador that did not have access to the World Bank or the International Monetary Fund, which required economic reforms as a condition for loans. As commodity prices, especially for oil, increased over the years, China started to look for reliable suppliers and became Venezuela's largest bilateral lender and second largest export market. In 2006, the first loans were granted for investments in construction, housing or energy projects.**Fehler! Textmarke nicht definiert.**

However, since President Maduro succeeded Hugo Chávez in 2013, China has cut its financial ties with Venezuela. Given the long-standing concerns about Venezuela's economic fundamentals, China has steadily reduced its financial ties with Venezuela over the past few years. China's policy banks secured their lending with oil deals, betting that the country's oil production capacity would be a sufficient guarantee to repay the debt. Between 2014 and 2015, during Maduro's first presidency, the price of oil fell dramatically. Hence, Venezuela had problems paying its debts and had to double its oil exports to China. At the same time, national production fell sharply, affecting Venezuela's ability to service its debt, which China renegotiated several times. At the peak of Chinese investment in Venezuela, the country accounted for an average of 64% of new credit lines approved by China for Latin America between 2010 and 2013. In contrast, between 2014 and 2017, Venezuela accounted for only 18% of China's total new credit lines in the region.

Ecuador

Until the mid-2000s, relations between China and Ecuador were tenuous, consisting only of some diplomatic and economic cooperation agreements. After the election of President Correa in November 2006, his government proclaimed that relations with China were of strategic importance and pushed relations to their peak. Ecuador turned to China to finance and build large public projects. The boom in commodity prices and a surge in public spending then laid the foundation for an expansion and deepening of financial relations with China. Moreover, President Correa broke off relations with the World Bank shortly after taking office and repaid the country's foreign debt a year later, losing access to traditional financial markets. In doing so, he further increased the importance of Chinese investment for Ecuador. Since then, China has become Ecuador's primary financial partner and numerous Chinese companies have come to the country to implement a wide range of projects in areas such as energy, mining, oilrigs, telecommunications and the construction of roads, hospitals, schools, security facilities and technical systems. Significantly, the majority of Chinese hydropower projects in Latin America are located in Ecuador, which is remarkable given Ecuador's relatively small size.[71]

In 2019, China was Ecuador's second largest trading partner, the country's main source of bilateral financing and the main contractor for public infrastructure projects. According to the Ecuadorian Central Bank, Chinese direct investment in Ecuador increased dramatically from 11.9 million USD to 113.8 million USD between 2006 and 2015. From 2017 onwards, FDI decreased significantly due to falling oil prices and the completion of several infrastructure projects. As a result, FDI reached only 28 million USD in 2019. Despite this recent downturn, China went from being an almost non-existent investor to one of the top ten source countries

[71] Ecuador: Current Economic Relations (The People's Map, 2021).

of FDI in Ecuador, even ranking second between 2011 and 2014, before falling to eighth and tenth place in 2018 and 2019 respectively.[71] Today, Ecuador owes China more than 5 billion USD, most of which is to be paid in the next three years, prompting new President Guillermo Lasso to declare that he will submit new proposals for paying the debt to his counterpart in Beijing[72].

Colombia

For many years, Colombia was the Latin American country with the least Chinese investment and has benefited only marginally from China's explosive economic growth since the 1990s. Contributing to this situation was Washington, which spent heavily on its key ally in the region and maintained Colombia as a hub for regional business. Thus, Colombia got caught early in the US-China power struggle. Even today, the minimal presence of Asian companies in Colombia is striking, in comparison to both, the number of investors from other parts of the world and in contrast to the Pacific Alliance partners Chile, Mexico, and Peru. That said Colombia has benefited indirectly from the rise in commodity prices in the first decade of the 21st century, driven primarily by global demand from China.[73]

China's interest in Colombia as an investment location remains modest by regional standards, particularly compared to its neighbors Venezuela and Ecuador. However, it has been steadily increasing since 2016. This can be partly explained by the overall improvement in the security situation and the historic signing of the peace agreement in the same year. In Colombia, China has followed the pattern seen in other countries in the region by investing most heavily in the extractive sector. Since 2016, there has also been a growing number of Chinese companies entering into cooperation agreements and joint ventures with Colombian companies, and participating with increasing frequency and occasional success in public tenders. This trend resonates with the coordinated efforts by China under President Xi Jinping to promote trade, investment, and infrastructure development. In 2018, there were about 70 Chinese companies operating in Colombia. The cumulative investment of Chinese origin in Colombia was estimated at just over 3 billion USD.

In 2019, Chinese companies signed a wide range of contracts for infrastructure development, 5G network infrastructure, and oil and gas opportunities. According to the American Enterprise Institute's China Investment Tracker, this represented a higher total investment than in the previous 15 years. However, the largest investment from China to date came in 2020 at 64 million USD, accounting for less than 1% of total net foreign direct investment. Chinese companies have also made investment commitments of more than 6 billion USD, including the construction of Bogotá's first metro line, the country's largest civil engineering project for the next few years, and the construction of a streetcar line in the Bogotá metropolitan region. Investments are also being made in the mining and energy sectors, with high prospects for further investments in the coming years. All these recent efforts are a clear sign that China intends to further expand its presence in Colombia in the near future.[74]

[72] Ecuador's Lasso to visit China in February for debt negotiations (Valencia, 2022).
[73] China's Foreign Direct Investment in Colombia (Creutzfeld, 2019).
[74] Colombia, Washington's "Closest Ally," Looks to Beijing (Mejía, 2021).

2.2 China’s impact on Latin America

In the last decade, China has largely abandoned Deng Xiaoping's low-key approach to foreign policy and pursued a much more active and assertive global diplomacy, prompting both positive and negative reactions. Meanwhile, considerable debate has emerged over the extent to which an increasingly assertive overseas economic posture by China could be problematic for host countries and host regions. In particular, China's economic relations with Latin America have attracted considerable attention, not least as another staging ground for US-China standoff. However, China's economic ties with Latin America, as well as its growing diplomatic, political, and security ties, have provoked a strong reaction not only from the United States but also from Latin American communities and governments themselves. China's increasing presence in the region has led it to face a variety of challenges, whether it be local populations concerned about China's influence in certain industries, the government seeking debt assistance, or various communities concerned about the negative impact of Chinese projects on the environment, to name a few[75]. The following section address the public discourse on the concerns and opportunities created by China's engagement in the region.

One of the most frequently discussed points of contention is China's increasing strategic influence in the region, which can be seen in many different areas. Large-scale foreign direct investment from China is an instrument of influence, as the accumulation of assets gives Chinese companies the ability to influence local and domestic prices in key sectors such as minerals and energy[76]. China's ongoing involvement in Venezuela has been severely criticized, especially in such countries as Colombia, which have been heavily affected by Venezuelan migration. The public have also been concerned about China's growing dominance in power generation and transmission in Peru and Brazil, as well as in other strategic sectors in the region[77].

The expansion of the *Belt and Road Initiative* to include Latin America was a much-discussed decision, with a lot of negative press in the region. In his keynote speech at the Second International Forum on the Belt and Road Initiative in 2019, Xi Jinping himself addressed a number of emerging concerns about the Initiative, including sustainability, environmental issues, accountability, anti-corruption, and market access[75]. Some opponents in the region have viewed the Belt and Road Initiative as simply a rebranding of existing programs and projects in Latin America, and have expressed concern that the Initiative may exacerbate, rather than reduce, the countries' existing political and economic problems, including challenges such as deindustrialization and persistent trade imbalances[78]. Others argue that Chinese officials and the Chinese business community still lack sufficient knowledge of Latin American society and culture to properly implement and coordinate the initiative in Latin America for the benefit of all[79].

The growth of Chinese technology trade and investment in the region is also a major point of concern. It's no longer just about trade and investment in infrastructure, but also science, technology, Big Data and, most importantly, the use of Chinese tech in so-called fifth generation (5G) telecommunication networks, which is a major point of contention in the competition between China and the US. Latin America, and Brazil in particular, have a 5G battleground lately. With a population of around 210 million, Brazil is considered one of the most important markets

[75] Overstretching or Overreaction? China’s Rise in Latin America and the US Response (Pu & Myers, 2021).
[76] China’s influence in Latin America and the Caribbean (USCC, 2021).
[77] China in Brazil’s electricity sector: trends and opportunities (Henrique Batista Barbosa, 2021).
[78] Deconstructing the Belt and Road Initiative in Latin America (Moreno, 2021).
[79] China engages Latin America – Tracing the Trajectory (Hearn & León-Manríquez, 2011).

for the future of 5G in the developing world, along with India and Indonesia[80]. This has led to effective pressure on Latin American governments to refrain from adopting this technology from Chinese companies[81] due to concerns about network security and integrity.[82]

With the expansion of diplomatic networks and the deepening of economic ties, there is also growing apprehension across the political spectrum about the extent of China's political and diplomatic influence in the region. In fact, some have argued that China's perceived relative importance as a trade and financial partner has the potential to influence decision-making at the government level with respect to China. Some groups have also suggested that China's growing economic influence in the region has been used to ensure that Chinese companies receive highly sought-after contracts[83]. China's investment in some of the region's key economic sectors has already led some governments in Latin America to change investment-related regulations to encourage continued Chinese involvement[84]. Moreover, China's penchant for opaque contracting has been criticized not only by the United States but also by Latin American nongovernmental organizations and spectators, who have expressed concerns about an uneven playing field for non-Chinese companies[85].[86]

One of the pivotal aspects of understanding the expansion of Chinese influence in Latin America is the Cross-Strait dispute[87]. Beijing's increasingly pronounced stance against Taiwan in the region has sparked a fierce reaction from various observers in recent years. In 2017, after an eight-year diplomatic truce between mainland China and Taiwan, Beijing was able to convince Panama, the Dominican Republic, and El Salvador to sever their diplomatic ties with Taipei. Latin America and the Caribbean remain a relative diplomatic stronghold for Taiwan, with nine out of fifteen countries worldwide recognizing Taiwan as a sovereign country[86]. However, it is becoming increasingly difficult for countries such as Honduras to adhere to this principle, as internal pressure to enrich themselves through trade with China is also growing[88].

Perhaps the most widespread concern among economists is the structure of bilateral trade, as many Latin American countries are selling raw materials to China to a large extent and buying manufactured goods in return. China's demand for raw materials and the trade and investment it implies has spurred economic growth in the region, but it has also contributed to its trading partners' over-reliance on natural resource extraction at the expense of higher value-added activities. Many countries, particularly from South America, may compromise on their own environmental, social, and governance regulations to attract foreign, including Chinese investment. Because of weak institutions in the region, China's growing influence may also foster mismanagement and increase risks to resource security and countries' national interests[89]. Moreover, the industries in question are known to create few jobs and have little value to local economies – even damage them in the longer term. However, it has been argued that the low share of manufactured goods in Latin American exports to China is primarily a consequence of the long-standing production structure and competitiveness problems in the region[90]. In this context, the prevailing view among professionals is that in some cases, given market conditions, a certain degree

[80] Brazilian 5G: The Next Battleground in the U.S.-China Standoff (Stuenkel, 2020).
[81] Is China a threat or an opportunity for Latin America? (Ayala, 2021).
[82] Is China a threat or an opportunity for Latin America? (Ayala, 2021).
[83] China in Latin America: Repercussions for Spain (Esteban, 2015).
[84] Building Development Partnership: Engagement Between China and Latin America (Niu, 2019).
[85] Unclean Hands: Corruption Plagues Ecuador's Oil Deals with China (Eye on the Amazon, 2016).
[86] Overstretching or Overreaction? China's Rise in Latin America and the US Response (Pu & Myers, 2021).
[87] China's Policy Paper on Latin America and the Caribbean: Ten Years After (Aguilera-Castillo, 2018).
[88] Honduras becomes new front in US-China struggle over Taiwan (Hille & Murray, 2021).
[89] China's influence in Latin America and the Caribbean (USCC, 2021).
[90] China-LAC Trade: Four Scenarios in 2035 (Prazeres, Bohl and Zhang).

of concentration is inevitable. China accounted for nearly 70% of global iron ore imports in 2019 and nearly 60% of soybean and copper imports[91]. Even if, for political reasons, economies such as Brazil, Argentina, Paraguay, Chile, and Peru wanted to reduce their dependence on China, it would be difficult to find alternative markets for their commodities at present. Of course, this does not preclude the importance for these countries to develop new markets or strategies to diversify exports in the future, particularly by adding value to their export base.[92]

China's presence in Latin America has not only been perceived negatively. The region has a surplus of raw materials that promotes synergies with China's needs and strategy to secure food and energy imports to avoid shortages[93]. Trade between China and Latin America and the Caribbean surged after the 2008 global financial crisis and has continued to grow since. China's offerings in Latin America and the Caribbean have also expanded rapidly from predominantly low-skill manufacturers to a growing range of high-tech products and services, including high-speed trains, 5G telecommunications infrastructure, and ultra-high voltage power transmission lines, among many other cutting-edge products. Chinese investment in renewable energy sources in the region is also relatively high. In addition, the ongoing pandemic has further improved China-Latin America relations. The COVID-19 pandemic has affected the China-Latin America relationship in important ways. In Latin America, China has launched a strategy, often referred to as vaccine diplomacy, aimed at facilitating access to vaccines from Sinovac Biotech Ltd. It is an important part of the pandemic response[94]. Despite some controversy over the quality and cost of the equipment supplied, China's extensive medical assistance to the region during the pandemic has done much to ensure that China is generally viewed favorably in the region[95].

It is apparent that China is investing heavily in improving relations with Latin American countries. The payoff has been that regional perceptions of China in Latin America have improved in recent years, even though China is increasingly viewed negatively in other parts of the world, especially in the USA[96]. Moreover, where concerns may be shared, the benefits of potential investments appear to outweigh the costs. Regarding international views on Huawei and 5G, many countries have different threat perceptions about China, often shaped by their own strategic interests. As a result, different countries come to different conclusions about the risks, benefits, and acceptable tradeoffs of doing business with China[97].

2.3 What does China's growing influence in Latin America mean for Swiss companies?

Latin America remains an attractive market for many Swiss companies, offering interesting business opportunities for both Swiss SMEs and multinationals. With Brazil and Mexico, two Latin American countries are among the 20 largest economic powers in the world[98]. The question naturally arises as to what China's stronger focus on Latin America means for Swiss companies that are already active in the region, export to the region or plan to enter the market in the future.

China has contributed to infrastructure improvements in Latin America primarily through its investments. Over the past decade, China has even invested more in the region's domestic

[91] Column: China’s commodity imports present increasingly mixed picture (Russels, 2021).
[92] Evaluating Latin America’s Commodity Dependence on China (BBVA, 2013).
[93] The Visible Hand of China in Latin America (OECD Development Centre, 2007).
[94] ‘Vaccine Diplomacy’ in Latin America (Voss, Zhou and Shuldiner, 2021).
[95] Latin America and China in Times of COVID-19 (Sanborn, 2020).
[96] Overstretching or Overreaction? China’s Rise in Latin America and the US Response (Pu & Myers, 2021).
[97] Rivalry with China is only one reason why U.S. policy on digital risks is falling short (Grotto, 2020).
[98] The top 20 largest economies in the world by GDP (Research FDI, 2021).

infrastructure than any other economy. This has enabled engineering and construction companies to intensively expand their technological and logistical capacities[99]. This is certainly a positive development for Swiss companies operating locally, as they can also benefit from the improved infrastructure.

There is also the question of whether Swiss exports will be able to keep pace with Chinese exports to the region, or whether Swiss exports will suffer as a result of improved economic relations with China. One clue to answering this question is the degree of substitutability between Chinese and European products when prices fluctuate. If the elasticity is greater than one, this means that a decline in the relative price of Chinese goods compared to European goods will trigger an even larger response in relative demand adjustment. In other words, China may benefit from a decrease in its relative export prices in the form of higher export revenues in Latin America. The results presented by García, Marbach, and Xu[100] show that Europe's high value-added sectors, such as electrical machinery, office machinery, and road vehicles, face the fiercest competition from Chinese exports. Moreover, competition between China and Europe in Latin America has increased over time. Prior to 2007, China and European countries competed less with each other, partly because China mainly exported low-value products, while Europe targeted a higher-value market. However, with China's gradual rise in the value chain, the country has also started to produce more high-value products, resulting in higher substitution elasticity compared to Europe. In fact, competition between China and European economies, including Switzerland, has become fiercer for a specific group of high-value products. However, they also found that China has a particular comparative advantage in office machinery, telecommunications equipment and some labor-intensive products such as textile yarn and garments, while Europe has a leading position in medical and pharmaceutical products, power generation machinery and petroleum and chemical products.[100]

By far the largest share of Swiss exports to Latin America include products of the chemical-pharmaceutical industry, which made up 68% of all Swiss exports to Latin America and the Caribbean in 2020. Machinery and electronics came in second place with 12% of all exports[101]. Thus, most of the Swiss exports to Latin America are not strongly affected by the competition with China, but companies exporting labor-intensive products, such as machinery, may find it increasingly difficult to compete with Chinese products on the Latin American market.

[99] China’s role in Latin America is much more than a trade issue (Coface, 2016).
[100] Europe and Chinese Trade Competition in Third Markets: The Case of Latin America (García, Marbach and Xu, 2018).
[101] Swiss Customs Administration.

3. Bilateral Economic Relations

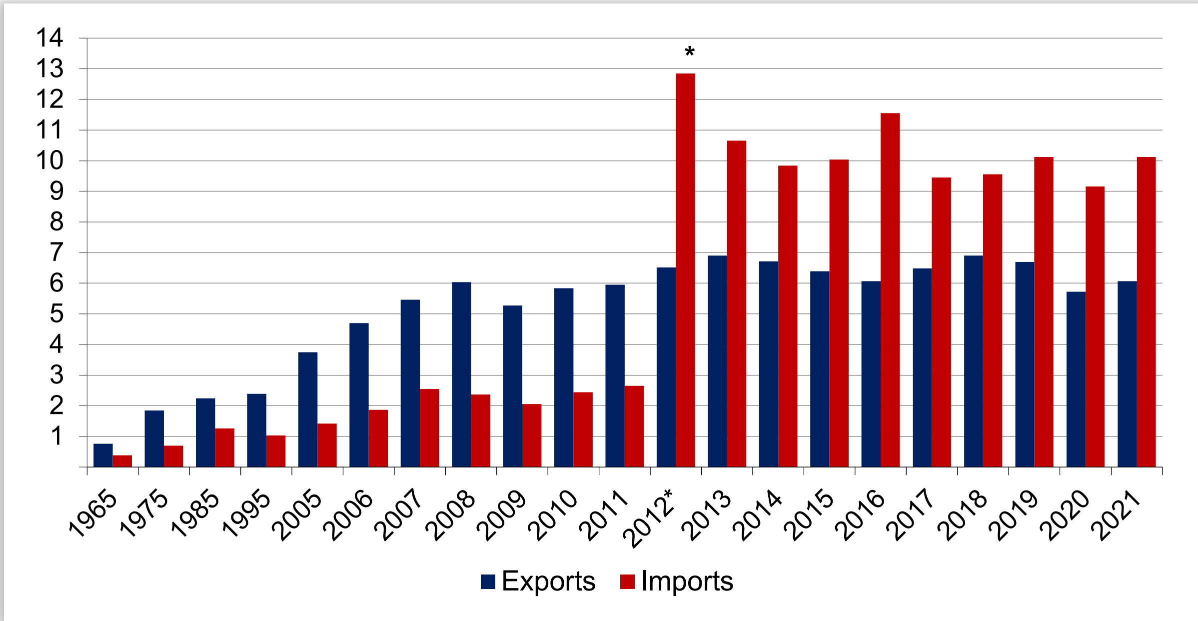
3.1 Trade[102]

In 2021 the world economy recovered despite of the ongoing COVID-19-pandemic, and so did Switzerland's bilateral trade with Latin America and the Caribbean (LAC): it rose by 8.4% in 2021 (*gold excluded: 7.7%*). Trade with South America increased by 7.9% *(+6.7%)*, while trade with Central America did so by 21.4% *(+8.7%)*. Only trade with the Caribbean decreased, by -19.5%, but this number is entirely driven by less gold imports from the Dominican Republic – without gold trade increased by +22.4%. Trade with LAC constitutes 2.5% *(1.8%)* of total Swiss trade, the biggest part of which (1.8%) is accounted for by trade with South America *(1.2%)*. Trade notably increased with Nicaragua (+58.2%), Ecuador (+43.3%), Bolivia (+37.7%), Guatemala (+31.3%), Mexico (+25.0%), Peru (20.7%), Colombia (20.0%) and Venezuela (18.9%), while it notably decreased with Guyana (-86.1%), the Dom. Rep. (-23.5%), Panama (-19.7%) and Trinidad & Tobago (-19.5%).

Total Swiss external trade rose by 12.1% in 2021 *(without gold: +12.9%)*. Bilateral trade with the European Union, Switzerland's most important trading partner, increased by 12.6% *(+15.8%)*. Trade also rose with Asia (+19.0%, *+8.6%*) and Africa (+5.9%, *+8.1%*). On the other hand, commerce with North America (-7.9%, *+14.8%*), Oceania (-5.3%, *+2.1%)* and the Middle East (-1.2%, *-6%*), fell.

Traditionally, Switzerland registers a large trade deficit with LAC, which is mainly owed to gold imports. These account for 74% of total imports from the region (see also Table A.8., p. 58 and Figure A.5., p. 57 for individual countries' share)

Figure 9. Switzerland - Latin America and the Caribbean: Trade in Goods 1965 - 2021 (in CHF billion)



Source: Swiss Federal Customs Administration (FCA), Bern.
* Following a Federal Council decision, the FCA now includes gold, silver and coins in the trade statistics, which have been backdated to 2012

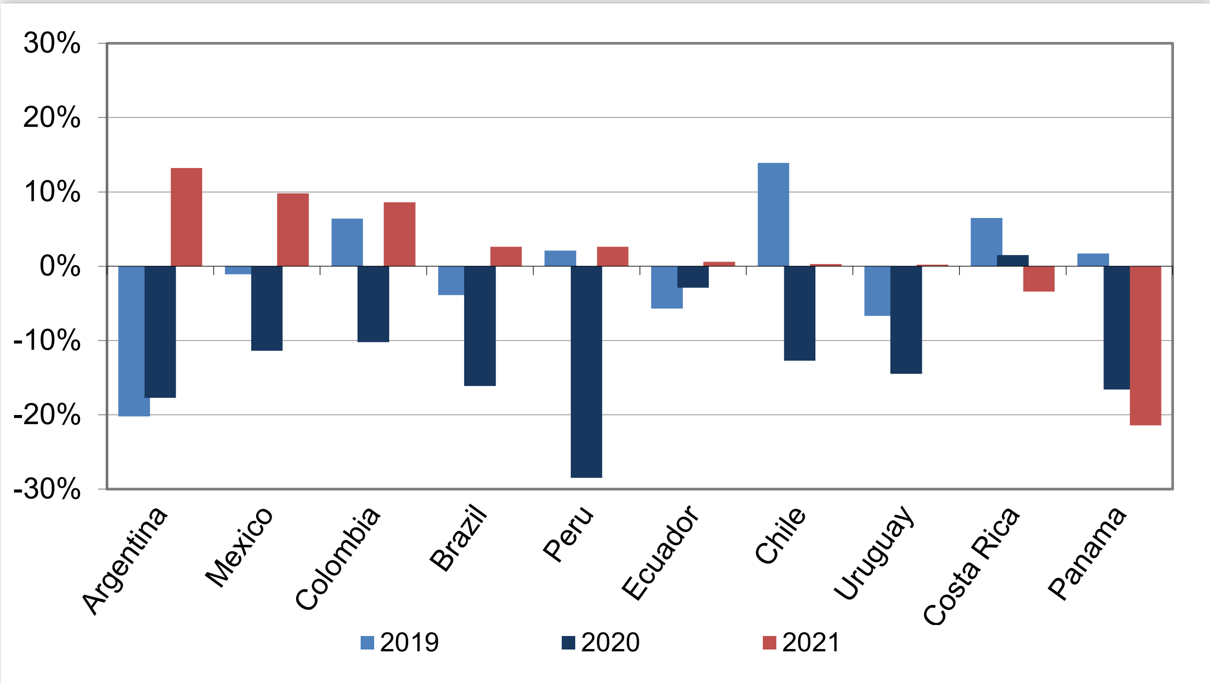
[102] The Federal Customs Administration compiles two types of trade statistics: Business Cycle and General Total, the latter including precious metals (incl. gold), precious stones and gems, works of art and antiques. In Latin America, gold imports account for most of the difference between Business Cycle and General Total. Figures 6-8 and relevant data in chapter 3.1 use the General Total. Numbers in brackets indicate Business Cycle data.

In absolute numbers, **Swiss exports** to Latin America amounted to CHF 6.06 billion (*without gold: CHF 6.04 billion*) in 2021 and thereby constituted 1.7 % of total Swiss exports in 2021. Swiss exports to LAC increased by 6.0% (*without gold: +5.7%*) in 2021, after having dropped by 14.5% in 2020 and by 3.4% in 2019. This rise was mainly driven by increasing exports to South America (+5.0% – 68% share of Swiss exports to LAC) and supported by gains to the Caribbean (+59.5% – 2% share) and to Central America (+5.9% – 30% share).

In comparison, exports to Asia (+52.3%, *without gold: +9.0%*, 2020: -19.2%), the Middle East (+25.1%, *without gold: +4.9%*, 2020: -13.6%), the EU (+19.0%, *without gold: +19.7%*, 2020: -3.7%), Oceania (+4.0%, *without gold: +2.0%*, 2020: -16.5%) and Africa (+1.5%, *without gold: +2.1%*, 2020: -8.6%) were also marked by a positive development, while exports to North America (-15.5%, *without gold: +17.1%*, 2020: +49.3%) experienced a negative trend.

Brazil, Mexico and Argentina remain the biggest export markets for Swiss goods (69% of Swiss exports to LAC), and exports to all three countries increased in 2021; those to Brazil by 2.6%, those to Argentina by 13.2% and those to Mexico even by 25.0%, changing the negative trend of the previous years. Pharmaceutical products are the most important export goods to all three countries (Argentina: 55.8%; Brazil: 47.6%; Mexico: 33.0%), but, as in 2020, these exports also declined in 2021: to Brazil by 11.4% and to Mexico by 4.3% – only to Argentina they increased by 5.3%. Countries which saw a significant increase in Swiss exports were the Bahamas (+90.1%), Bolivia (+70.8%), Guatemala (+59.9%), the Dominican Republic (+32.7%), Honduras (+32.6%), El Salvador (+30.7%), Jamaica (+26.5%), Venezuela (+21.7%), Paraguay (+20.6%), Argentina (+13.2%), Mexico (+9.8%) and some other Caribbean nations. Significant export decline was registered with Nicaragua (-23.7%), Panama (-21.4%) and Trinidad and Tobago (-20.7%). For absolute figures, shares and variations of Swiss exports see Table A.3. on page 53.

Figure 10. **Switzerland - Latin America: Change in Exports, Main Exp. Partners 2019-2021** (percentage change)



Source: Swiss Federal Customs Administration, Bern

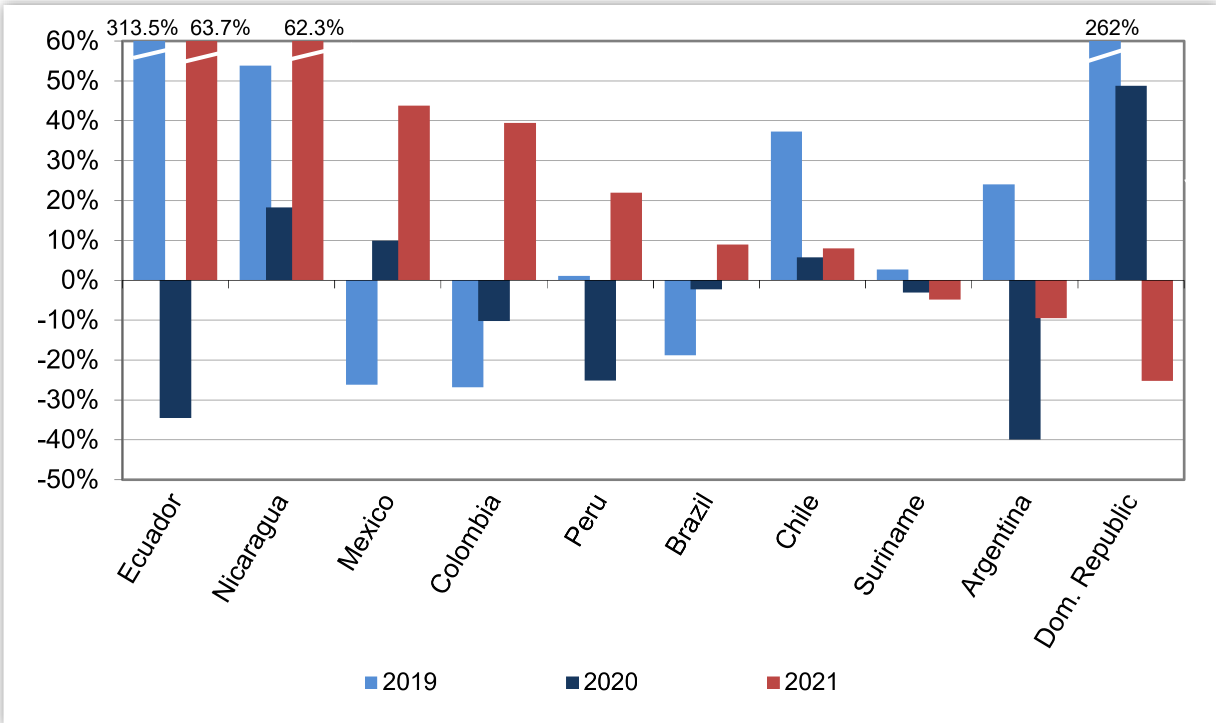
After a fall of 9.5% in 2020, **Swiss imports** from LAC rose in 2021, by 9.8% *(without gold: +13.4%)*, amounting to CHF 10.1 billion (*CHF 2.3 billion*), which corresponds to 3.4% of total Swiss imports. This trend was due to a remarkable increase from South America by 9.6% (72% share of Swiss imports from LAC) and from Central America (40.6% – 19% share). On the other hand, imports from the Caribbean dropped (-24.4% – 9% share), driven by a decline in gold imports from the Dominican Republic by 25%.

The development of imports from other world regions varied: while imports from North America (+17.4%; *without gold: +6.8%*; 2020: +6.6%), Africa (+7.0%, *without gold: +20.4%*; 2020: +10.2%*)*, and the EU (+6.8%; *without gold: +12.3%*; 2020: -7.5%*)* accelerated*,* those from the Middle East (-19.5%; *without gold: -34.1%*; 2020: -30.9%), Oceania (-16.8%; *without gold: +3.0%*; 2020: +25.8%*)* and Asia (-13.9%; *without gold: +8.2%*; 2020: +9.6%*)* declined.

An important share of total Swiss imports from Latin America and the Caribbean consists of gold (2021: 73.8%)[103]. Of the major import partners, only for Costa Rica (0%), Uruguay (14%) and Colombia (44%), gold constitutes less than half of imports. Virtually all imports from Suriname (99.96%) are gold. Its share in total imports is also very important for Guyana (97%), the Dominican Republic (95%), Chile (90%), Peru (90%), Nicaragua (81%), Argentina (76%) and Ecuador (72%); it is less significant for Brazil (57%) and Mexico (52%). Gold imports from Latin American countries reached 559 tons in 2021, 0.2% more with respect to the previous year. The value of gold imports increased however by 15.2%, indicating a considerable increase in gold prices. For further information, see Table A.8., p. 58.

For absolute figures, shares and variations of Swiss imports see Table A.4., p. 54.

Figure 11. **Switzerland - Latin America: Change in Imports, Main Imp. Partners 2019-2021** (percentage change)



Source: Swiss Federal Customs Administration, Bern

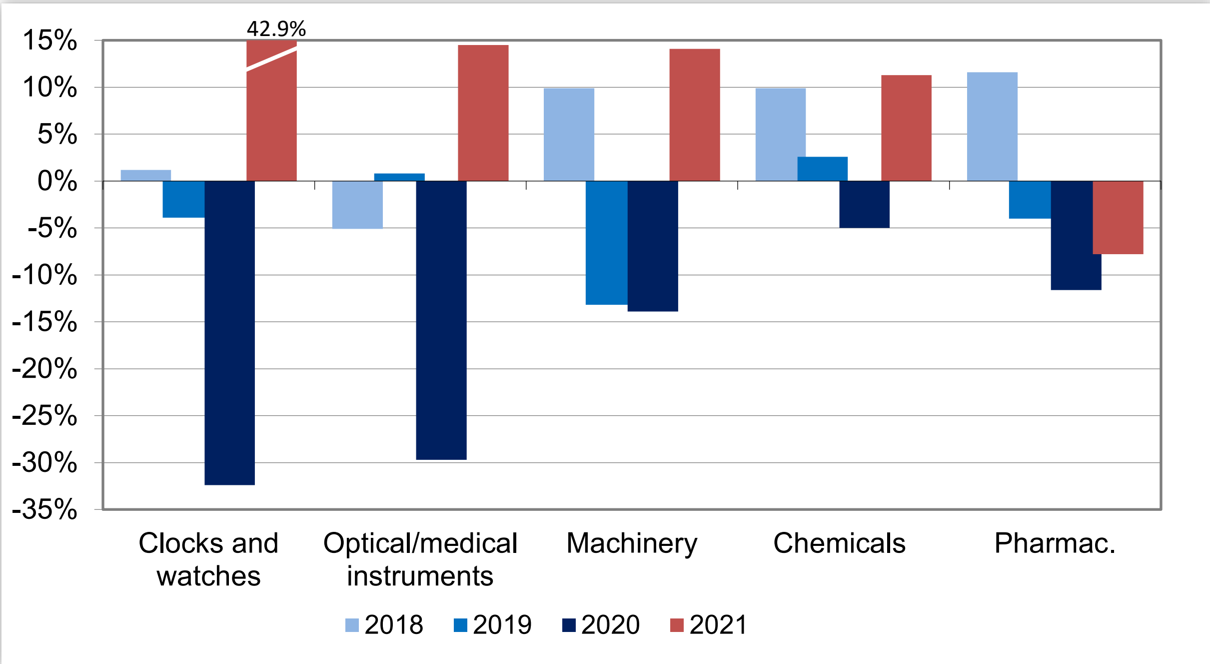
103 Gold is the subchapter 7108 of chapter 71 of the Hamonized System (precious stones, metals and jewellery).

Switzerland's **main export goods** to Latin America in 2021 were pharmaceuticals (47%), chemicals (18%), machinery (12%) also watches and precision instruments (12%). Since 2000, pharmaceutical exports have more than tripled. In 2021, they decreased by 7.7%, after a decline of 12% in 2020 and 4% in 2019. For many of Switzerland's main export partners in the region, the bulk of exports consists of pharmaceuticals, namely Panama (77%), Ecuador (71%), Costa Rica (68%), Uruguay (67%), Colombia (62%), Argentina (56%), Brazil (48%) and Chile (45%).[104]

Chemical exports, ranking second in Swiss exports to the region and having increased by 27% since 2000, experienced a positive trend in 2021 (+11%), after having decreased in the previous years (2020: -5%, 2019: -3%). Brazil is by far the biggest export market, with 55% of chemical exports to the region. Countries were chemical exports constitute an important share of total Swiss exports are Suriname (38%), Brazil (27%), Honduras (25%), Argentina (23%), Paraguay (17%), Colombia (15%), Mexico (14%), El Salvador (13%) and the Dominican Republic (11%).[105]

Machinery exports rank third and currently constitute 12% of exports to the region. They increased by 14% in 2021 and have overall declined since 2000 by 27%, when they still constituted the biggest part of Swiss exports to the region. Their main destination is Mexico, with 35% of exports, followed by Brazil (30%) and Chile (7%). Brazil (+14.4%) and Mexico (+4.3%) saw an increase in 2021, while machinery exports to Chile decreased by 9.6%.[106]

Figure 12. Switzerland - Latin America: Change in Exports, Main Product Groups 2018 – 2021



Source: Swiss Federal Customs Administration, Bern.

[104] According to "nature of goods" (06.2.1 Pharmaceuticals, vitamins, diagnostics). Calculable under https://www.gate.ezv.admin.ch/swissimpex/.
[105] According to "nature of goods" (Chemicals correspond to 06 minus 06.2.1).
[106] According to "nature of goods" (09 - Machines, appliances, electronics).

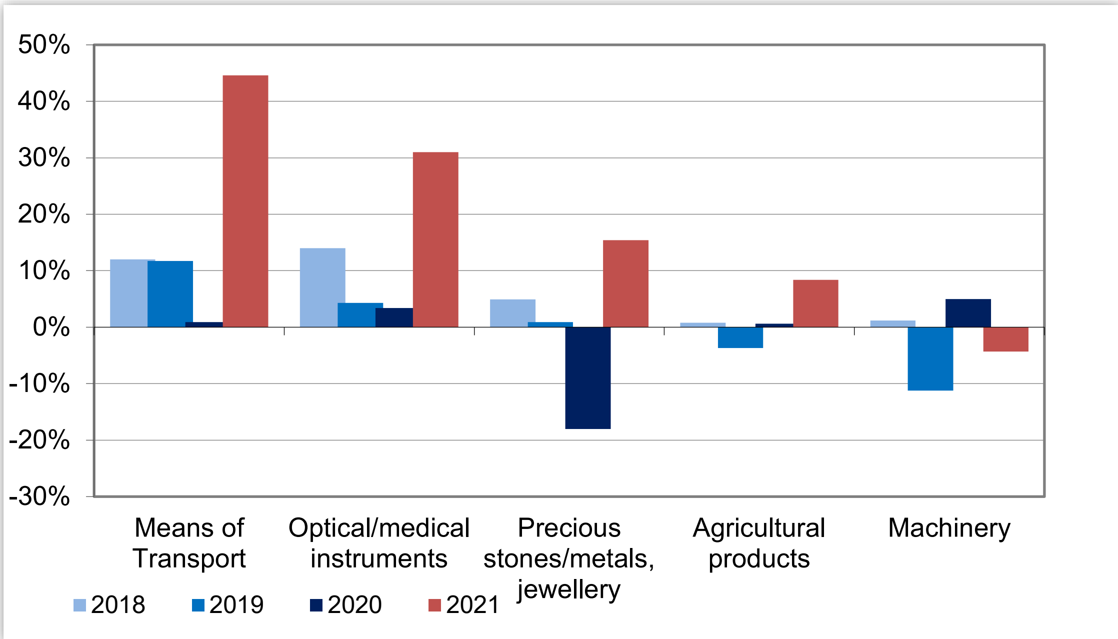
Apart from gold (74%), **major import goods** in 2021 were agricultural products (12%), means of transport (4%), machinery (2%) together with optical and medicinal instruments (2%). Gold imports rose by 15.2% in 2021, after going back by 11.2% in 2020. Main origin countries were Peru (CHF 2.1bn), Suriname (CHF 1bn), Brazil (CHF 898m), the Dominican Republic (CHF 813m), Mexico (CHF 777m), Chile (CHF 768m) and Argentina (CHF 693m).[107]

Imports of agricultural products, ranking second after gold, increased by 8% in 2021. 25% came from Brazil; other main countries of import were Colombia (15%), Peru (8%), Costa Rica (8%), Ecuador (7%), Mexico (5%), Argentina (4%) and Chile (3%).[108] The relative importance of agricultural imports on total imports to Switzerland is especially high for Cuba (98%), Honduras (93%), Paraguay (93%), Bolivia (92%), Venezuela (89%), Guatemala (87%), Costa Rica (83%), Uruguay (82%), Colombia (47%), and several small states of the Caribbean.

Means of transport ranked third in imports and increased by 45% in 2021. They are almost exclusively originating from Mexico (51%) and Brazil (49%) and represent 15% of Mexico's imports to Switzerland.[109]

Imports of machinery decreased by 4%. Mexico accounted for 83% of machinery imports, and experienced a decrease by 6%. No. 2 was Brazil with 10% and with a strong increase by 23%.[110] The last relevant import category, optical and medical instruments, saw an increase of 31%, after already having increased in the previous 4 years.

Figure 13. Switzerland - Latin America: Change in Imports, Main Product Groups 2018 – 2021



Source: Swiss Federal Customs Administration, Bern.

[107] See table A.8. on p. 58 for more details.
[108] According to "nature of goods" (01 - Forestry and agricultural products, fisheries).
[109] According to "nature of goods" (10 - Vehicles).
[110] According to "nature of goods" (09 - Machines, appliances, electronics).

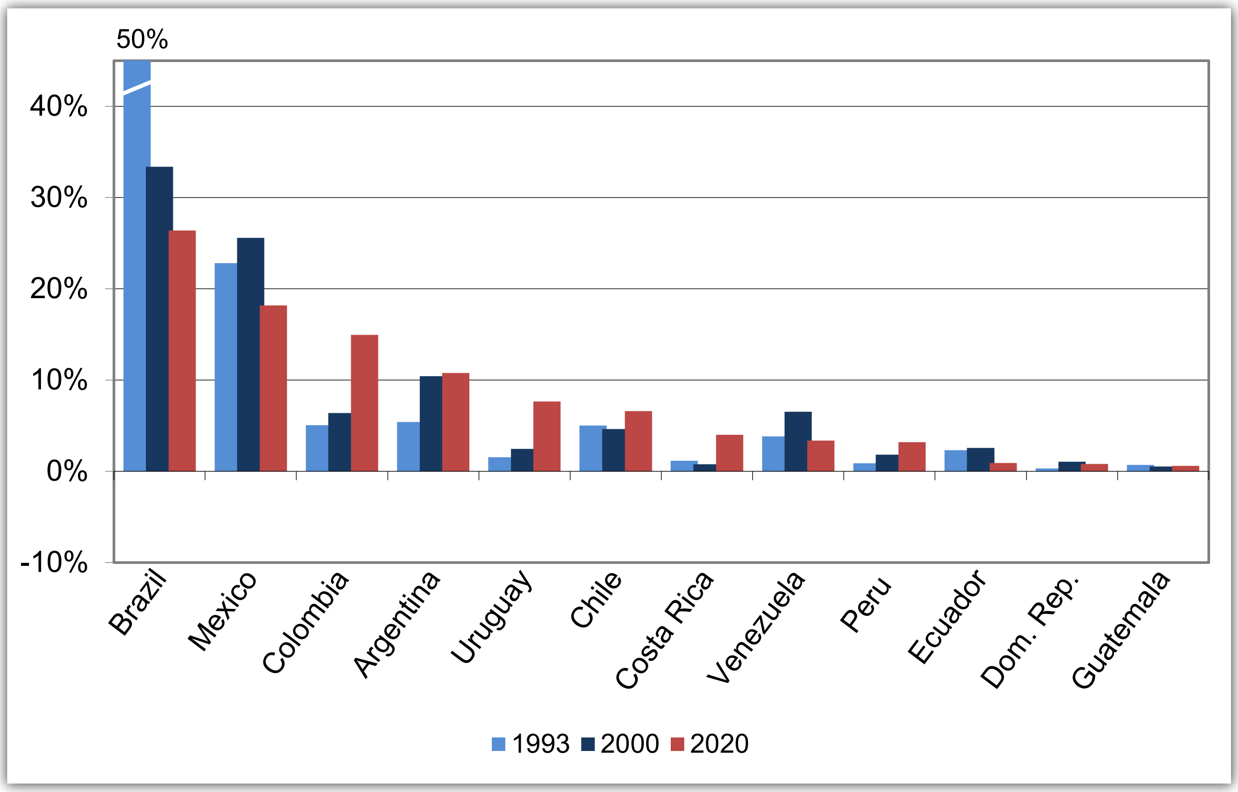
3.2 Swiss Foreign Direct Investment[111]

In 2020, Latin America and the Caribbean accounted for 2.1% of the overall Swiss FDI stock with a total of CHF 30.1 billion. Together with FDI in offshore financial centers (OFC; CHF 113'512 billion), the subcontinent's share constituted 9.9% of the total Swiss FDI stock.

With CHF 8.1 billion (26%), Brazil attracts the biggest share of Swiss FDI (OFCs excluded), followed by Mexico with CHF 5.6 billion (18%) and Colombia with CHF 4.6 billion (15%). Figure 14 shows the main destination countries for Swiss FDI in Latin America and the Caribbean. For detailed data, see Table A.7., p. 57.

At the end of 2020, Swiss firms employed 169'248 people in Latin America and the Caribbean, the majority of which in Brazil (58'884), Mexico (39'908), Chile (17'267), Colombia (12'204) and Argentina (10'661). Swiss firms also had a large number of staff in Peru (6'798), Ecuador (5'481), Costa Rica (2'707), Venezuela (2'548), Panama (2'337), the Dominican Republic (2'305), Guatemala (1'849) and Uruguay (907).

Figure 14. **Switzerland - Latin America: Foreign Direct Investment by Main Partners 1993 - 2020** (% of total Swiss FDI stock in Latin America, OFCs excluded)



Source: Swiss National Bank, Zurich

[111] Swiss National Bank (2019).

Box 1. Focus: Givaudan’s investment in Mexico

Givaudan continues to expand its fragrance production capacity in Pedro Escobedo, Querétaro. The Swiss company announced in August 2021 an investment of CHF 75 million in a further expansion of its fragrance production site in Pedro Escobedo, Mexico, to further support its growth in Latin America. In line with the Company's 2025 strategy, Latin America remains a key growth market for the company. The new factory extension is scheduled to open at the end of 2023.

Box 2. Focus: Glencore's investment in Colombia

In June 2021, Glencore announced that it had bought the remaining shares (66.6%) from its two partners in order to assume sole-ownership of the Cerrejón mine. The cost of this transaction is evaluated at 588 million dollars and accounted for most of the total Swiss foreign direct investment in Colombia during the first trimester of 2021. According to the Swiss multinational, this acquisition was the best solution to exploit what is the largest open-air mine in South America in an efficient and responsible manner until the expiration of the mining license scheduled in 2034.

Box 3. Focus: Yacao’s investment in the Dom. Rep

YACAO is a subsidiary of PRONATEC in Winterthur and supplies organically produced and fairly traded cocoa from the Dominican Republic almost exclusively to the parent company. Today, YACAO employs around 110 permanent staff plus another 100 on a seasonal basis. The aim is to produce high-quality organic cocoa for export and to help the more than 2,800 small farmers to earn a better income. In the past years, Yacao/Pronatec has invested about 900,000 USD in the regions of Navarrete, Yamasa and Medina for the improvement of quality controls in all production centers, drying and IT systems, and became one of the most modern cocoa traders working 100% digital with offline mobile apps and guaranteed lot traceability.

Box 4. Focus: Nestlé’s investment in Ecuador

In December 2021, Nestlé Ecuador opened new offices in Guayaquil. The opening of the facilities reflects the importance of Guayaquil for the company and demonstrates the contribution to the economic development of the main port. This new headquarters will serve more than 120 people as the main work centre and will allow the company to generate more direct connections with its customers, distributors and partners in Guayaquil.

Box 5. **Focus: Nestlé's investment in Brazil**

Purina, the pet food division of Swiss food company Nestlé, is investing USD 200 million in a new factory in the state of Santa Catarina, in southern Brazil. This second factory is Nestlé's response to the growth of the pet food segment. "In the past three years, we grew at double-digit rates, and this new factory will strengthen our export capacity, " said Marcel de Barros, head of Nestlé Purina in Brazil. Back in May, the company announced it was investing USD 25 million in its existing plant in Riberão Preto, in the state of São Paulo. Nestlé's goal is to increase its current export share of 15% to 20%.

Box 6. **Focus: Georg Fischer's investment in Brazil**

Schaffhausen-based Georg Fischer Piping Systems acquired the Brazilian company FGS Brasil Indústria e Comércio Ltda. (FGS) of Cajamar in the first quarter of 2021. The acquisition strengthens GF Piping Systems' presence in Brazil and in South America. As a leading manufacturer of polyethylene piping systems, FGS serves the local market for water and gas distribution as well as other industrial segments. Following the opening of a new production site in Cajamar, near São Paulo, in 2013, a second production facility was commissioned in the Recife region in 2019. Since 2016, FGS, which currently employs 240 people, has nearly doubled its sales.

Box 7. **Focus: SIKA's investment in Argentina**

With an investment of half a million Swiss Francs, Sika invested in a new sand drying kiln in 2021. This work is of special relevance due to its positive environmental impact. Reduced energy use and lower CO2 emissions are just some of the associated benefits.

Box 8. **Focus: Edelweiss' new flight to Costa Rica**

Already since 2017, Edelweiss has been offering direct flights between Zurich and the Costa Rican capital San José two to three times a week. This connection immediately proved to be a great success. In 2019, before the pandemic, the entry of nearly 30'000 Swiss travelers was recorded, which placed our country as the seventh largest European issuer of tourists to Costa Rica. After the break due to border closures during the pandemic, Edelweiss restarted its flights in December 2020 and the occupancy quickly resumed high levels. The company has now decided to add another Costa Rican destination to its flight schedule. Since December 2021, once a week, an Edelweiss machine is flying directly from Zurich to Liberia, located on the country's highly attractive Pacific Coast.

Box 9. **Focus: Stadler trains for Uruguay**

Stadler has received an order for seven locomotives from Uruguay. The EURO4001 diesel-electric machines have been ordered by PORTREN SA, a company owned by the Uruguayan logistics group Christophersen and the Spanish company, Cointer Concesiones. The locomotives will transport goods on a 273 kilometres long track between a paper mill of the Finnish group UPM in Paso de los Toros and the port of Montevideo. The locomotives will be built at Stadler's Valencia plant in Spain. Deliveries are expected to start by the end of 2022.

3.3 Bilateral Economic Agreements and Joint Economic Commissions

Agreements on the Promotion and Reciprocal Protection of Investments (BITs)[112]

BITs are important for Switzerland as well as its partner countries. They ensure legal security, improve the investment climate of signatory countries and thus encourage foreign investment. Switzerland has the second largest BIT network worldwide with 111 BITs in force.

In Latin America, Switzerland has BITs with most countries, except for the Bahamas, Belize, Bolivia, Brazil, Ecuador, Haiti, Suriname and some small Caribbean islands states.

The Congress of Brazil has never ratified the BIT signed with Switzerland in 1994. The reason lies in the provisions on international arbitration for investor-state dispute settlement cases. Therefore, Brazil has proposed an alternative text to Switzerland, which is limited to certain investment protection standards and does not include an investor-State dispute settlement (ISDS) mechanism. This is not a viable solution for Switzerland, since it considers access to ISDS as a central element in any BIT.

Ecuador and Bolivia have denounced their BITs with Switzerland, the former ceased to apply on 11 September 2018, the latter on 19 May 2019. The provisions of these BITs continue to be effective for a ten-year period for investments made before the date of termination. However, these BITs do not apply to investments made after the date of termination.

Taxation

a) Double Taxation Agreements (DTA)

Presently, Switzerland has DTAs to avoid or mitigate double taxation with Argentina, Chile, Colombia, Ecuador, Jamaica, Mexico, Peru, Trinidad and Tobago, Uruguay and Venezuela.

Brazil and Switzerland signed a DTA in May 2018. The agreement was approved by the Swiss parliament in 2018 and by the Brazilian parliament in February 2021. It entered into force in March 2021 and is applicable since January 2022.

b) Automatic exchange of information (AEOI) in tax matters

In 2014, the OECD Council adopted the new global standard for the **international automatic exchange of information in tax matters (AEOI)**,[113] to which over 100 countries have committed so far. It was a response to the global financial crisis of 2008 in order to combat tax evasion globally.[114] In Switzerland, the introduction of AEOI requires parliamentary approval on a country-by-country basis in order to become effective.

[112] For more information on the nature and purpose of BITs visit: https://www.seco.admin.ch/seco/fr/home/Aussenwirtschaftspolitik_Wirtschaftliche_Zusammenarbeit/Wirtschaftsbeziehungen/Internationale_Investitionen/Vertragspolitik_der_Schweiz.html.

[113] For more information on AEOI visit: https://www.sif.admin.ch/sif/en/home/multilateral/steuer_informationsaust/automatischer-informationsaustausch/automatischer-informationsaustausch1.html.

[114] For more information on the worldwide impact of AEOI visit: https://www.oecd.org/tax/transparency/documents/global-forum-annual-report-2021.pdf .

With regard to Latin America, the AEOI is now being implemented reciprocally with the following partners: Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico, Panama and Uruguay. In the Caribbean, the AEOI was for the time being implemented on a reciprocal basis with Antigua and Barbuda, Barbados, Curaçao, Grenada and Saint Lucia.

Some countries do not meet the requirements of the global standard in the realm of confidentiality and data security. In these instances, there will be no reciprocal exchange of data with Switzerland until these requirements have been successfully fulfilled. Swiss financial institutions must however already collect the relevant data from the time of activation of the AEOI and forward it to the Federal Tax Administration by the specified deadline. In Latin America and the Caribbean, the following jurisdictions participate in the AEOI on a temporary non-reciprocal basis: Aruba, Belize, Dominica, Montserrat, Saint Kitts and Nevis and Saint Vincent and the Grenadines.

Some other jurisdictions (including Anguilla, the Bahamas, Bermuda, Cayman Islands, Turks and Caicos and British Virgin Islands) have declared themselves "permanent non-reciprocal jurisdictions". This means that they will supply account information on a permanent basis but will not receive any data.

In 2021, the AEOI was activated with Peru, and the first exchange of financial account information will take place in 2022. Furthermore, the Federal Council intends to extend the AEOI on Ecuador and Jamaica. The parliament is supposed to adopt the corresponding federal decrees in 2022 in order to introduce the AEOI in 2023. As Sint Maarten and Trinidad and Tobago do not yet meet the conditions of the global standard, the activation of the AEOI has been postponed indefinitely.

Table A9 (p. 59) presents an overview of the main economic agreements between Switzerland and Latin American countries.

Joint Economic Commissions

Switzerland regularly holds bilateral economic commissions with numerous countries around the world, the purpose of which is the strengthening of economic relations. These bilateral fora, which are also an opportunity to address specific issues with partner countries and pluri- and multilateral matters, usually also include business representatives from both sides.

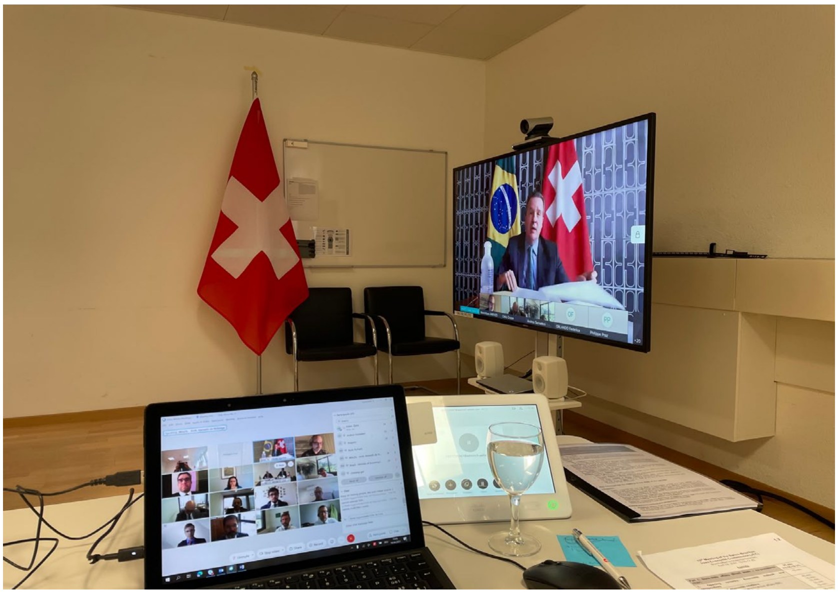
Commissions have been established with Argentina, Brazil, Chile[115], Mexico[116], Peru[117] and Venezuela. In April 2021, a new bilateral economic commission has been established with Colombia, a first meeting was held in November 2021 in Bogotá. In the same year, the commissions with Brazil and Mexico also took place.

Brazilian-Swiss Joint Commission on Trade and Economic Relations
The tenth meeting of the Brazilian-Swiss Joint Commission on Trade and Economic Relations (JC) was held on April 19, 2021, through videoconference. The meeting was co-chaired by Ambassador Erwin Bollinger, Delegate of the Federal Council for Trade Agreements and Head of the Bilateral Economic Relations Division at the State Secretariat for Economic Affairs and Ambassador Kenneth Félix Haczynski da Nóbrega, Secretary for Bilateral Negotiations in the Middle East,

[115] Official denomination of the committee: Bilateral Economic Dialogue.
[116] Official denomination of the committee: Consultative Group on Trade and Economic Cooperation.
[117] Official denomination of the committee: Bilateral Economic Meeting.

Europe and Africa, Ministry of Foreign Affairs. Representatives from other Swiss and Brazilian agencies and from the Swiss private sector also participated in the discussions.

The parties discussed the bilateral economic relations, economic integration (EFTA-Mercosul) and multilateral developments within the WTO and the OECD. Switzerland is committed to continue to support Brazil's aspirations to join the OECD. The Double Taxation Agreement (DTA) entered into force in March 2021 after the Brazilian parliament having ratified the agreement and is applicable since 2022 – a milestone in the bilateral economic relations. In a second part of the discussions, private sector affairs were treated. Switzerland pointed out the great interest of the Swiss private sector in the Brazilian market. Brazil presented the Investments Partnership Program IPP. A broad project portfolio with more than 400 projects is managed within this program. Switzerland explained that a central office (coordination office) has been created to facilitate access to global public bidding procedures. In this framework, the projects of the Brazilian IPP would also be presented to interested Swiss companies and associations.



JEC Colombia

The first meeting of the bilateral economic commission Switzerland-Colombia marked an important milestone in bilateral economic relations. A wide selection of topics were discussed, ranging from trade policy to multilateral cooperation and regulatory frameworks. For both countries, open markets combined with further trade liberalisation are essential.

With a view to modernising the existing free trade agreement (FTA), Switzerland underlined that the inclusion of provisions relating to sustainability will be an important aspect for Switzerland. In addition, both countries confirmed their shared interest to negotiate a new BIT. Discussions on multilateral cooperation focused on the objective of achieving tangible outcomes at the 12th WTO Ministerial Conference to be held in June 2022 and the importance of institutional reform.

SECO's economic cooperation was reviewed; Colombia being a priority country. The members of the delegation also had the opportunity to visit two projects on the ground, an aerial cableway built in Bogotá with Swiss support and a mine implementing the standards of the Better Gold Initiative. Furthermore, various concerns of the private sector were discussed. They included possible improvements for approval procedures for certain medicines and the struggle against trade in counterfeit Swiss watches and the use of counterfeit domain names for this purpose.

3.4 Latin American Integration: Recent Trends and Developments

Inter-American Integration

Mercosur: Mercosur, officially Southern Common Market, is a trade bloc including Argentina, Brazil, Paraguay and Uruguay. It was established by the Treaty of Asunción in 1991. Chile, Colombia, Ecuador, Guyana, Peru and Suriname are associated states, Venezuela is suspended and Bolivia in the process of adhesion. Mercosur's purpose is to promote free trade and the fluid movement of goods, people, and currency. It currently confines itself to a customs union, in which there is free intra-zone trade and a common trade policy between member countries. In recent years, Mercosur has launched new initiatives to deepen economic ties with the Pacific Alliance. During the 58. Summit of Presidents in July 2021, Argentina handed over the pro tempore presidency of the bloc to Brazil and during the 59. Summit in December 2021, Brazil handed over the pro tempore presidency to Paraguay.[118]

Pacific Alliance: The Pacific Alliance was founded in 2011 by Chile, Colombia, Mexico and Peru. Ecuador is currently in the process of adhesion and still needs to conclude therefore a free trade agreement with Mexico. Its purpose is improving regional integration and moving toward complete freedom in the movement of goods, services, capital and people between the four member states. Following the immediate removal of 92% of tariffs between members, the remainder was phased out by 2020. In January 2022, the XVI. Summit of the Pacific Alliance was held near Buenaventura. On that occasion, Colombia handed over the pro tempore presidency to Mexico. The highlight of the summit was the official adhesion of Singapore as the first associated state and the signature of a free trade agreement. Among the 60 observer countries, Switzerland is one of the most active and has offered collaboration in the areas of trade, innovation, vocational and professional education, water footprint as well as customs management.[119]

Community of Latin American and Caribbean States (CELAC): CELAC is a regional bloc of 33 states founded in 2011 as an intergovernmental platform for political dialogue, for the first time bringing together all Latin American and Caribbean countries. CELAC is the formal successor to the Rio Group and CALC[120]. The last CELAC summit took place in September 2021 in Mexico.[121]

Latin American Integration Association (LAIA)[122]: Founded in 1980 with the Montevideo Treaty, LAIA's objective is the establishment of a common Latin American market based on a network of regional treaties and preferential tariffs. Headquartered in Montevideo, its member countries comprise over 510 million citizens.[123]

System of the Central American Integration (SICA)[124]: Established in 1993, SICA aims to advance regional integration in Central America and to promote peace, freedom, democracy and development in the region. Headquarters are in Panama.[125]

Union of South American Nations (UNASUR): UNASUR was established in 2008 based on the Treaty of the Union of South American Nations and aims to achieve further integration in the cultural, economic, social and political areas. Amid growing tensions with Venezuela, seven

118 https://www.mercosur.int/, Mercosur.com.
119 https://alianzapacifico.net/en/.
120 Cumbre de las Americas.
121 https://celacinternational.org/.
122 Asociación Latinoamericana de Integración, ALADI in Spanish; Member states are Argentina, Bolivia, Brazil, Chile, Colombia, Cuba, Ecuador, Mexico, Panama, Paraguay, Peru, Uruguay and Venezuela. Nicaragua is currently in the accession process.
123 https://www.aladi.org/.
124 Members states are Belize, Dominican Republic, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panamá.
125 https://www.sica.int/.

countries[126] withdrew their membership between 2018 and 2020, and Peru suspended it. The remaining members are Bolivia, Guyana, Suriname and Venezuela.[127]

The Forum for the Progress and Development of South America (PROSUR): PROSUR was initiated in 2019 by the presidents of Chile and Colombia. This new forum aims at being a South American coordination mechanism for public policies, in defense of democracy, the independence of powers, the economy of markets, and the social agenda, thereby replacing UNASUR. The first PROSUR summit took place in Santiago in March 2019. Eight countries[128] signed the *Declaration of Santiago for the renewal and strengthening of South America,* which formally created PROSUR. In January 2022, the pro tempore presidency went on from Colombia to Paraguay.[129]

Latin American - Europe Relations

Latin America - European Union: EU-CELAC ministerial meetings are held to strengthen the bi-regional dialogue. The latest formal meeting was held in July 2018, when the foreign affairs ministers from the EU and CELAC met in Brussels. In December 2021, the leaders of the EU and of seven Latin American and Caribbean countries[130] met via video conference. The overall theme of the meeting was *'Joining forces for a sustainable post-COVID recovery'*. The sub-topics discussed at the leaders' meeting had been identified during an informal EU-LAC ministerial meeting in December 2020, which was hosted virtually in Berlin by the then German presidency of the Council of the EU.[131]

Mercosur - European Union: On June 20, 2019, the European Union and Mercosur reached a political agreement for a comprehensive trade agreement. It will remove duties on over 90% of bilateral trade of goods. Furthermore, it includes important chapters, among others on food safety, environmental protections and labor conditions. The EU is Mercosur's second biggest trade in goods partner after China, accounting for 17.1% of the bloc's total trade in 2019.[132] The agreement is now under legal revision, and will then have to be ratified by the parties. The deal has been denounced by European farmers, environmental activists and indigenous rights campaigners. In October 2020 both the European Parliament and the European Commissioner for Trade have stated that the EU-Mercosur agreement "cannot be approved as its stands". The EU has announced that it will make a proposal for a supplementary document on sustainability, but has not yet presented anything concrete.

Andean Community (CAN) - European Union: The EU has a comprehensive trade agreement with Colombia and Peru since 2013. Ecuador has joined the agreement on 1st January 2017. Bolivia, a member of the Andean Community, also has the possibility to solicit accession to the agreement.[133]

Central America - European Union: A comprehensive Association Agreement between the six Central American countries[134] and the EU was signed in June 2012 with the purpose of furthering political dialogue, enhancing cooperation and trade and contributing to economic growth,

[126] Argentina, Brazil, Chile, Colombia, Ecuador, Paraguay and Uruguay.
[127] https://www.unasursg.org/, accessed 22/02/2022.
[128] Argentina, Brazil, Chile, Colombia, Ecuador, Guyana, Paraguay and Peru.
[129] https://foroprosur.org/, accessed 22/02/2022.
[130] Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Mexico and Suriname.
[131] https://www.consilium.europa.eu/en/meetings/international-summit/2021/12/02/.
[132] https://ec.europa.eu/trade/policy/countries-and-regions/regions/mercosur.
[133] http://ec.europa.eu/trade/policy/countries-and-regions/regions/andean-community/.
[134] Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panamá.

democracy and political stability in the region. The EU and Central America have a long history of cooperation dating back to the former's support of the peace process in the region in the 1980s. The 2012 Agreement supplants the region's preferential access to the EU under the generalized system of preferences (GSP).[135]

Latin America - EFTA[136]

Mercosur - EFTA: Two years after starting the negotiations on a free trade agreement, EFTA and Mercosur reached an agreement in substance during the tenth round of negotiation (August 2019). The agreement is currently under legal review and will then have to be signed and ratified by the parties. With the agreement, over 96% of Swiss exports to Mercosur countries will benefit from tariff concessions and around 95% will be completely exempt from customs duties - in some cases after transition periods. The agreement also includes a comprehensive chapter on trade and sustainable development, in which the parties *inter alia* commit to effectively implement multilateral environmental agreements (including the Paris Agreement on Climate change) and ILO instruments applicable to them.

Central America - EFTA: A comprehensive free trade agreement (FTA) with Costa Rica and Panama is in force since August 2014. Following the signature of an Accession Protocol with Guatemala (2016), this country's parliament approved the Protocol in February 2020. Currently, Parties to the existing FTA need to complete their existing procedures in order to allow the entry into force of the FTA with Guatemala. The agreement remains open to the other Central American states.[137]

[135] Central America - Trade - European Commission (europa.eu).
[136] The members of the European Free Trade Association (EFTA) are: Iceland, Liechtenstein, Norway and Switzerland.
[137] http://www.efta.int/free-trade/free-trade-agreements/central-american-states.

Chile - EFTA: The FTA between EFTA and Chile has been in force since 2004 and negotiation with the aim to modernize it are ongoing. So far, good progress has been made.

Ecuador - EFTA: A free trade agreement entered into force in November 2020. It is a comprehensive agreement, covering trade in goods, rules of origin, trade facilitation, technical barriers to trade and sanitary and phytosanitary measures, trade in services, investment, intellectual property rights, government procurement, competition, as well as trade and sustainable development.[138]

Mexico - EFTA: Following the launch of negotiations between EFTA and Mexico to modernize the EFTA-Mexico Free Trade Agreement in January 2016, four rounds of negotiations have been held so far, the latest in June 2017 in Mexico City. The persistent common interest in continuing the modernization process allowed since 2021 to bring positions closer. Further progress will be needed on market access for goods to move decisively forward.[139]

Latin America - Other Regions

Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP): Negotiations for the Trans-Pacific Partnership (TPP), which includes Chile, Mexico and Peru amongst the twelve signatories,[140] were concluded in 2015 after seven years of talks. Following the United States' withdrawal in January 2017 from the TPP, the remaining members made several adjustments and called the new arrangement the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). The agreement was signed in March 2018 in Santiago de Chile. As seven initial signatories have already ratified the agreement,[141] it has entered into force for them. Peru has now joined these countries, ratifying in July 2021. Brunei, Chile and Malaysia must still ratify the agreement. The ratification process in Chile has passed the Chamber of Deputies in April 2019, but the Senate suspended the process in the light of the 2019 Chilean protests. It is designed as an open platform, with the possibility for third countries and other trading blocs to join. The CPTPP commission in 2022 is chaired by Singapore.[142]

United States-Mexico-Canada Free Trade Agreement (USMCA): On November 30, 2018, the presidents of the United States, Canada and Mexico signed the United States-Mexico-Canada Free Trade Agreement (USMCA) at the G20 summit in Buenos Aires. It is a revised version of the North American Free Trade Agreement (NAFTA), featuring inter alia adapted rules of origin in the automobile sector as well as a formalized review of the agreement every six years. The agreement has been ratified in the Mexican Parliament in 2019 and, after a longer period of domestic negotiations and the signing of a Protocol of amendment among the three countries, in US Congress (early 2020). Finally, Canada ratified it in March 2020 just before the Covid-crisis stroke. The agreement entered into force in July 2020.[143]

[138] https://www.efta.int/free-trade/Free-Trade-Agreement/Ecuador.
[139] http://www.efta.int/free-trade/free-trade-agreements/mexico.
[140] Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, United States and Vietnam.
[141] Australia, Canada, Japan, Mexico, New Zealand and Singapore.
[142] https://www.straitstimes.com/business/spore-to-chair-cptpp-commission-in-2022-meeting-for-britains-inclusion-to-be-held-in-a.
[143] USMCA | United States Trade Representative (ustr.gov).

3.5 SECO's Economic Cooperation and Development division's engagement in Latin America in order to support diversifying LAC economies

Box 10. **SECO's contribution to international cooperation**

SECO has a mandate for the economic development cooperation according to the current International Cooperation Strategy.[144] Through this mandate, it supports developing countries in the implementation of structural changes, private sector development and integration into the global economy. Its activities support the creation of reliable economic framework conditions and innovative private sector initiatives, which in turn make it easier for individuals and companies to access markets and take advantage of opportunities while creating decent income opportunities. In doing so, Switzerland contributes to economic growth and sustainable prosperity.

In Latin America, SECO's Economic Cooperation and Development Division (WE) focuses its activities on the two priority countries Colombia and Peru, while additional, complementary measures are implemented in Bolivia. The various initiatives in the above-mentioned thematic areas are planned and carried out jointly by Project Managers in Berne and National Program Officers in the Swiss Cooperation Offices (SCO) abroad, in close collaboration with national and local Governments, as well as international and multilateral partner institutions.

Switzerland's economic cooperation and development activities are an integral part of its foreign economic policy[145]. As such, SECO seeks to contribute to the effective inclusion of development countries and emerging markets in the global economy. The overall focus lies on qualitative economic growth, by means of increasing productivity through technological advancement and the effective use of production resources. In addition, the Swiss foreign economic policy pursues the strategic objectives of a broadly supported, rules-based international order and the non-discriminatory access to international markets.

In Latin America, SECO currently concentrates its resources on Colombia and Peru, which are both part of the six so called 'jaguar economies' (along with Argentina, Brazil, Chile and Mexico). These countries are the first geographic priority in the Latin America and Caribbean (LAC) region according to the recently published Americas Strategy[146] of the Federal Council. In addition, selected activities are also realized in Bolivia, which are complementary to the portfolio of the Swiss Agency for Development and Cooperation (SDC). Finally, SECO supports a number of global and/or regional initiatives implemented by International Finance Institutions (the Inter-American Development Bank IDB or the World Bank Group WBG, among others), for which various countries in LAC are eligible.

The global geopolitical shifts of the past decades have also profoundly impacted LAC. China has established a powerful presence, both as partner for trade and increasingly also for strategic infrastructure developments. The People's Republic has been Peru's top trading partner for seven consecutive years. And while China's interest in Colombia as an investment location (mostly in the extractive sector) remains modest by regional standards, there are clear signs that it intends to further expand and diversify its presence in the country. China's immense appetite for raw materials increases the dependence of LAC economies on these sectors, which in turn constitutes an obstacle for innovation, growth and sustainable prosperity.

[144] Brochure: Switzerland's International Cooperation Strategy 2021-24.
[145] Brochure: Switzerland's Foreign Economic Policy Strategy (2021) and Flyer.
[146] Brochure: Switzerland's Americas Strategy 2022-2025.

To mitigate the risks of an overdependence on the raw materials sector, SECO contributes to diversification of LAC economies, thus boosting their resilience and contributing to environmental (and social) sustainability. The SECO programs in Colombia and Peru are generally well aligned with this key objective. The main thematic areas in Colombia[147] are 1) sustainable cities and territories, stronger institutions and better public services and 2) regional competitiveness and decent jobs; in Peru[148], they are 1) resilient subnational growth hubs and 2) fostering a competitive, innovative and sustainable private sector. In both countries, there are several programs within these thematic areas targeting specifically the economic diversification and the sustainable integration into international value chains.

'Colombia más Competitiva'[149] and 'SeCompetitivo'[150] are two SECO flagship programs which aim at strengthening the competitiveness and diversification of the economies in Colombia and Peru, respectively. In key sectors, such as cocoa, coffee, tourism and natural ingredients, these programs support the integration into international value chains through selected initiatives and are working both with public (e.g. national and regional Governments) and private (e.g. cooperatives of producers) stakeholders. On the one hand, sound policy solutions are designed and implemented to foster ideal framework conditions for innovation and growth, and on the other hand, technical support (and Swiss know-how) is provided in the form of skills development to entrepreneurs and producers, allowing them to increase productivity, comply with international (sustainability) standards, and thus to gain access to international markets and ultimately to create jobs.

Connections to the Swiss private sector and other interest groups are systematically established, which is illustrated in case of the 'Swiss Platform for Sustainable Cocoa' that brings together stakeholders from the cocoa and chocolate industry, the public sector, non-governmental organizations, and research institutes for more sustainability in the cocoa value chain. Another example of a regional program with strong linkages to Switzerland, implemented through a public-private partnership, is the Swiss Better Gold Initiative (SBGI)[151], promoting responsibly extracted gold from artisanal and small-scale mines, which is then exported to Switzerland and other countries. These initiatives also address the important level of informality in the economies of LAC, which significantly undermines the domestic revenue mobilization. Furthermore, Swiss companies are considered in Technical Assistance activities to the extent it is possible and sensible, or in other words in fields where they have unique proven expertise and thus provide a concrete added value and thereby a welcome contribution to the 'Swissness' of SECO's presence.

A functioning multilateralism and the non-discriminatory access to international markets are equally important for strong and diversified economies to flourish; not only do they contribute to peace and stability in general, but the transparency and the adherence to international standards and best practices that comes with them are prerequisites for a level economic playing field. This is especially important in the face of the mentioned changes in the geopolitical landscape, as a tendency to opaque contracting is commonly observed in certain strategic investments originating from the Far East, leading to a competitive disadvantage for other market participants. The participation in relevant international bodies, such as the Organization for Economic Co-operation and Development (OECD), are an essential part of this effort. Colombia has joined the OECD in

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147 Brochure: SECO Cooperation Program Colombia 2021-2024.
148 Brochure: SECO Cooperation Program Peru 2021-2024.
149 Factsheet: Colombia más Competitiva (C+C) Programme (Phase II) and C+C website.
150 Factsheet: SeCompetitivo Program.
151 Factsheet: Swiss Better Gold Initiative (SBGI).

April 2020 and Peru has been confirmed as an official candidate in January 2022. The accession process will take several years, in which the Swiss economic development cooperation supports Peru naturally, as its portfolio is active in many of the pertinent fields where the country will have to fulfil OECD standards (e.g. Public Financial Management, which is one of SECO WE's main macro-economic support areas). Peru's membership efforts will broadly boost existing collaborations, as there will be common, well-established objectives, which will constitute an anchor for our programs and which can be referred to in the policy dialogue with the Peruvian authorities to achieve essential reforms.

Box 11. **Resilience and sustainable growth through economic diversification**

Through its long-standing, reliable presence, the relevance of its activities and their measurable success, Switzerland has become a trusted partner for economic cooperation and development in LAC. The focus on the promotion of sustainable, internationally integrated value chains is essential for countries which are heavily dependent on the commodities sector and which will have to rely on a diverse, innovative economy for stability and sustainable growth.

Together with the encouragement of LAC economies to actively participate in the international community, for instance via an OECD accession, and a well-tailored support in the corresponding process at the intersection of their needs and the added value SECO can provide, Switzerland can make a meaningful contribution to their resilience in a complex and evolving geopolitical context.

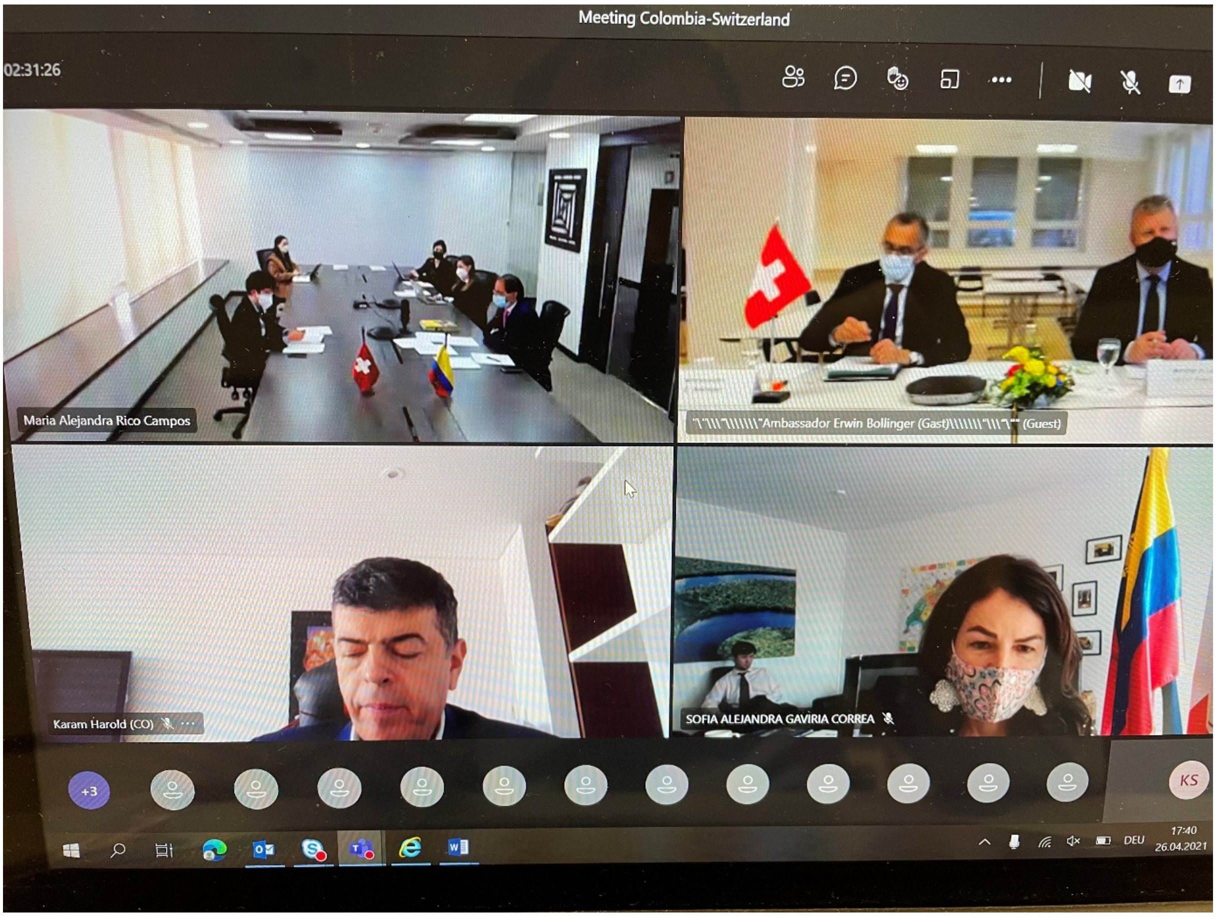
Puerto de Callao in Lima, Peru. SECO supports the National Customs Superintendency of Peru (SUNAT) in strengthening their compliance through the Global Trade Facilitation Program together with the World Customs Organization (WCO).

SECO supports innovative and sustainable private sector initiatives for economic diversification through its Colombia mas Competitiva Program, for example in the area of tourism.

3.6 Notable Bilateral Meetings 2021

In 2021, besides the bilateral economic commissions (see chapter 3.3), two meetings in relation to Colombia took place:

Bern/Bogotá, 26 April 2021: On April 26, 2021, the Memorandum of Understanding (MoU) for the establishment of a Swiss-Colombian Joint Economic Commission (JEC) was signed. The signing ceremony was followed by an exchange on key economic issues between Ambassador Erwin Bollinger, Head of Bilateral Economic Relations at SECO and Delegate of the Federal Council for Trade Agreements, and the Colombian Minister of Trade, Industry and Tourism, José Manuel Restrepo. Due to the pandemic, the exchange took place virtually. The MoU was signed in Bogotá. Switzerland was represented by Ambassador Yvonne Baumann, who signed the document together with Minister Restrepo.
The signing of the MoU was a long-standing concern of the Americas Unit of SECO, in view of Colombia's economic importance in Latin America and our intensifying bilateral economic relations. The JEC should continue to contribute to this positive evolution. Originally, it was planned to sign the agreement already in April 2020 during a mission of our State Secretary to Colombia, which had to be cancelled due to the pandemic. Although the pandemic was still ongoing in 2021, this step could now be completed. This shows that even in difficult times it is possible to make progress in bilateral economic relations. Since the signing date was set at relatively short notice, it was not possible to conduct a first round of the JEC immediately afterwards. The first round could then be carried out in November 2021 in Bogotá (see chapter 3.3).



Bern, 26 June 2021: SECO's Americas Unit received its first major visit in a long time, namely from a ten-person high-ranking business delegation from Colombia, accompanied by the Colombian ambassador, Sofía Gaviria Correa, and her deputy. Important personalities of the Colombian business community were represented, such as Luis Guillermo Echeverri Velez, Chairman of Ecopetrol or Sylvia Escovar Gines, a board member of Terpel. Besides a colleague from SECO's Economic Cooperation and Development division, Switzerland Global Enterprise (S-GE), the Latin American Chamber of Commerce (LatCam) and Swissrail also contributed actively to the event with a presentation, at SECO or in a virtual form. The background of the visit was a European tour of the Colombian business delegation (besides Switzerland also to Spain and Belgium) with the purpose to put into perspective the economic and social challenges due to the pandemic and - specific to Colombia - the social protests. The Colombian delegation presented how the country was navigating these different challenges and its readiness to achieve the turnaround. Both the Colombian government and the private sector are showing a deeper interest in cooperation with SECO. The newly established bilateral economic commission offers new opportunities for this and for a better networking among the various players.

Appendix

Tables and Figures

Tables

Figures

Amazonas, Brasil

Table A.1. **Switzerland-Latin America - Share of Goods Exports and Imports, Trading Partners 2020-2021**
(CHF million and percentage change)

	Exports				Imports				Trade balance 2021
	2020	2021	Var. (%)	Share in reg. exp. in %	2020	2021	Var. (%)	Share in reg. imp. in %	
SOUTH AMERICA	**3'914.2**	**4'110.0**	**5.0**	**67.8**	**6'611.1**	**7'243.6**	**9.6**	**71.6**	**-3'133.7**
Brazil	2'110.2	2'165.6	2.6	35.7	1'443.1	1'573.3	9.0	15.5	592.4
Argentina	552.9	626.0	13.2	10.3	1'003.8	908.4	-9.5	9.0	-282.4
Colombia	516.1	560.2	8.6	9.2	304.0	424.3	39.5	4.2	135.9
Chile	322.5	323.6	0.3	5.3	791.1	854.3	8.0	8.4	-530.7
Uruguay	135.6	135.8	0.2	2.2	25.6	35.7	39.7	0.4	100.0
Peru	122.8	126.0	2.6	2.1	1'704.5	2'080.0	22.0	20.6	-1'954.0
Ecuador	97.6	98.2	0.6	1.6	205.3	335.9	63.7	3.3	-237.7
Venezuela	24.9	30.3	21.8	0.5	2.3	2.0	-11.7	0.0	28.3
Bolivia	13.2	22.5	70.8	0.4	7.2	5.6	-22.9	0.1	16.9
Paraguay	15.7	18.9	20.6	0.3	18.5	19.5	5.3	0.2	-0.6
Guyana	1.5	1.5	-0.6	0.0	57.4	6.7	-88.4	0.1	-5.1
Suriname	1.3	1.4	9.2	0.0	1'048.3	998.1	-4.8	9.9	-996.7
CENTRAL AMERICA (including Mexico)	**1'732.8**	**1'835.3**	**5.9**	**30.3**	**1'398.2**	**1'965.3**	**40.6**	**19.4**	**-130.0**
Mexico	1'275.5	1'400.7	9.8	23.1	1'031.2	1'483.1	43.8	14.7	-82.4
Costa Rica	200.5	193.8	-3.4	3.2	101.2	121.7	20.2	1.2	72.1
Panama	194.4	152.8	-21.4	2.5	45.7	40.2	-12.1	0.4	112.6
Guatemala	28.6	45.7	59.9	0.8	48.0	54.8	14.2	0.5	-9.1
Honduras	13.8	18.3	32.6	0.3	32.6	40.0	22.7	0.4	-21.7
El Salvador	12.0	15.6	30.8	0.3	2.3	2.9	24.5	0.0	12.7
Nicaragua	7.0	5.3	-23.7	0.1	137.0	222.4	62.3	2.2	-217.0
Belize	1.1	3.1	189.6	0.1	0.2	0.3	62.5	0.0	2.8

Source: Federal Customs Administration, Bern.

Table A.1. (cont.) **Switzerland – Latin America: Share of Goods Exports and Imports, Trading Partners 2020-2021**
(CHF million and percentage change)

	Exports				Imports				Trade balance 2021
	2020	2021	Var. (%)	Share in reg. exp. in %	2020	2021	Var. (%)	Share in reg. imp. in %	
CARIBBEAN	**75.4**	**120.2**	**59.5**	**2.0**	**1'204.8**	**910.9**	**-24.4**	**9.0**	**-790.6**
Dominican Republic	34.2	45.4	32.7	0.7	1'143.3	855.0	-25.2	8.4	-809.5
Bahamas	10.0	19.0	90.1	0.3	2.1	0.4	-81.3	0.0	18.6
Haiti	2.2	16.8	668.0	0.3	3.5	2.7	-24.1	0.0	14.2
Jamaica	9.3	11.8	26.5	0.2	2.8	4.6	61.7	0.0	7.2
Cuba	4.1	8.6	108.0	0.1	46.6	42.5	-8.9	0.4	-33.9
Trinidad & Tobago	8.6	6.8	-20.6	0.1	0.6	0.6	-1.6	0.0	6.2
Barbados	3.7	4.5	22.7	0.1	0.5	0.5	-6.1	0.0	4.1
St. Vincent	0.1	2.4	1'925.0	0.0	4.8	4.0	-15.7	0.0	-1.6
St. Lucia	0.6	1.6	164.5	0.0	0.0	0.0	300.0	0.0	1.6
Antigua	1.0	1.3	30.3	0.0	0.2	0.1	-71.4	0.0	1.2
St. Kitts and Nevis	0.7	1.2	55.4	0.0	0.3	0.4	48.1	0.0	0.8
Dominica	0.3	0.6	87.1	0.0	0.0	0.0	0.0	0.0	0.6
Grenada	0.4	0.2	-61.4	0.0	0.0	0.3	733.3	0.0	-0.1
TOTAL LATIN AMERICA	**5'722.4**	**6'065.5**	**6.0**	**100.0**	**9'214.1**	**10'119.8**	**9.8**	**100.0**	**-4'054.3**
COMPARATIVE NUMBERS				Share in total Swiss exp. in %				Share in total Swiss imp. in %	
Asia	57'852.7	96'804.8	67.3	27.9	58'440.3	50'528.4	-13.5	17.1	46'276.4
EU	122'083.6	145'027.5	18.8	41.7	136'209.1	144'882.6	6.4	49.1	144.9
Africa	3'440.1	3'490.3	1.5	1.0	13'742.0	14'683.4	6.9	5.0	-11'193.1
TOTAL SWISS FOREIGN TRADE	**299'461.6**	**347'441.0**	**16.0**	**100.0**	**273'767.0**	**295'193.2**	**7.8**	**100.0**	**26'217.8**

Source: Federal Customs Administration, Bern.

Table A.2. Switzerland – Latin America: Export and Import of Goods 1965 - 2021
(CHF million and percentage)

	Exports	Imports	Balance	Share of Latin America in total Swiss trade (%)	
				Exports	Imports
1965	762	385	377	5.9	2.4
1970	1’286	634	652	5.9	2.3
1975	1’847	696	1’151	5.5	2.1
1980	2’100	1’063	1’037	4.4	1.9
1985	2’242	1’260	982	3.3	1.8
1990	2’082	1’995	87	2.4	2.1
1991	2’346	1’893	453	2.7	2.0
1992	2’666	1’674	992	2.9	1.8
1993	2’574	1’174	1’400	2.8	1.3
1994	2’736	1’000	1’736	2.9	1.1
1995	2’393	1’032	1’361	2.5	1.1
1996	2’671	1’008	1’663	2.7	1.0
1997	3’243	1’057	2’186	2.9	1.0
1998	3’694	1’262	2’432	3.2	1.1
1999	3’500	1’166	2’334	2.9	1.0
2000	3’960	1’742	2’218	2.9	1.2
2001	4’143	1’607	2’536	3.0	1.1
2002	3’622	1’673	1’949	2.7	1.3
2003	3’400	1’228	2’172	2.5	0.9
2004	3’678	1’185	2’493	2.5	0.9
2005	3’750	1’416	2’334	2.4	0.9
2006	4’700	1’869	2’831	2.5	1.1
2007	5’463	2’542	2’921	2.7	1.3
2008	6’032	2’370	3’662	2.8	1.2
2009	5’275	2’058	3’217	2.8	1.2
2010	5’838	2’441	3’397	2.9	1.2
2011	5’955	2’655	3’300	2.9	1.4
2012*	6’521	12’843	-6’322	2.2	4.6
2013	6’902	10’653	-3’751	2.1	3.6
2014	6’714	9’837	-3’123	2.4	3.9
2015	6’392	10’034	-3’642	2.3	4.1
2016	6’071	11’555	-5’484	2.0	4.2
2017	6’482	9’454	-2’972	2.2	3.6
2018	6’904	9’560	-2’656	2.3	3.5
2019	6’689	10’122	-3’390	2.1	3.7
2020	5’721	9’214	-3’438	1.9	3.4
2021	6’066	10’120	-4’054	1.7	3.4

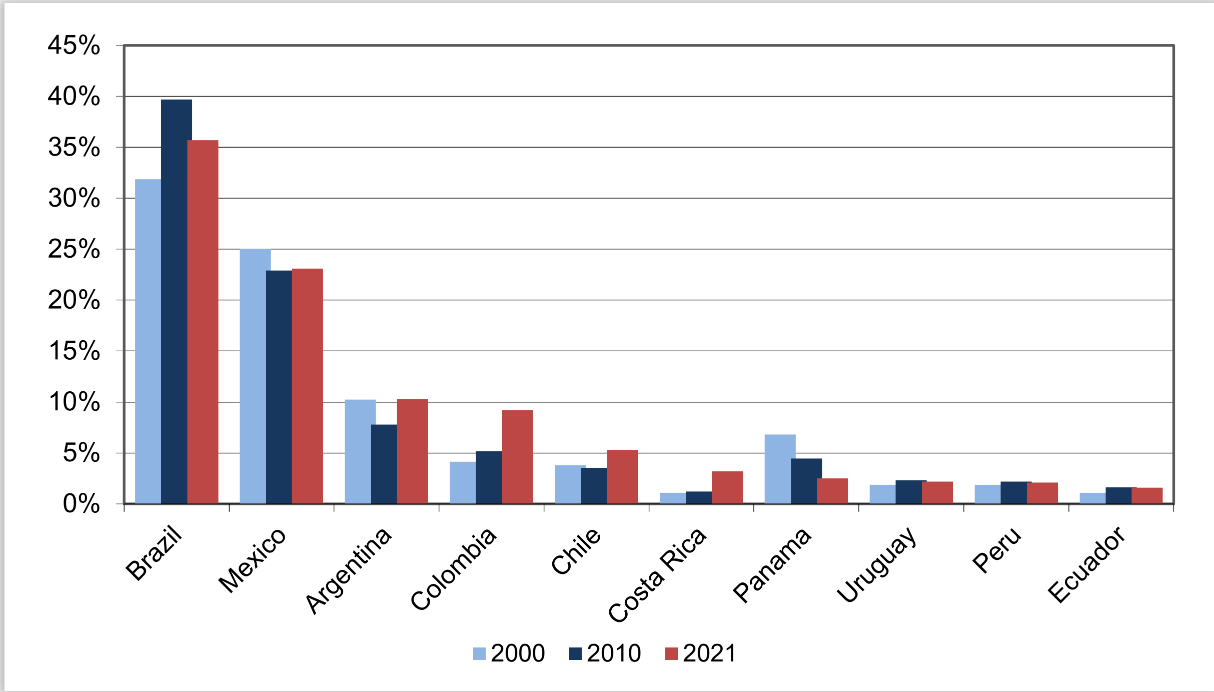
Source: Swiss Federal Customs Administration, Bern.
* * Following a Federal Council decision, the FCA now includes gold, silver and coins in the trade statistics, which have been backdated to 2012.

Table A.3. **Switzerland - Latin America: Main Export Destinations for Goods 1990 – 2021** (CHF million and percentage share)

	1990	2000	2010	2020	2021	Var. in % 2021/2020	Share in % 2021
Brazil	536	1'262	2'317	2'110	2'166	2.6	35.7
Mexico	458	992	1'338	1'276	1'401	9.8	23.1
Argentina	177	405	455	553	626	13.2	10.3
Colombia	154	164	303	516	560	8.5	9.2
Chile	104	150	206	323	324	0.3	5.3
Costa Rica	17	43	68	201	194	-3.3	3.2
Panama	135	270	259	194	153	-21.4	2.5
Uruguay	31	74	136	136	136	0.1	2.2
Peru	61	74	128	123	126	2.6	2.1
Ecuador	65	43	95	98	98	0.6	1.6
Others	344	483	533	194	283	45.5	4.7
Total	**2'082**	**3'960**	**5'838**	**5'722**	**6'066**	**6.0**	**100.0**

Source: Swiss Federal Customs Administration, Bern

Figure A.1. **Switzerland - Latin America: Share of Goods Exports, Main Trading Partners 2000 - 2021** (% of total Swiss exports to Latin America)



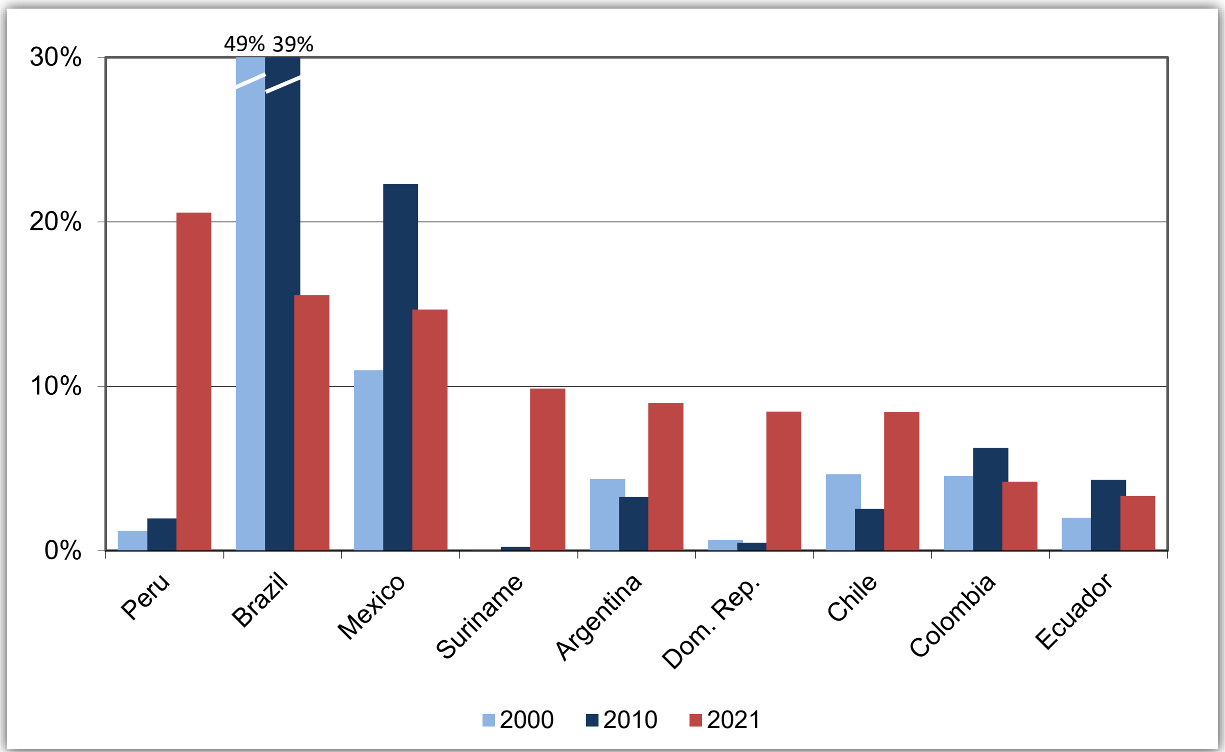
Source: Swiss Federal Customs Administration, Bern

Table A.4. Switzerland - Latin America: Main Countries of Origin for Goods, Imports 1990 - 2021 (CHF million and percentage)

	1990	2000	2010	2020	2021	Var. in % 2021/2020	Share in % 2021
Peru	29	21	43	1'705	2'080	22.0	20.6
Brazil	345	856	849	1'443	1'573	9.0	15.5
Mexico	54	191	491	1'031	1'483	43.8	14.7
Suriname	0.1	0.4	5	1'048	998	-4.8	9.9
Argentina	118	76	72	1'004	908	-9.5	9.0
Dom. Rep.	2	11	11	1'143	855	-25.2	8.4
Chile	36	81	56	791	854	8.0	8.4
Colombia	71	79	138	304	424	39.6	4.2
Ecuador	12	35	95	205	336	63.6	3.3
Others	1'328	392	442	540	607	12.6	6.0
Total	**1'995**	**1'742**	**2'202**	**9'214**	**10'120**	**9.8**	**100.0**

Source: Swiss Federal Customs Administration, Bern

Figure A.2. Switzerland - Latin America: Share of Goods Imports, Main Trading Partners, 2000 - 2021 (% of total Swiss imports from Latin America)



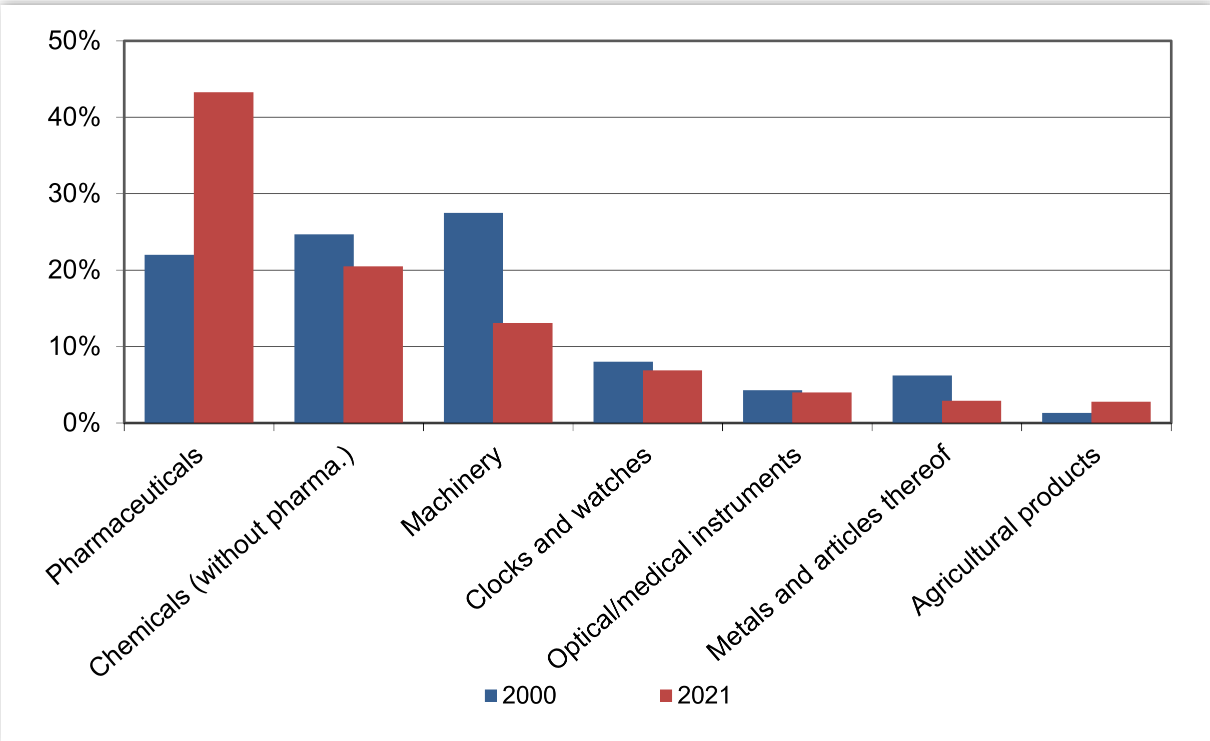
Source: Swiss Federal Customs Administration, Bern.

Table A.5. Switzerland - Latin America: Goods Exports by Product Groups 2000 - 2021 (CHF million, percentage)

Chapters of the Harmonized System		Value 2000	2020	2021	Var. in % 2021/2020	Share in % 2021
1-24	Agricultural products	52.0	131.6	168.0	27.7	2.8
25-26	Mineral products	0.7	0.4	0.4	1.2	0.0
27	Mineral fuels	13.0	1.2	1.8	52.9	0.0
28-38	Chemicals (without pharma.)	976.7	1'117.3	1'244.0	11.3	20.5
30	Pharmaceuticals	872.2	2'850.7	2'629.0	-7.8	43.3
39-40	Plastic, rubber	54.4	65.0	75.2	15.7	1.2
41-43	Skins, leather and products thereof	3.0	4.3	6.2	43.6	0.1
44-46	Wood	1.6	3.6	4.0	9.5	0.1
47-49	Paper and articles thereof	25.6	11.1	20.5	84.1	0.3
50-63	Textiles, clothing	34.0	11.2	15.1	34.7	0.2
64-67	Shoes, umbrellas, etc.	2.4	1.0	1.3	31.8	0.0
68-70	Stone, glass, ceramic articles	31.6	15.9	19.0	19.5	0.3
71	Precious stones, metals and jeweller	98.3	21.9	42.1	92.8	0.7
72-83	Metals and articles thereof	101.8	147.9	175.0	18.3	2.9
84-85	Machinery	1'089.4	694.8	793.1	14.1	13.1
86-89	Means of transport	95.2	64.0	93.6	46.3	1.5
90	Optical and medical instruments	168.9	214.4	245.5	14.5	4.0
91	Clocks and watches	318.0	291.4	416.2	42.9	6.9
93	Weapons and ammunition	1.3	1.2	1.4	18.2	0.0
94	Furniture, bedding etc.	6.8	2.7	2.5	-7.0	0.0
95-97	Toys, sports articles, etc.	13.3	13.5	12.5	-7.4	0.2
	Unspecified	-	57.3	99.1	72.9	1.6
Total Swiss exports: Latin America		**3'960.2**	**5'722.4**	**6'065.5**	**6.0**	**100.0**
Total Swiss exports: World		136'014.9	299'461.6	347'441.0	16.0	---

Source: Swiss Federal Customs Administration, Bern.

Figure A.3. Switzerland - Latin America: Goods Exports, Main Product Groups 2000 - 2021 (% of total Swiss exports to Latin America)



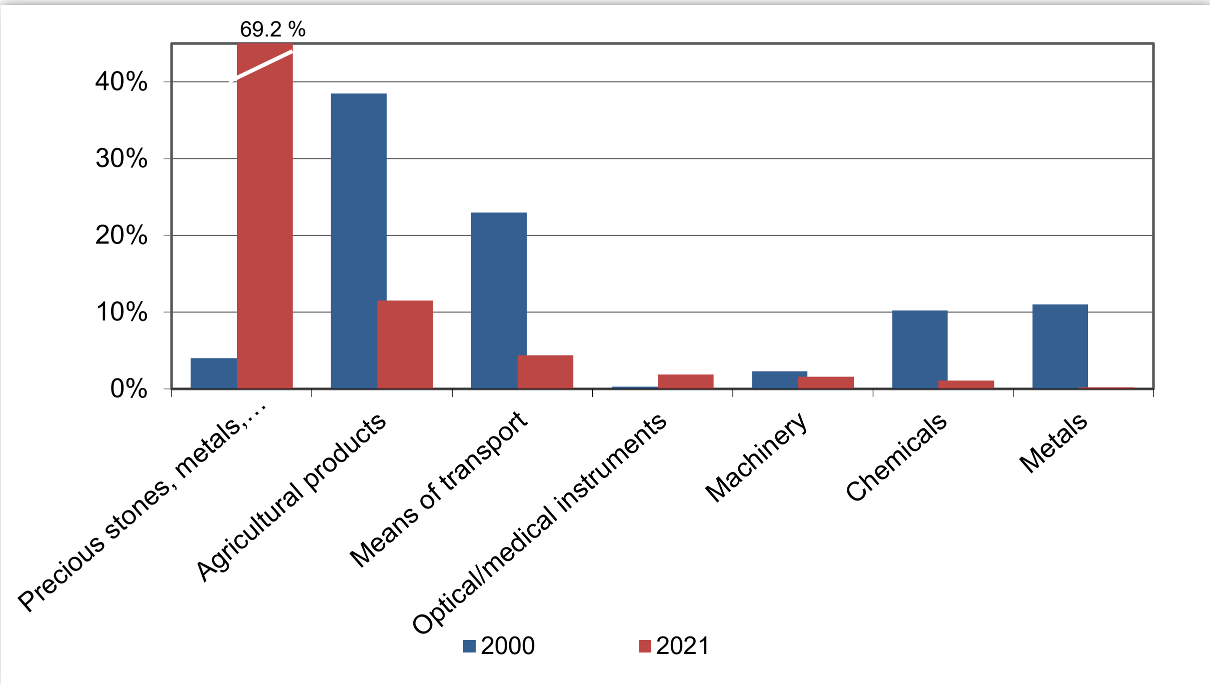
Source: Swiss Federal Customs Administration, Bern.

Table A.6. Switzerland - Latin America: Goods Imports, Product Groups 2000 - 2021
(CHF million, percentage)

Chapters of the Harmonised System		Value 2000	2020	2021	Var. in % 2021/2020	Share in % 2021
1-24	Agricultural products	670.3	1'076.1	1'166.9	8.4	11.5
25-26	Mineral products	2.5	1.1	1.2	4.0	0.0
27	Mineral fuels	0.2	0.0	0.0	61.8	0.0
28-38	Chemicals (without pharma.)	178.2	99.3	106.3	7.0	1.1
30	Pharmaceuticals	11.6	36.1	17.4	-51.8	0.2
39-40	Plastic, rubber	6.3	15.6	17.2	10.3	0.2
41-43	Skins, leather and articles thereof	4.5	2.9	3.3	14.3	0.0
44-46	Wood	1.5	5.6	5.5	-2.0	0.1
47-49	Paper and articles thereof	66.7	13.4	5.8	-56.9	0.1
50-63	Textiles, clothing	17.1	20.2	25.5	25.9	0.3
64-67	Shoes, umbrellas, etc.	3.5	9.8	13.3	36.2	0.1
68-70	Stone, glass, ceramic articles	3.5	4.5	5.0	10.6	0.0
71	Precious stones, metals and jeweller	70.4	6'069.5	7'002.0	15.4	69.2
72-83	Metals and articles thereof	191.5	15.6	19.4	24.5	0.2
84-85	Machinery	39.7	169.3	162.0	-4.3	1.6
86-89	Means of transport	400.2	308.5	446.3	44.6	4.4
90	Optical and medical instruments	5.5	144.4	189.1	31.0	1.9
91	Clocks and watches	5.7	12.5	12.6	1.4	0.1
93	Weapons and ammunition	0.2	0.7	0.7	4.9	0.0
94	Furniture, bedding, etc.	1.6	4.1	4.1	-0.9	0.0
95-97	Toys, sports articles, etc.	61.6	6.8	9.7	42.6	0.1
	Unspecified	-	272.7	906.5	232.4	9.0
Total Swiss imports: Latin America		**1'742.3**	**9'214.1**	**10'119.8**	**9.8**	**100.0**
Total Swiss imports: World		139'402.2	273'767.0	295'193.0	7.8	---

Source: Swiss Federal Customs Administration, Bern.

Figure A.4. Switzerland - Latin America: Goods Imports, Main Product Groups 2000 – 2021 (% of total Swiss imports from Latin America)



Source: Swiss Federal Customs Administration, Bern.

Table A.7. Switzerland - Latin America: Foreign Direct Investment, Main Destinations 1993 - 2020
(Total FDI stock at the end of year in CHF million, excluding offshore financial centers)

	1993	2000	2019	2020
Brazil	4'086	5'707	10'811	8'098
Mexico	1'872	4'377	6'593	5'582
Colombia	414	1'092	5'041	4'584
Argentina	443	1'782	3'321	3'302
Uruguay	126	421	2'477	2'345
Chile	413	790	1'813	2'024
Costa Rica	96	130	1'286	1'225
Venezuela	315	1'116	2'050	1'033
Peru*	72	310	-2'799	984
Ecuador	189	441	298	282
Dom. Rep.	27	183	270	251
Guatemala	58	88	251	180
Others	100	664	889	793
Total	**8'211**	**17'100**	**32'301**	**30'683**

Source: Swiss National Bank, Zurich.
* The negative stock of Swiss direct investment in Peru can be explained by the *directional principle* method used by the Swiss National Bank. This method, which adopts a net perspective, calculating Swiss direct investment abroad as the difference between assets and liabilities of domestic parent companies vis-à-vis their subsidiaries abroad, thus making it possible for there to be a negative direct investment stock.

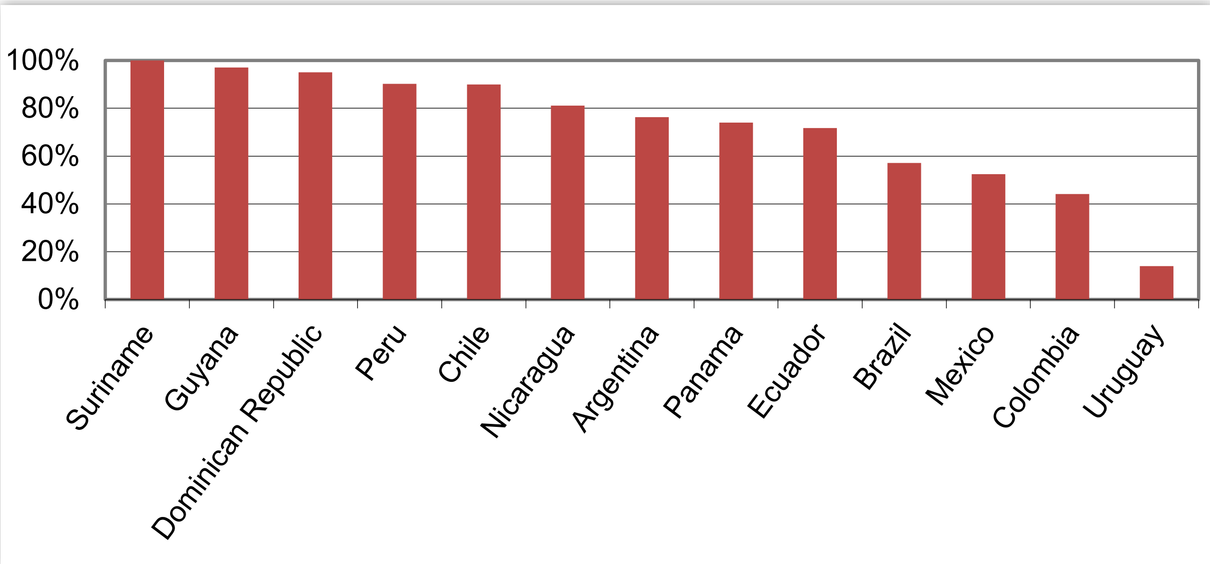
Buenos Aires, Argentina

Table A.8. Switzerland - Latin America: Gold Imports, Main Countries of Origin 2021 (CHF million)

	Gold Imports	Total Imports	Share of gold in total Imports (in %)
Peru	1'877	2'080	90%
Suriname	998	998	100%
Brazil	898	1'573	57%
Dominican Republic	813	855	95%
Mexico	777	1'483	52%
Chile	768	854	90%
Argentina	693	908	76%
Ecuador	241	336	72%
Colombia	187	424	44%
Nicaragua	180	222	81%
Panama	30	40	74%
Guyana	6	7	97%
Uruguay	5	36	14%

Source: Swiss Federal Customs Administration, Bern.

Figure A.5. Switzerland – Latin America: Share of Gold Imports, Main Countries of Origin 2021 (% of total imports)



Source: Swiss Federal Customs Administration, Bern.

Table A.9. **Switzerland - Latin America: Main Economic Agreements** (entry into force)

South America

Argentina*	Trade agreement	26.11.1957
	BIT	06.11.1992
	DTA	27.11.2015
Bolivia	DTA	declaration of intention: 02.04.1993
Brazil*	Trade agreement	01.08.1936 (provisory)
	DTA	16.03.2021
Chile*	Trade agreement	31.01.1899
	BIT	02.05.2002
	FTA (EFTA)	01.12.2004
	DTA	05.05.2010
Colombia*	Trade agreement	02.10.1909
	BIT	06.10.2009
	DTA	11.09.2011
	FTA (EFTA)	01.07.2011
Ecuador	Trade agreement	21.10.1941
	DTA	22.12.1995; modifying protocol: 17.4.2019
	FTA	01.11.2020
Guyana	BIT	02.05.2018
Paraguay	Trade agreement	12.12.1969
	BIT	28.09.1992
Peru	Trade agreement	21.10.1941
	BIT	23.11.1993
	DTA	10.03.2014
	FTA (EFTA)	01.07.2011
Uruguay*	Trade agreement	21.10.1941
	BIT	22.04.1991
	DTA	28.12.2011
Venezuela	BIT	30.11.1994
	DTA	23.12.1997
	Framework agreement on cooperation	06.05.2009

Central and North America

Costa Rica*	BIT	19.11.2002
	DTA	initialled March 2006, adaptation under way
	FTA (EFTA)	29.08.2014
El Salvador	Trade agreement	15.07.1954
	BIT	16.09.1996
Guatemala	Trade agreement	11.04.1955
	BIT	03.05.2005
	FTA (EFTA)	protocol of accession ratified: 25.02.2020
Honduras	BIT	31.08.1998
Mexico*	Trade agreement	02.09.1950
	BIT	14.03.1996
	DTA	08.09.1994; modifying protocol: 23.12.2010
	FTA (EFTA)	01.07.2001
Nicaragua	BIT	02.05.2000
	DTA	declaration of intention: 12.04.1994
Panama*	BIT	22.08.1985
	FTA (EFTA)	29.08.2014

Caribbean

Barbados*	BIT	22.12.1995
Cuba	Trade agreement	14.04.1954
	BIT	07.11.1997
Haiti	Trade agreement	23.12.1936
Jamaica	BIT	21.11.1991
	DTA	27.12.1995
Dominican Republic	BIT	30.05.2006
Trinidad & Tobago	BIT	04.07.2012
	DTA	20.03.1974

*AEOI: Automatic Exchange of Information (details in chapter 3.3)

BIT: Agreement on the Protection and Promotion of Investments
DTA: Double Taxation Agreement
FTA: Free Trade Agreement

Table A.10. **Switzerland - Latin America: Chambers of Commerce, Swiss Business Hubs and swissnex**

Chambers of Commerce in Switzerland	
Latin American Chamber of Commerce in Switzerland (Latcam)	
Kasernenstrasse 11 CH-8004 Zurich	
Tel.:	+41 44 240 33 00
President:	Ramon Esteve
Director:	Tatjana Gaspar
Honorary Ambassador	Dr. Philippe G. Nell
E-mail:	latcam@latcam.ch
Website:	www.latcam.ch
Swiss-Cuban Chamber of Commerce and Industry (SwissCubanCham)	
SwissCubanCham Hirschmattstrasse 25 6002 Luzern	
Tel.:	+41 41 227 04 07
President:	Andreas Winkler
E-mail:	info@swisscuban.org
Website:	www.swisscuban.org
Brazil-Switzerland Chamber of Commerce (CHamBR)	
Rue Le Corbusier 10 CH-1208 Genève	
Tel.:	+41 22 702 02 10
President of the Board:	Joseph Marques
Executive Director:	Nicolas Godel
E-mail:	info@chambr.org
Website:	www.chambr.org

Chambers of Commerce in Latin America		
Argentina	**Cámara de Comercio Suizo Argentina**	
	Av. Leandro N. Alem 1074 Piso 10 C1001AAS Buenos Aires, Argentina	
	Tel.:	+54 11 4311 7187
	President:	Arq. Ernesto Kohen
	General Manager:	María Silvia Abalo
	E-mail:	info@suiza.org.ar
	Website:	www.suiza.org.ar
Brazil	**Câmara de Comércio Suiço-Brasileira SWISSCAM**	
	Av. das Nações Unidas, 18.001 04795-900 São Paulo, Brazil	
	Tel.:	+55 11 5683 7447 / +41 44 586 37 41
	President:	Philip Schneider
	Executive Director:	Mariana Badra, mariana.badra@swisscam.com.br
	E-mail:	swisscam@swisscam.com.br
	Website:	www.swisscam.com.br

Chile	**Cámara Chileno-Suiza de Comercio (CCHSC) A.G.** (currently no office address) Tel.: +56957284935 President: Susanna Torres General Manager: Constanza Cárdenas E-mail: constanza.cardenas@swisschile.cl Website: www.swisschile.cl	
Colombia	**Cámara de Comercio Colombo-Suiza** Calle 98, No 15 – 17, Oficina 402 Bogotá, Colombia Tel.: + 57 1 310 874 42 78 President: Harold Karam Executive Director: Silvia Gutierrez Díaz E-mail: direccion@colsuizacam.com colsuizacam@colsuizacam.com Website: www.colsuizacam.com	
Cuba	**Swiss-Cuban Chamber of Commerce and Industry** Centro de Negocios Miramar Edo. Jerusalem. Of. 214 Ave. 3ra, Esq. 80 Miramar, Playa, La Habana Tel.: +53 7 204 9020 Fax.: +53 7 204 2029 President: Andreas Winkler E-mail: andreas.winkler@swisscuban.org info@swisscuban.org Website: www.swisscuban.org	
Dominican Republic	**Cámara de Comercio y Turismo Dominico-Suiza** Calle Rafael Augusto Sanchez #86 Roble Corporate Center, Piso 7 Piantini, Santo Domingo 10148 República Dominicana Tel.: +1 809 792 5060 President: Gaetan Bucher E-mail: info@camaradominicosuiza.org Website: www.camaradominicosuiza.org	
Ecuador	**Cámara de Industrias, Comercio y Servicios Ecuatoriano - Suiza** Av. Eloy Alfaro N35-09 y Portugal Ed. Millenium Plaza Quito Quito, Ecuaor Tel.: +593 – 2 333 20 48 ext. 107 President: Sofía Almeida Moreno E-mail: comunicacion@swisscham.com.ec Website: https://swisscham.com.ec/	

Guatemala	**Cámara de Comercio Suizo-Guatemalteca** 16 Calle 0-55 zona 10 Torre Internacional nivel 14 01010 Ciudad de Guatemala, Guatemala, C.A Tel.: +(502) 23 67 55 20 President: Siegfried Brand E-mail: info@camaradecomerciosuizoguatemalteca.org.gt Website: https://camaradecomerciosuizoguatemalteca.org.gt
Mexico	**Cámara Suizo-Mexicana de Comercio e Industria** Lago Alberto 319, Piso 12, Col. Granada, Delegación Miguel Hidalgo, C.P. 11320 Ciudad de México, México Tel.: +52 (56) 1412 3634 President: Simon Blondin Director General: Christian Michel E-mail: info@swisscham.mx Website: http://swisscham.mx/
	Asociación Empresarial Mexicano-Suiza, A.C. Parque Molino de Flores 22, Col. El Parque 53398 Naucalpan, Estado de México Tel.: + 52 1 55 1384 4045 President: Alexandre Rodel Director General: Hans Broder E-mail: info@aems-scm.org Website: www.aems.mx/
Panama	**Cámara de Comercio Suizo Panameña (CCSP)** Bay Mall Av. Balboa, Local 110 Panamá City, Panamá Tel.: +507 6291 4886 President: Andreas Eggenberg Executive Director: Gessica Loeppke E-mail: info@swisschamberpanama.org Website swisschamberpanama.org
Paraguay	**Cámara de Comercio Paraguayo-Suiza** Dr. Juan Eulogio Estigarribia 5086 Asunción, Paraguay Tel.: +595 976 388 790 President: Sebastián Campos Cervera General Manager: Janice Gill E-mail: info@swisschampy.com Website http://swisschampy.com/

Peru	**Cámara de Comercio Suiza en el Perú** Av. Salaverry 3240, Piso 1 Lima 27, Peru		
	Tel.:	+51 1 264 35 16	
	President:	Felipe Antonio Custer	
	General Manager:	Corinne Schirmer	
	E-mail:	info@swisschamperu.org	
	Website:	www.swisschamperu.org	
Uruguay	**Cámara de Comercio Suizo-Uruguaya** Av. Bvar. Artigas 1443 Of. 608 11300 Montevideo, Uruguay		
	Tel.:	(+598) 99 321 941	
	President:	Cr. Alejandro Suzacq	
	Secretary:	Helga Ringeltaube	
	E-mail:	info@swisschamuruguay.org.uy	
	Website:	www.swisschamuruguay.org.uy	
Venezuela	**Cámara Venezolano-Suiza de Comercio e Industria** Torre Europa, Piso 6, Ofc. 6-A Av. Francisco de Miranda, Campo Alegre, Chacao Apartado postal 1060 A Caracas 1060, Venezuela		
	Tel.:	+58 212 953 51 55 / +58 212 953 37 85	
	President:	Claudio Petrini	
	Executive Director:	Fini Otero	
	E-mail:	info@camarasuiza.org	
	Website:	www.camarasuiza.org	

Swiss Business Hubs and Swissnex		
Brazil	**Swiss Business Hub Brazil** c/o Consulado Geral da Suíça Av. Paulista 1754, 4° andar Edificio Grande Avenida 01310-920 São Paulo	
	Tel.:	+55 11 3372-8200
	Director:	Hans Aebi
	E-mail:	hans.aebi@eda.admin.ch
	Website:	www.s-ge.ch
Brazil	**Swissnex in Brazil** c/o Consulado Geral da Suíça Rua Cândido Mendes, 157, 12 andar Rio de Janeiro / RJ 20241-220	
	Tel.:	+55 21 3806 2141
	CEO:	Malin Borg
	E-mail:	malin.borg@swissnex.org
	Website:	www.swissnex.org/brazil

	Swissnex c/o Consulado Geral da Suíça Av. Paulista 1754, 10° andar 01310-920 São Paulo SP Tel.: +55 21 3806 2100 E-mail: ask.brazil@swissnex.org Website: www.swissnex.org/brazil
Chile	**Swiss Business Hub Chile** c/o Embajada de Suiza Américo Vespucio Sur 100, Piso 14, Las Condes Santiago de Chile Chile Tel.: +56 2 2928 01 25 Director: Mark Untersander E-mail: mark.untersander@eda.admin.ch Website: www.s-ge.com
Mexico	**Swiss Business Hub Mexico** c/o Embajada de Suiza Paseo de las Palmas No. 405, Torre Optima I, piso 11 Col. Lomas de Chapultepec C.P. 11000 México D.F. Tel.: +52 55 91 78 43 70 Ext. 30 Director: Rubén Araiza Díaz E-mail: ruben.araizadiaz@eda.admin.ch Website: www.s-ge.com

Swiss Embassy, Chile

Figure A.6. **Memorandum of Understanding Joint Economic Commission CH - COL**

MEMORANDUM OF UNDERSTANDING
BETWEEN
THE DEPARTMENT OF ECONOMIC AFFAIRS, EDUCATION AND RESEARCH OF THE SWISS CONFEDERATION
AND
[THE MINISTRY OF TRADE, INDUSTRY AND TOURISM OF THE REPUBLIC OF COLOMBIA]
NTENTING TO ESTABLISH A JOINT ECONOMIC COMMISSION

The Department of Economic Affairs, Education and Research of the Swiss Confederation, and [the Ministry of Trade, Industry and Tourism of the Republic of Colombia], hereinafter referred to as the "Signatories";

Considering the longstanding bonds of friendship and cooperation between the Swiss Confederation and [the Republic of Colombia];

Committed to reinforce their economic relations by extending and diversifying bilateral trade and investment flows;

Recognizing that eliminating barriers to bilateral trade and investment will enhance economic growth and encourage increased productivity in each Party's territory;

Aware of the necessity to exchange information through regular bilateral contacts;

Benefitting from excellent framework conditions including a free trade agreement and a double taxation agreement;

Reaffirming their rights and obligations under the Agreement establishing the World Trade Organization and other bilateral and multilateral trade and economic cooperation instruments;

Have reached the following understanding:

SECTION ONE: ESTABLISHMENT

The Signatories hereby wish to establish a Joint Economic Commission comprising representatives of each Signatory.

SECTION TWO: OBJECTIVES

The Joint Economic Commission intends to:

(a) provide a platform to exchange information on bilateral trade and investment;

(b) identify means to facilitate bilateral trade, investment and tourism; notably inform each other on trade fairs, exhibitions, business missions and investment opportunities;

(c) review existing economic agreements and discuss how their application can be improved;

(d) highlight specific economic interests to either Signatory and facilitate the exchange of experts;

(e) address activities in the framework of bilateral economic development cooperation;

(f) consider initiatives that may serve to reduce barriers to trade and investment between the territories of the Signatories;

(g) contribute to solving business issues of a general nature or raised by firms;

(h) discuss international economic issues of importance for either Signatory.

SECTION THREE: MEETINGS

1. A meeting of the Joint Economic Commission may be held when considered appropriate by the Signatories, preferably every two years, the venue alternating between Switzerland and [Colombia]. The meeting can also take place virtually, by any technological means available.

2. The meetings are expected to be co-chaired by a representative of the Swiss State Secretariat for Economic Affairs and a representative of [the Colombian Ministry of Trade, Industry and Tourism].

3. The date for each meeting should be fixed as early as possible and the agenda agreed preferably one month in advance in order to allow for necessary preparations by the Signatories.

4. After each meeting, the host delegation should prepare an Executive Summary including decisions agreed upon and to be subsequently adopted and signed by the heads of both delegations.

5. The Signatories may create special working groups to deal with specific questions. The meetings of the working groups can also take place virtually, by any technological means available.

SECTION FOUR: PARTICIPATION OF OTHER REPRESENTATIVES

1. Representatives of other governmental entities, external experts and representatives of chambers of commerce, business associations and companies may be invited to participate at the Joint Economic Commission as appropriate, and can be appointed by the chairpersons of either Signatory.

2. The Signatories can work closely with the private sector in identifying issues to be dealt with.

SECTION FIVE: COME INTO EFFECT

1. This Memorandum comes into effect on the date of the last signature.

2. This Memorandum is not intended to create any legal obligations or any financial consequences of whatever nature for the Signatories or other participants.

Signed in Bogotá, on 26 April 2021, in two originals, both texts having equal validity in the English and Spanish languages. In case of divergence, the English version should prevail.

FOR THE DEPARTMENT OF ECONOMIC AFFAIRS, EDUCATION AND RESEARCH OF THE SWISS CONFEDERATION	FOR THE MINISTRY OF TRADE, INDUSTRY AND TOURISM OF THE REPUBLIC OF COLOMBIA
AMBASSADOR YVONNE BAUMANN	MINISTER JOSÉ MANUEL RESTREPO