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Belt and Road Initiative and the South American Integration Initiatives: A Comparative Analysis between Asian and Latin American Initiatives with a Complementary Proposition

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Abstract

China has been emerging as an alternative source of international cooperation and recently launched One Belt One Road Initiative. To have a better understanding of the Initiative, to explore possible benefits and lesson to South American countries, this paper firstly investigates the Chinese initiative and later discusses South American Integration and Development initiatives, including financial institutions and the main infrastructural initiative. Lastly, it is proposed the "South American Road" to be created complementing the Chinese initiative and integrating with other regions as Central America, Oriental part of Europe, South and Oriental parts of Africa, and Oceania.

Keywords: *Belt and Road Initiative, infrastructure, integration, South America, multilateral development banks*

1. Introduction

This paper will investigate the One Belt, One Road (OBOR) initiative, later renamed Belt and Road Initiative (BRI) and compare it with the integration initiatives developed in South America. It will briefly explain what the Belt and Road Initiative is and how it works, showing its two main supportive financial institutions which are the Asian Infrastructure Investment Bank - AIIB and the Silk Road Fund.

Later, it will show the integrational initiatives developed for and in Latin America, describing the main political fora and the financial institutions that focus on the integration of the region, dividing them into political and financial initiatives.

Then the paper will compare the two key aspects of the initiatives and draw the conclusions about what South America can learn from the Chinese initiative and vice versa and propose the "South American Road" that should be complementary to the Belt and Road Initiative aiming to not leave this part of the continent isolated from the main focus of investment of the next decades. The "South American Road" should focus on the region and areas that the South America has historic linkages as Central America, the Oriental part of Europe, mainly Portugal and Spain, Occidental and South area of Africa and also Oceania, and areas that integrate and complement the Belt and Road Initiative.

2. The Belt and Road Initiative

The Belt and Road Initiative (BRI) is one of and probably the most important Chinese endeavors in global cooperation for a community with shared interest and common development. In the BRI, China introduces and advocates "the Silk Road Spirit of peace and cooperation, openness and inclusiveness, mutual learning and mutual benefit"[1] in order to build globalization towards a more balanced, connected, and diversified system with sustainability. With profound political and financial investment, China is proposing a grand project that, if well designed and managed, will strengthen the power of globalization and deliver real benefits to countries along the road and beyond.

The Initiative was first put forward by China's President Xi Jinping in his speech at Nazarbayev University during the state-level visit to Kazakhstan in September 2013. Later when President Xi paid his visit to Indonesia in October 2013, a more elaborated picture was envisioned by raising the project of the New Maritime Silk Road which together with the Silk Road Economic Belt compose the One Belt, One Road initiative (later renamed Belt and Road Initiative).

The BRI is designed to cover most countries in Asia and to connect Asia with the Baltic, Persian Gulf and Mediterranean Sea, Indian Ocean, and South Pacific.[2] Built on the legacy of the trading route in the 7th century from China to countries in Central Asia, Europe, and Africa, the new "belt and road" proposes to expand the ancient trading network by strategic planning and funding. The Silk Road Economic Belt, the 21st Century Maritime Silk Road, and six economic corridors have been planned as the framework of OBOR building, which will work to realize "policy coordination, facilities connectivity, unimpeded trade, financial integration, and people-to-people bonds" for strengthened partnership and connectivity among countries along the road.

The cooperation priorities of 21st Century Maritime Silk Road are to create a network called the "Blue Partnership", seeking green development, safeguarding the marine ecosystems and preserving maritime life; promoting ocean-based prosperity, enhancing maritime cooperation, facilitation and connectivity; cooperating to ensure maritime security; promoting innovative growth linking academia, think tanks, and governments to develop new ideas and approaches related to maritime and ocean use, defense and cooperation; and putting China in the center of the international action as a key actor to development.[3]

China also envisioned a series of plans of action for the Belt and Road Initiative in the fields of: education, standard connectivity, initiative to promote trade and cooperation, energy, ecology and environment, culture, sports, tourism, agriculture, science and technology, and metrology.

By the end of 2016, a total of 77 projects have taken shape in 36 countries and regions with total investment of US$24.19 billion. So far, 56 economic and trade cooperation zones have been established in 20 countries along the road with a total investment of over US$18.5 billion.[4] Alone in the year of 2016, the total trade volume between China and BRI member countries reached US$948.7 billion, 25.7% of China's total export and import volume. These Chinese-led projects will add more than US$ 70 billion in value and create over 212,000 jobs.[5]

The BRI has been vigorously supported by the Chinese government. In 2017, President Xi engaged in state visits to 43 countries along the road and had 15 relevant agreements, including 4 free trade agreements, signed with 11 countries. The year 2017 embraced another 46 countries to join the Initiative, including Slovenia, Morocco, and Panama, making the total number of member countries reach 86.[6] Heads of 18 countries attended the Belt and Road Forum for International Cooperation 2017, during which over 270 cooperation agreements were signed. By 2017, 57 China-EU railways have been built, connecting 35 Chinese cities with 34 cities in 12 European countries; direct flight routes to 43 countries along the road have been approved by Civil Aviation Administration of China; 34 cross-border fiber optic cables have been established with 12 BRI member countries; trade and investment agreements in various sectors have been signed between China and 58 BRI member countries; and 734 pairs of twin cities have been agreed with 53 countries for increased cultural exchange.

A growing number of proposals and projects have been raised for the Initiative. Air Silk Road was put forward during President Xi's visit to Luxembourg for easier exchange of human resources and trading;[7] Polar Silk Road for cooperation with Russia in fairway building in the Arctic Pole;[8] Digital Silk Road at the opening ceremony of Belt and Road Forum for International Cooperation 2017; and another two economic corridors with Laos and Myanmar respectively.

Beyond what was signed for future implementation, solid steps have been made on the Initiative. So far, 7 massive infrastructure projects have been completed, including the south line of natural gas pipeline development in Kazakhstan, the second phase of crude oil pipeline project between China and Russia, and the affordable housing development in Maldives; 19 large-scale projects have been put to production and operation: the railroads building in Mongolia, wind power development in Jhimpir, the mining development project in Peru, etc.; and 17 massive projects have been commenced: the light rail project in Astana, the hydropower station development in Caculo Cabaça in Angola, the photovoltaic power station in Argentina, etc.

According to the Asian Development Bank (ADB) report *Meeting Asia's infrastructure needs*, to develop Asia investments of US$1.7 trillion a year in infrastructure will be needed until 2030 to maintain its growth momentum, with a total of US$26 trillion. The Belt and Road Initiative, by itself, is expected to need investments from US$1 trillion to US$8 trillion.[9] According to Peter Wong Tung-shu, HSBC's Asia Pacific chief executive, US$6 trillion of funding will be required over the next 15 years.[10] According to Joe Ngai, senior partner in McKinsey's Hong

Kong office, it will require between US$2 trillion and US$3 trillion per year.

Infrastructure needs in developing Asia and the Pacific will exceed US$22.6 trillion through 2030. The multilateral development banks (MDBs) have financed an estimated 2.5% of the infrastructure investments in Asia.[11] When China and India are excluded, the contributions rise above 10%.

This is a massive effort of China to concrete itself as a leading international actor. The MDBs will play a key role in this initiative, as stated in the European Bank for Reconstruction and Development (EBRD), Asian Infrastructure Investment Bank (AIIB) and New Development Bank (NDB) priorities, especially these last two, through their loans and project support, and also from the Silk Road Fund launched by Chinese government with US$40 billion dollars. The fund, which became active in February 2015, is backed by the China Investment Corporation (China's sovereign wealth fund), China Development Bank, the Export-Import Bank of China and the State Administration of Foreign Exchange (2016).[12]

2.1. The Asian Infrastructure and Investment Bank

The AIIB was created in June 2015 when representatives from 57 members signed the Articles of Agreement (AOA).[13] The Agreement entered into force on 25 December 2015 and commenced operations on 16 January 2016.[14] It is "an important vehicle for delivering Xi Jinping's signature foreign economic policy – the 'Silk Road economic belt' and the '21st century maritime Silk Road' (one belt, one road) initiatives".[15] During the first year of activities, the thematic priorities were sustainable infrastructure, cross-country connectivity, and private capital mobilization.

The AIIB has its headquarter located in Beijing, China. It counts with 61 countries, being 40 from Asia-Pacific region and 23 prospective members from all regions of the world. In less than 2 years of implementation, it already has more members than the Inter-American Development Bank – IADB. It shows the importance of the Asian region, of China, and of the Belt and Road Initiative.

The purpose of the Bank is to foster sustainable economic development, create wealth, and improve infrastructure connectivity in Asia by investing in infrastructure and other productive sectors. It will also promote regional cooperation and partnership in addressing development challenges by working in close collaboration with other multilateral and bilateral development institutions.[16] The key areas of focus are: (i) rural infrastructure; (ii) energy and power; (iii) environmental protection; (iv) transportation and telecommunications; (v) water supply and sanitation; and (vi) urban development and logistics.

The total capital amount of the Bank is US$90 billion, and the paid-in capital is US$18 billion. The paid-in capital of the bank is bigger than any other bank, even the World Bank. It shows again the importance of the AIIB and the Belt and Road Initiative. Its rating is AAA from S&P, as rated by Moody's and Fitch agencies. In its first two year it approved almost US$4.4 billion in projects[17] – US$3.5 billion in 2016.

2.2. Silk Road Fund

The Silk Road Fund was founded on 29th December 2014, one month after it was put forward by President Xi Jinping during the 22nd APEC Economic Leaders' Meeting in November 2014. The Silk Road Fund is a unilateral financial institution funded solely by China with a proposed total capital of US$40 billion and a first round of capital instalment of

US$10 billion from State Administration of Foreign Exchange (US$6.5 billion), China Investment Corporation (US$1.5 billion), Export-Import Bank of China (US$1.5 billion), and China Development Bank (US$500 million).[18] To better fulfill the financial demand for potential projects and allocate the resources for increased cooperation between China and countries along the belt and road,[19] another RMB 100 billion (US$16 billion) was announced to be injected into the Fund in May 2017 by President Xi during his opening speech at the Belt and Road Forum for International Cooperation.

Together with AIIB, the Fund works to financially fuel the BRI where infrastructure investment and development are taken as the major purpose. The nature of infrastructure investment requires long-term financing and even longer time to deliver benefits. In this sense, the BRI employs bank (AIIB) and corporation (Silk Road Fund) as its financing arms to diversify the approaches and mitigate the risks, where the Bank issues bonds and loan and the Fund adopts equity investment.[20]

The Silk Road Fund is created as a limited-liability company under the "Company Law of the People`s Republic of China",[21] making it different from other funds designed for the similar purposes that are mostly private equity. Since April 2015, when the Fund signed its first memorandum of cooperation with China Three Gorges Corporation and the Private Power & Infrastructure Board of Pakistan till the first quarter of 2017, the Fund has had 15 projects signed and US$6 billion agreed to invest; in addition to that, the Fund has been involved in projects with a total value of US$80 billion, which 70% has been devoted to infrastructure investment.[22] Other investment areas include energy and resource development which consists of traditional energy resources, clean energy, and renewable energy; industrial capacity cooperation which covers investment of equipment, technology, and services that are part of China's production capacity and can advance and support the economic development of countries along the belt and road; and financial cooperation that will contribute to an innovative, diversified, and open model.[23]

The Silk Road Fund takes equity investment for most of its operations, being over 70% of its investment projects. The Fund participates in equity investment such as direct investment, mergers and acquisitions, IPOs and pre-IPOs, and investment in preferred shares. It also engages in debt investment that includes loans, bonds, mezzanine investment, and other types of investment like entrusted assets and commissions. More than that, the Fund has created subsidiary fund. Its first cooperation fund was invested with US$2 billion – the China-Kazakhstan Production Capacity Cooperation Fund was reached under the framework agreement with Kazakhstan National Export and Investment Agency signed on December 14th, 2015, which is designed to promote regional cooperation, cross-border trade facilitation, and better use of advantageous resources for mutual benefit and a win-win strategy.[24]

The Silk Road Fund is designed with a vision of "openness, inclusiveness, and mutual benefit" to contribute to the economic development dividend among the community of shared future of mankind. Under the framework of BRI, the Fund stresses on strategic cooperation where all parties in the project could find something to offer and achieve and works to include all countries along the belt and road to participate in the economic globalization.

So far, the Fund has signed or initiated investment projects in six major economic corridors proposed by the BRI, including (i) Central Asia: China-Kazakhstan Production Capacity Cooperation Fund with Kazakhstan National Export and Investment Agency in August 2015, Russian Yamal Liquefied Natural Gas Project with Novatek and Investment cooperation with Vnesheconom bank and the Russian Direct

Investment Fund in September 2015; (ii) Southern Asia: the cooperation memorandum with the Private Power & Infrastructure Board of Pakistan; (iii) Western Asia: Power Projects in the United Arab Emirates with International Company for Water and Power Projects; (iv) North Africa: power investment projects in Egypt in January 2016; (v) Europe: investment agreements with Pirelli in Italy in June 2015, cooperation agreement on environment-friendly green energy with Beijing Enterprises Holdings Limited and EEW Energy from Waste GmbH in German in June 2016, Serbian Renewable Energy Projects in June 2016, and FC Value Trail Fund Project with Amundi Asset Management in France in November 2016. Among the projects, around 80% were signed in the presence of state leaders of China and the cooperative country/countries, indicating the Fund's role in expanding BRI.

In addition to investment projects with countries along the belt and road, the Fund has also developed cooperation with multilateral institutions such as the African Development Bank Group, the European Bank for Reconstruction and Development, The European Investment Bank, and the International Finance Corporation, in order to better identify the demands and allocate resources.

3. South American Initiatives

South America had and still has several integrational initiatives, with different fora and some of them being political institutions, financial institutions, multilateral development banks (MDBs), and business initiatives. It will be focused mainly on the bigger Latin American and South American initiatives and MDBs, the two main Americas' initiatives: the Organization of American States and the Inter-American Development Bank.

3.1. Political Initiatives

3.1.1. Organization of American States (OAS)

The Organization of American States (OAS) is the biggest initiative comprising the whole America, including the Caribbean, Canada and the United States of America; it was created in 1948 and was effective in December 1951. The organization comprises 35 independent states in the Americas, that ratified the OAS Charter[25]: Antigua y Barbuda, Argentina, Bahamas, Barbados, Belize, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Cuba, Dominica, Ecuador, El Salvador, United States of America, Granada, Guatemala, Guyana, Haití, Honduras, Jamaica, México, Nicaragua, Panamá, Paraguay, Perú, Dominican Republic, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Saint Lucia, Suriname, Trinidad and Tobago, Uruguay, Venezuela.

The OAS follows the UN Charter[26] principles, and its own principles are (Article 2):

a. To strengthen the peace and security of the continent;
b. To promote and consolidate representative democracy, with due respect for the principle of nonintervention;
c. To prevent possible causes of difficulties and to ensure the pacific settlement of disputes that may arise among the Member States;
d. To provide for common action on the part of those States in the event of aggression;
e. To seek the solution of political, juridical, and economic problems that may arise among them;
f. To promote, by cooperative action, their economic, social, and cultural development;

g. To eradicate extreme poverty, which constitutes an obstacle to the full democratic development of the peoples of the hemisphere; and
h. To achieve an effective limitation of conventional weapons that will make it possible to devote the largest amount of resources to the economic and social development of the Member States.

The decisions of the General Assembly must be taken by the majority of the votes of the members, with exemption of some cases that requires two-thirds majority (Article 59). In this case it does not need consensual decision.

3.1.2. Latin American Integration Association (ALADI)

The Latin American Integration Association (ALADI, Spanish acronym) is composed by 13 country signatories of the Montevideo Treaty of 1980 (TM80) and its predecessors, being members: Argentina, Bolivia, Brazil, Chile, Colombia, Cuba, Ecuador, México, Panamá, Paraguay, Perú, Uruguay, and Venezuela.

ALADI replaced the Free-Trade Latin American Association (ALALC, Spanish acronym), which was created in 1960. The main motivations for the creation of ALALC were the necessity to overrule the structural difficulties faced by the countries of the region, as the mono-export of basic products with no added value, looking for a bigger international market and to industrialize the member countries.

ALADI kept those ideas, however switched to become a free-tariff trade zone. The objectives of ALADI are the creation of a preferential economic region, aiming to create a Latin American Common Market, through three mechanisms:[27]

(i) a preferential tariff region, applied to products from Member States (Article 5);
(ii) regional treaties, with the participation of all Member Countries (Article 6); and
(iii) partial regional treaties, with the participation of two or more Member Countries (Article 7).

The supreme organ is the Council (Article 30), which takes all the integration decision, with the affirmative vote of two-thirds of the member states. And some key voting requires two-thirds plus the no negative vote, creating an implicit consensual voting for the most important aspects (article 43).

3.1.3. Common Market of the South (Mercosur)

The Common Market of the South (Mercosur, Spanish acronym) was created by the Treaty of Asunción,[28] in 1991, in Asunción, Paraguay. Its institutional basis was created in 1994, in Ouro Preto, Brazil, by the Ouro Preto Treaty.[29]

Mercosur was created and aimed to be similar to the European Union in Latin America. Its main goals were to create a free trade zone with free flow of people, money, and products. During the years its goals changed as its focus moved to a social approach. The current general goals delineated by the Decision CMC Nº23/14 are to: strengthen the capacity of its members; deepen the regional integration; reduce the regional asymmetries; and exchange knowledge and experiences, good practices, public policies inside and outside Mercosur.

The Common Market Council (CMC) is the supreme decision-making body (Article 3) and all the decisions must be taken by consensus (Article 37). The member countries are Argentina, Brazil, Paraguay, Uruguay, and Venezuela (Venezuela is currently suspended – decision issued on 5 August 2017), with Bolivia in membership process.

3.1.4. Andean Community (CAN)

The Andean Community (CAN, Spanish acronym) was created by the Cartagena Agreement in 1969, in Cartagena, Colombia, by Bolivia, Chile, Colombia, Ecuador, Perú, and Venezuela. Due to many instabilities and regional divergences, Chile left the organization in 1976, and Venezuela in 2006, when it joined Mercosur. Its current members are only Bolivia, Colombia, Ecuador and Perú.

The key objectives of CAN are:[30] (i) to integrate its members commercially, economically, and politically; (ii) to facilitate the integrational process, in a way to progressively create a Latin-American Common Market; (iii) to promote the harmonious and equilibrial development of its member countries, through economic and social cooperation and integration; (iv) job creation; (v) to reduce development asymmetries; (vi) to promote life quality to its populations; and (vii) to improve the economic position of its member countries.

To reach its objectives it should take the following actions: (a) deepening of the integration with the other regional economic blocs and of relations with extra-regional schemes in the political, social, and economic-commercial spheres; (b) gradual harmonization of economic and social policies and the approximation of national legislations in the pertinent matters; (c) joint programming, the intensification of the sub-regional industrialization process and the execution of industrial programs and other forms of industrial integration; (d) a program for the liberation of commercial exchange that is more advanced than the commitments derived from the Treaty of Montevideo 1980; (e) a common external tariff; (f) programs to accelerate the development of the agricultural and agroindustry sectors; (g) channeling of internal and external resources to the sub-region to provide financing for the investments that are necessary in the integration process; (h) programs in the field of services and the liberalization of intra-sub-regional trade in services; (i) physical integration; and (j) preferential treatment in favor of Bolivia and Ecuador. In addition to the aforementioned mechanisms, the following programs and actions of economic and social cooperation will be advanced in a concerted manner: (a) programs aimed at promoting scientific and technological development; (b) actions in the field of border integration; (c) programs in the area of tourism; (d) actions for the use and conservation of natural resources and the environment; (e) social development programs; and (f) actions in the field of social communication (Article 3).

The Foreign Affairs Ministers Council is the supreme decision-making body of CAN (Article 16). All declarations and decisions taken by the Council are adopted by consensus (Article 17).

3.1.5. Union of South American Nations (UNASUR)

The Union of South American Nations (UNASUR, Spanish acronym) was create by the Treaty of the Union of South American Nations, signed on May 23rd of 2008 and entered into force on March 11th, 2011. The permanent headquarters of the General Secretariat are in Quito, Ecuador, and its Parliament will be in Cochabamba, Bolivia.

The UNASUR was preceded by the South American Community of Nations (SACN), which was created at the Meeting of Presidents of South America, on December 8th of 2004, in Cuzco, Perú. The SACN was created with the goal to integrate the Mercosur and the Andean Community and expand it. On September 30th of 2005, in Brasília, Brazil, and on December 9th of 2006, in Cochabamba, Bolivia, it established a strategic plan to agree on a common agenda in the region. In April of 2007, during the South American Energy Summit, on

Margarita Island, Venezuela, the name was changed to Union of South American Nations, UNASUR.

The UNASUR has 21 goals,[31] which aim to integrate the region through infrastructure, circulation of people and value chain, cooperation in safety and counter-terrorism, developing and diminishing inequalities within and between the countries, are (Article 3): (1) Strengthening political dialogue between Member States in order to reinforce the South American integration and the participation of UNASUR in the international arena. (2) Social and human development with equity and inclusion in order to eradicate poverty and overcome inequalities in the region. (3) Illiteracy eradication, equal access to quality education and the regional recognition of courses and degrees. (4) Energy integration for the sustainable and fair use of the resources of the region. (5) Infrastructure development to guarantee the interconnection of the region and its peoples according to criteria of sustainable social and economic development. (6) Adopting mechanisms compatible with the economic and fiscal policies of Member States which will promote financial integration among them. (7) Protection of biodiversity, water resources and ecosystems as well as cooperation among Member States in matters of disaster prevention and the fight against the causes and effects of climate change. (8) Achieving equitable integration in order to overcome asymmetries through the development of concrete and effective mechanisms. (9) Progressive recognition of the rights of a Member State citizen residing in any of the other Member States with the aim of attaining a citizenship of the other Member State. (10) Equal access to social security and health services. (11) Unrestricted respect for human and labor rights through migratory regularization and harmonization of policies. (12) Economic and trade cooperation to achieve progress and consolidation of an innovative, dynamic, transparent, equitable and balanced process. Promote growth and economic development in order to overcome asymmetries through the complementation of the economies of all the Member Countries as well as promoting the welfare of all sections of the population and the reduction of poverty. (13) Giving attention to small and medium enterprises, cooperative companies, networks and other forms of production organizations with the aim of creating unity in the industrial and productive areas. (14) Creation and implementation of complementary policies and projects of research, innovation, technology transfer and production in order to increase capacity, sustainability and properity. (15) Scientific and technological development. (16) Strengthening the identities of the peoples in the region of the Member States through encouragement of expression of knowledge and memory with the aim of promoting cultural diversity. (17) Citizen participation through mechanisms for interaction and dialogue between UNASUR and the various social organizations for the creating of South American integration policies. (18) While taking into account international standards and laws, and through coordination between the specialized agencies of the Member States, strengthening the fight against terrorism, corruption, the global drug problem, trafficking of people, trafficking of small guns and light weapons, transnational organized crime and other threats as well as disarmament, non-proliferation of nuclear weapons of mass destruction and demining. (19) Promoting cooperation between the judicial authorities of the Member States of UNASUR. (20) Exchange of information and experience on defense. (21) Cooperation to strengthen public safety. (22) Sectoral cooperation in order to deepen South American integration through the exchange of information, experience and training.

The UNASUR has 12 members (all the South American countries with exception of French Guyana): Argentina, Bolivia, Brazil, Colombia, Chile, Ecuador, Guyana, Paraguay, Perú, Surinam, Uruguay, and Venezuela.

The main supreme decision-making board of UNSAUR is the Chiefs of Government's Board and the subsequent is the Foreign Affairs Ministers' Board (Article 4). All the legal normative must be adopted by consensus, with the presence of at least three fourths of the member states present (Article 12).

3.1.6. Other Initiatives

The Cumbre de las Américas as a continuity of the Free Trade Area of Americas (FTAA) initiative, created by the United States of America in 1994, that intended to create a free trade zone in whole Americas, which is currently abandoned. The Cumbre is held every two or three years congregating members of all Americas' countries.

Also, the Community of Latin American and Caribbean States (CELAC, Spanish acronym) was created in Caracas, Venezuela, as a political mechanism for cooperation and integration. It comprises 33 countries, 12 from Latin America (again, with the exception of French Guyana) and the others from Caribbean[32].

There are also other smaller initiatives such as the Alianza Bolivariana para los Pueblos de Nuestra América (ALBA); the Petrocaribe to integrate the South American and Caribbean oil producers; the Cumbre de la Cuenca del Plata (CIC), some specific international organizations and United Nations' specific agencies. In this paper, all these other initiatives will not be discussed due to a methodological cut that permits us to compare with the Belt and Road Initiative.

Table 1 South American Political Institutions (Initiatives for South American Integration)

	OAS	Aladi	Mercosur	CAN	UNASUR
Number of members	*35*	*13*	*5*	*4*	*12*
Majority	*Yes*	*Yes*	-	-	-
Special majority	*Two-thirds*	*Two-thirds*	-	-	
Consensus	-	*Yes*	*Yes*	*Yes*	*Yes*
Argentina	Yes	Yes	Yes	Associated	Yes
Bolivia	Yes	Yes	Integrating	Yes	Yes
Brazil	Yes	Yes	Yes	Associated	Yes
Chile	Yes	Yes	Associated	Associated	Yes
Colombia	Yes	Yes	Associated	Yes	Yes
Ecuador	Yes	Yes	Associated	Yes	Yes
Guyana	Yes	Yes	Associated	No	Yes
Paraguay	Yes	Yes	Yes	Associated	Yes
Perú	Yes	Yes	Associated	Yes	Yes
Suriname	Yes	Yes	Associated	No	Yes
Uruguay	Yes	Yes	Yes	Associated	Yes
Venezuela	Yes	Yes	Yes	No	Yes

3.2. Financial Institutions

As the Belt and Road Initiative created the AIIB and the Fund, we will discuss the key governmental financial institutions in the region that dedicate themselves to South American integration.

3.2.1. Inter-American Development Bank (IADB/IDB/BID)

The Inter-American Development Bank was created in 1959, with the ordinary capital of US$850 million and 19 member countries. The focus was on integration and development of Latin America and the Caribbean region.[33]

In its first years, the "operations focused on integration projects, such as improvement of highway connections between countries (beginning with a highway between Paraguay and the Brazilian port of Paranaguá), border integration, regional economic complementation, and development magnet areas".[34]

In the 1970s, technical cooperation was a focal operational strategy, with the creation of a specific division, to support the projects of infrastructure and governmental action. "Between 1971 and 1987, loans used for physical infrastructure construction or improvement represented more than 40 percent of total lending." Energy became the key area, "especially electrical power generation, transmission, and distribution projects which, as was mentioned above, also helped to bring about integration between countries."

In the 1990s the focus kept being infrastructure, however social investment mainly in education became the core focus of the operations. Of the total of 1994, "$1.161 billion went to urban development; $969 million to education; $748 million to sewerage, drinking water supply and sanitation; $266 million to social investment funds; and $85 million to the environment."

The Inter-American Development bank is composed of: the Bank; the Inter-American Investment Corporation (IIC), created in 1989; the Multilateral Investment Fund (MIF), which began in 1993; and several special funds. The headquarters are in Washington DC, United States, and has offices in 26 countries, including the newly opened in Haiti, in 2015. It comprises 48 member countries, 26 being Latin America and Caribbean.

The Institutional Strategy 2010-2020 has five goals:[35] (i) reducing poverty and social inequalities; (ii) addressing the needs of small and vulnerable countries; (iii) fostering development through the private sector; (iv) addressing climate change, renewable energy and environmental sustainability; and (v) promoting regional cooperation and integration. It also seeks to promote development through the private sector.

The total capital amount of the Bank is US$170.92 billion; the paid-in capital is US$6.04 billion. Its rating is AAA from S&P, Moody's and Fitch agencies. In 2016, it approved almost US$11 million with an accumulated amount of US$235.23 billion in projects approved until December 2016.[36]

3.2.2. Development Bank of Latin America (CAF)

Latin-American Development Bank (CAF, Spanish acronym) originally named as Andean Foment Cooperation, was constituted in 1970, by Ecuador, Bolivia, Colombia, Chile, Perú, and Venezuela.[37] Nowadays, it has 19 member countries, 10 from South America, 5 from Caribbean, and 2 from Europe, being them: Argentina, Barbados, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, Spain, Jamaica, Mexico, Panama, Paraguay, Perú, Portugal, Dominican Republic, Trinidad and Tobago, Uruguay, and Venezuela. Moreover, it counts with 13 private banks of the region.

It has a different shareholding composition with three different stock types (Article 5). There are 15 "A shares" with one vote each, for regional member countries, the "B shares" nominal, which can be held by regional member countries and public or private organizations of regional member countries, and "C shares" that are from extra-regional members.

CAF's main goals are to promote sustainable development through credit operations, grants and technical cooperation to the public and private sector.

The decisions in Ordinary General Assembly must be taken by at least 60% of the "A shares", in addition to at least more than 50% of all the other shares represented in the meetings (Article 17). In Extraordinary General Assemblies the "A shares" affirmative votes must be of 80%, in addition to at least more than 50% of all the other shares represented in the meeting. In a second round, in both Ordinary and Extraordinary Assemblies the votes needed are only 40% of the “A shares”, in addition to more than 50% of the other shares.

This voting system ensures that no country has the majority of the votes or veto power, however the founding members, i.e., Ecuador, Bolivia, Colombia, Chile, Perú, and Venezuela, can veto every change and potentially approve anything in the second call.

It has its headquarters in Caracas, Venezuela[38], and 12 country offices. Its authorized capital is US$15 million. CAF approved US$145 billion in its history.[39] In 2017 it approved US$12.4 billion.[40]

3.2.3. Development Fund of the Plata Basin (FONPLATA)

On 23 April 1969, Argentina, Bolivia, Brazil, Paraguay, and Uruguay, in Brasília, Brazil, signed the Plata Basin Treaty,[41] to promote regional development and physical integration. During the IV Meeting of the Basin Authorities, on 6 June 1971, in Asunción, Paraguay, Development Fund of the Plata Basin (FONPLATA) was created. In the VI Meeting, on 12 June 1974, in Buenos Aires, Argentina, the Constitutive Agreement[42] was signed.

The operations started in 1977, with the signature Headquarters Agreement with the Government of Bolivia, in the city of Sucre. The headquarters moved to Santa Cruz de la Sierra, Bolivia, in 2002.[43]

The objectives of FONPLATA are to support its five member countries’ integration to achieve a harmonic and inclusive development, within and between the geographic areas of Plata Basin influence area, operating through credit operations and grants to the public sector. Also, it aims to reduce socio-economic disparity and to focus on complementarities and synergies with the national governments’ development strategies, as to cooperate with other development agencies, by small and medium size projects (Article 3).

FONPLATA, besides its headquarters in Bolivia, has an office in Asunción, Paraguay. Since 2012, it went through a reformulation period, where it approved around US$1.3 billion in projects. In 2016, its loans approvals were US$316 million.[44]

Its total capital is US$3.1 billion, and the paid-in is US$825 million.[45] It has the rating A- by S&P and A2 from Moody`s.[46] Argentina and Brazil have 33% of its capital each, and Bolivia, Paraguay and Uruguay 11%, however each country will have only one vote (Article 16). The decisions of the Governors Board, the supreme decision-making instance of the institution, are taken by four fifths (Article 20) of the votes. With this structure no single country will have veto power.

3.2.4. Mercosur Structural Convergence Fund (FOCEM)

Mercosur Structural Convergence Fund (FOCEM, Spanish acronym), is a Mercosur Fund created in 2004[47] that started its operations in 2006[48], that aims to finance projects focused on infrastructure and enhance business and social development of the countries that are part of Mercosur, diminishing their asymmetries.

FOCEM operates giving grants to its members in a proportion of 43.65% to Paraguay, 29.05% to Uruguay, 9.1% to Argentina, Brazil, and Venezuela.[49] The fund annually used to receive US$100 million, from 2006 to 2013. From 2013 onwards, after the incorporation of Venezuela, the amount is US$127 million.[50] Brazil gives US$70 million, Argentina US$27 million, Uruguay US$2 million, and Paraguay US$1 million.[51] The fund works in a reverse way of its monetary contributions. And all the decisions are taken on a consensual basis.

3.2.5. South American Council for Infrastructure and Planning (COSIPLAN)

South American Council for Infrastructure and Planning (COSIPLAN, Spanish acronym) is the decision-making body to plan and implement the infrastructure integration in South America. It is composed of all UNASUR members (Article 1).[52] Its decisions are taken by consensus (Article 9).

It was created in the Third Meeting of the Council of State Leaders of UNASUR, in January 2009, in Quito, Ecuador. It has 4 general objectives which are (Article 3):

- o to develop regional infrastructure integration;
- o to foment the regional planning and infrastructure cooperation, through regional strategic alliances;
- o to promote the legal compatibilization between the UNASUR members regarding infrastructure development and operation in the region;
- o to identify and propel the execution of proprietary projects to integration and evaluate financial alternatives.

Moreover, it has 6 specific objectives (Article 4):

1) Promote the regional connectivity through the construction of infrastructure, taking into consideration the social development and economic sustainability, preserving the environment and ecosystems.
2) Enhance the capacities and potential of local and regional population through infrastructure aiming to provide better life quality and life expectancy.

3) Formulate regional planning strategies to infrastructure development.
4) Consolidate the projects of the Initiative for the Integration of Regional Infrastructure of South America (IIRSA)[53].
5) Fomentate the intensive use of information tecnology and communication tools, aiming to overrule geographic and operative barriers within the region.
6) Propel the methodology application, the development of sectorial processes and complementary actions to make viable the drawing, execution and operation of the physical integration.

COSIPLAN's history starts with the creation of Initiative for the Integration of the Regional Infrastructure of South America (IIRSA). During the First South American Presidents Meeting, in Brasília, Brazil, 2000, with the "Comunicado de Brasília",[54] it aimed to propel the integration and infrastructure modernization under the conception of South American regional space. After that 13 South American meetings were held, until the creation of UNASUR (explained above) and COSIPLAN. In 2001 the IIRSA initiative was incorporated into COSIPLAN. One of the key objectives of IIRSA was to establish a "Strategic Vision to the Physical Integration of South America" among the 12 countries. During its 10 years, IIRSA focused on energy integration, boarder control, ICT, air transport, maritime transport and multimodal transport.

IIRSA had three well-defined stages. "The first one lasted from late 2000 to late 2003 and focused on proposing and discussing the Hubs and the Sectoral Processes, as well as on preparing the Business Vision for each Hub and preliminarily identifying the projects to be included. This period was very special because it made it possible for all countries to recognize each other's national sensitivities. Between late 2003 and 2004, an indicative territorial planning effort, based on a methodology that was fundamentally qualitative in nature and grounded on the views of experts very well acquainted with the reality of the projects, regions and countries involved, was implemented. This methodology helped attain the goal of building consensus among the countries over a common project portfolio and appropriate priorities. On the basis of the results and of the experience gained from the methodological developments and their application, a second phase, beginning in 2005, was defined with the purpose of taking a qualitative leap forward in the indicative territorial planning process. This second phase aimed at connecting infrastructure with other territorial development dimensions, such as production and logistics opportunities and the sustainable development and preservation of the natural heritage, including its social impacts. Furthermore, the process of formulating, preparing, and evaluating projects was sought to be enhanced through a georeferenced information system, a standardized database including all the projects within IIRSA Portfolio throughout their lifecycle, and the special treatment required by the transnational infrastructure initiatives."[55]

In the first analysis in 2010, there were 524 projects amounting to a total US$96.119 billion. However, 83% of the portfolio was within the national scope, considering that the estimated investment amounts and national-scope projects accounted for 75%, binational projects for 21%, and multinational projects for 4% of the portfolio.[56]

Seven years later the "Project Portfolio 2017" showed a total of 562 projects, totaling US$198.901 billion; only 42 projects in 6 years, however, more than doubling the amount of money. The public sector is responsible for 447 projects amounting US$118.993 billion, the Private Sector for 71 projects amounting US$30.807 billion, Public and Private are 44 project amounting to US$49,100. There are 153 projects already finished accounting for US$48.496 billion.

Table 2 South American Financial Initiatives

	CAF	COSIPLAN	FONPLATA	IADB
Number of members	*19*	*12*	*5*	*48*
Majority	*Yes*	*No*	*Three-fourths*	*Yes*
Special majority	*Yes*	*No*	*Four-fifths*	*Yes*
Consensus	*No*	*Yes*	*No*	*No*
Argentina	Yes	Yes	Yes	Yes
Bolivia	Yes	Yes	Yes	Yes
Brazil	Yes	Yes	Yes	Yes
Chile	Yes	Yes	No	Yes
Colombia	Yes	Yes	No	Yes
Ecuador	Yes	Yes	No	Yes
Guyana	No	Yes	No	Yes
Paraguay	Yes	Yes	Yes	Yes
Perú	Yes	Yes	No	Yes
Suriname	No	Yes	No	Yes
Uruguay	Yes	Yes	Yes	Yes
Venezuela	Yes	Yes	No	Yes

For COSIPLAN 83% of the portfolio projects are national, 16% are binational and 1% are multinational. Similar percentages hold for their estimated investments. When dividing by sectors, transport sector represents almost 90% of the portfolio.[57]

As can be seen, COSIPLAN-IIRSA in its 16 years of action only concluded 153 projects amounting to US$48 billion, and the public sector is responsible for 60% of the total portfolio and private sector alone for less than 16% of the total portfolio. Transport sector accounts for almost all the investments. The binational projects represent only 16% of the total projects while multinational only for 1%; it represents a decrease of 5% and 3% respectively when comparing 2011 with 2017.

3.2.6. South Bank

Moreover, the South Bank is under implementation. Its treaty was negotiated in 2007, however did not enter into force; its capital will be US$20 billion.

4. Belt and Road Initiative Compared with South American Initiatives

The Belt and Road Initiative will comprise more than 60 countries. The Asian part alone will involve countries that comprise a GDP of US$25.1 trillion a year[58] and with a population of 4.4 billion people[59]. The AIIB will have a lending capacity of around US$15 to 20 billion a year[60] and the Silk Road Fund a capacity of US$60 to 80 billion a year, with these two institutions alone totaling US$80 to 100 billion a year, by the year of 2025[61].

On the other hand, South America has 13 countries, and 12 of them participate in the Latin American integration process, mainly through UNASUR and COSIPLAN initiative. South America has a GDP of US$3.9 trillion, and a population of around 420.5 million people.[62] Putting all the South American initiatives and loans together – CAF, FONPLATA and FOCEM – the total amount available annually is around US$14 billion, an estimated amount 7 times lower than the Chinese initiative. If IADB figures are added to it, the difference falls to around 4 times less, but the IADB loans involve all Central America and México in its acting area. However, here the comparison is only with the investments specifically in the BRI, not the Asian Development Bank (ADB) funds and others like those from the European Investment Bank (EIB) and European Bank for Reconstruction and Development (EBRD), Eurasian Development Bank (EDB), Black Sea Trade and Development Bank (BSTDB), and others that are also involved in the

BRI's projects.

As explained, the OBOR (later called BRI) was launched in 2013, while IIRSA later COSIPLAN was in 2001, with the same key basic objectives of regional integration through infrastructure projects to better connect the countries. During the first 16 years of IIRSA-COSIPLAN, only around US$50 billion in projects were finished, being only 1% in multinational projects and 16% in binational; there was only around US$500 million and US$15 billion effectively invested in regional integration.

The MDBs initiatives started their activities in the 1960s – the IADB with a strong inclination to the regional integration; however, the South American countries have scored badly in infrastructure and integration. According to the World Bank report Logistics Performance Index 2016,[63] the 11 countries (Suriname does not appear in the ranking) score between 46th position and 138th among 160 nations, with most countries around the 60th position. Chile is the best qualified in the 46th position, followed by Brazil 55th, Uruguay 65th, Argentina 66th, Perú 69th, Ecuador 74th, Guyana 85th, Colombia 94th, Paraguay 101st, Venezuela 122th, and Bolivia 138th.

South America represented only 2.44% of total world imports in 2017, among which Brazil contributed 0.8%, Argentina and Chile 0.4% each, Colombia 0.3%, Perú 0.2%, Ecuador 0.1% and the others together less than 0.1%. As a comparison, China alone presented 10.4%, 13.7% if those from Hong Kong were included, and United States 13.5%. Being the first and second biggest players in the world, China and US each took over 5 times than the combined amount from South American countries. Moreover, the Belt and Road Initiative member countries, excluding China, covered 22.32% of global imports in 2017, almost 10 times bigger than South American countries together. Additionally, several countries engaged in the Belt and Road Initiative have a global share of above 1% in imports, such as Singapore 1.8%, Russia 1.3%, UAE 1.5%, Thailand 1.3%, Vietnam 1.2%, Poland 1.2%, and Malaysia 1.1%.[64]

These figures show that the countries involved in the Belt and Road Initiative take a bigger participation in world trade. It also indicates that a better connection has potential to increase even further the trade capacity of the countries, while a lack of integration can weaken, further, the capacity of Latin American countries.

The South American countries represent 6.3% of the USA exports, while only 3.3% of Chinese exports. Meanwhile the Belt and Road countries together represent 11.5% of the USA exports (China excluded), vis-à-vis 26.8% of Chinese exports. Having said that, in 1995 South America represented 1.04% of Chinese exports and 1.44% of imports, while in 2016 it represented 3.13% of exports and 6.05% of imports, achieving a growth of 201% and 320% respectively in a 21-year period. Compared with that, the share of USA exports and imports from South American countries reached 5.59% and 4.03% in 1995, but in the next 21 years to 2016, barely no growth was produced on exports – 5.88% and a 13% drop was landed on imports – 3.54%. This could be seen as a sign that China is growing its participation in the Southern American region trade.[65]

When we analyze the period from 2013 to 2017, the period after the launch of the Belt and Road Initiative, and last year of data available, China's exports to the World decreased by 1%, and imports dipped by 3%. Meanwhile, exports from South American countries shrank by more than 2.8%, and imports dropped by 9.1%; exports from Belt and Road countries declined only by less than 0.9%, and imports reduced by 1.8%. Nevertheless, USA decreased its exports to Latin American countries by around 7.75% and imports by almost 9.1%, while exports to Belt and Road countries by about 2.20% and imports by 1.69% (China excluded).

Table 3 United States of America Trade in 2017 – selected partners

Importers	Value exported in 2017 (USD thousand)	Trade balance 2017 (USD thousand)	Share in United States of America's exports (%)	Growth in exported value from 2013 to 2017 (%)	Share of partner countries in world imports (%)	Total imports growth in value of partner countries from 2013 to 2017 (%)
World	1,546,272,961	-862,202,741	100	-1	100	-3.00
South America	96,991,534	7,174,193	6.3	-7.75	2.44	-9.08
Belt and Road (China excluded)	186,077,172	-127,988,495	11.5	-2.19	20.87	-1.69
China	129,893,587	-396,165,238	8.4	1	10.4	-3.00

Source: Compilation by the authors – data from International Trade Centre available at: <*http://www.intracen.org/*>.

Table 4 China Trade 2017 – selected partners

Importers	Value exported in 2017 (USD thousand)	Trade balance 2017 (USD thousand)	Share in China's exports (%)	Growth in exported value from 2013 to 2017 (%)	Share of partner countries in world imports (%)	Total imports growth in value of partner countries from 2013 to 2017 (%)
World	2,263,370,504	419,577,565	100	-1.00	100	-3.00
South America	76,343,274	-37,146,557	3.30	-2.83	2.44	-9.08
Belt and Road	610,916,672	17,199,144	26.80	-0.87	22.32	-1.84
United States of America	430,328,147	275,886,291	19.00	3.00	13.5	0.00

Source: Compilation by the authors – data from International Trade Centre available at: <*http://www.intracen.org/*>.

These figures suggest that the Belt and Road Initiative has helped member countries to not be severely affected by the slow-down trend of global trade during the period from 2013 to 2017 (more analysis and data is needed to make further inference, overpassing the scope of this paper). Meanwhile, it must be noted that Venezuela is struggling economically, which pushed the Latin American figures down.

Even with the growth of the participation of the South American countries in the China's market, it still represents a small share of

Chinese and USA's trade. However, if Latin America is still being excluded, the countries there could be heavily affected by the Belt and Road model that offers better connectivity and reduced cost.

What can explain its more than 60 years of investments, 4 South American financial institutions plus IADB, 4 South American integration institutions plus OAS, and bad integration, infrastructure indicators and trade indicators? Despite the obvious suspects, such as corruption, instability, inefficiency and bureaucracy, here it is argued that the lack of leadership is the key factor to the poor integration figures.

In all South American initiatives that were analyzed, only IADB has a leading force, that is United States of America. In all the other institutions, no country exercises the leadership, as shown in Table 1, and almost all the institutions take their decisions by consensus, or by a complicated majority of votes by countries. On the other hand, in the Belt and Road Initiative, China is taking the lead with veto power in the AIIB and an especially dedicated single donor Fund devoted to the Initiative.

In this way, South American region must have a leader to lead the integration process (Venezuela was taking the lead with some support of Argentina and Brazil; the UNASUR initiative and the South Bank were good examples, however with the fall of Venezuelan economy, the South Bank was virtually abandoned and the UNASUR is in a delicate situation, with 6 of 12 member countries threatening to exit the organization). The leadership does not need to be as a hegemonic leader as in Antonio Gramsci's Hegemonic Stability Theory[66], or regional hegemony.[67] It must be in a Chinese way that looks for cooperation, however with a leading detailed development agenda, working together and cooperating with other major powers such as Japan, India and Russia.

The region nowadays lacks a leader and the South American institutions' decisions are taken by consensus or special majority, which makes any initiative difficult (see Table 2).

Also, as stated the twelve countries participate in at least 3 financial institutions, and 4 integration initiatives, as shown in Table 2, which clearly causes overlaps and diseconomy of scale. Uniting most of these institutions could help generate more effective initiatives and integration. In the first transition period (3 to 5 years) FOCEM, FONPLATA, and Mercosur should work under the same agenda, due to its sub-regional and membership structure. Also, CAF, ALADI, and UNASUR should integrate themselves. In the second step, CAN and Mercosur (with FONPLATA and FOCEM) should unite themselves with UNASUR and CAF, with divided financial and political arms, taking advantage of each sub-regional area of influence, with a leader or at least with a strong united compromise. Also, these new institutions must seek more member countries, as the AIIB that have 67 members.

Without a united strong region, the region will keep losing competitivity and foreign investment. One of the most basic economic maxims states that resources are scarce. In other words, the needs are unlimited while the resources are limited. In this way, the Belt and Road Initiative will attract massive resources to the Asian region for the years to come, this movement of money will, likely, attract more foreign investment to Asia and consequently less to South America.

Finally, the region should propose its South American Road. It consists of a strong action plan focusing not only on South America, but also on Central America, and Occidental part of Europe, taking advantage of the historic links between the region and Portugal and Spain, linking with the South and Occidental part of Africa, also taking advantage of Brazilian links mainly with Angola, Mozambique, Cape Verde, Guinea-Bissau, São Tomé and Príncipe, and also linking with

Oceania – places where the Belt and Road Initiative is not prioritizing and could complement the Chinese initiative.

5. Conclusion

The Belt and Road Initiative is the biggest international initiative led by China and will mobilize trillions of dollars. To support this initiative, China created the AIIB and the Silk Road Fund. The AIIB will have the capacity to invest more than US$15 billion and the Fund around US$80 billion a year.

South American Integration started in the 1960s with the first IADB loan to build the Paraguay-Paranaguá road. After that several investment institutions and integration initiatives were launched, however the results are relatively low. The most concrete South American-led integration initiative, and similar to the Belt and Road Initiative, is the IIRSA-COSIPLAN that started in 2001, but with only 153 projects concluded in an amount of US$48 billion, and with only around US$500 million in multinational projects and US$16 billion in binational projects. All the financial South American initiatives together have a mobilization power of only US$14 billion a year, an amount that must be increased and focused on integration.

The Belt and Road Initiative has a clear Chinese leadership, which is what lacks in South America, where all the institutional decisions are taken either by consensus or by complex majority. This requires a common agenda that is relatively difficult to achieve. Also, the institutions' mandates and actions are overlapping, with most of the members being the same.

As we saw South American countries represent only 2.44% of world import share and less than 7% of USA and 3.5% of Chinese exports, the first and second biggest trade players in the world. Countries involved in the Belt and Road Initiative, on the other hand, contribute more than 22% of the world's import share, more than 11% of USA exports, and 26% of China's. In spite of a growth of more than 200% in Chinese exports and 320% of imports, South America still amounts to little importance in the world trade share. The lack of connectivity and integrations can be considered as a partial explanation for this low participation in world trade. Meanwhile an increase in the connectivity and exchange that the Belt and Road Initiative will allow could further take away the chance of Latin America to participate more in global trading dynamics. Without urgent integrative measures taken, under current and possible crisis in some South American countries, the importance and participation of this region can be even smaller and following the decreasing trend of the last 5 years.

It is understood that the region needs a lead or leaders to unite most of its institutions in a single big initiative with one political and one financial arm. The financial part is the key and should be inspired in the IADB, EBRD, AIIB, bringing together a big number of non-regional member countries focusing on regional integration. Also, the regional international organizations should look for further cooperation and joint work, even with banks from other regions, to strength their capabilities and lending power.

Moreover, it is proposed a South American Road to be created, as a strong action plan, as mentioned earlier, focusing not only on South America, but also on Central America, and Occidental part of Europe, taking advantage of the historic links between the region and Portugal and Spain, linking with the South and Occidental part of Africa, also taking advantage of Brazilian links mainly with Angola, Mozambique, Cape Verde, Guinea-Bissau, São Tomé and Príncipe, and also linking with Oceania – places where the Belt and Road Initiative is not prioritizing and could complement the Chinese Initiative.

Appendix 1 United States of America Trade in 2017 – selected partners

Importers	Value exported in 2017 (USD thousand)	Trade balance 2017 (USD thousand)	Share in United States of America's exports (%)	Growth in exported value from 2013 to 2017 (%)	Ranking of partner countries in world imports	Share of partner countries in world imports (%)	Total imports growth in value of partner countries from 2013 to 2017 (%)
World	*1,546,272,961*	*-862,202,741*	*100.0*	*-1*		*100.00*	*-3*
China	129,893,587	-396,165,238	8.4	1	2	10.4	-3
South America	*96,991,534*	*7,174,193*	*6.3*	*-7.75*		*2.44*	*-9.08*
Argentina	9,585,958	4,589,273	0.6	-4	44	0.40	-4
Bolivia, Plurinational State of	594,704	20,957	0.0	-15	101	0.05	-2
Brazil	37,221,566	6,668,056	2.4	-7	31	0.80	-13
Chile	13,605,343	2,308,863	0.9	-7	46	0.40	-6
Colombia	13,312,123	-819,254	0.9	-10	53	0.30	-8
Ecuador	4,820,701	-1,938,026	0.3	-15	76	0.10	-11
Guyana	377,349	55,595	0.0	5	162	0.01	-2
Paraguay	2,719,237	2,585,312	0.2	6	90	0.07	-3
Peru	8,662,612	1,035,209	0.6	-5	57	0.20	-3
Suriname	359,542	287,040	0.0	-9	172	0.00	-15
Uruguay	1,599,284	991,356	0.1	-5	109	0.05	-9
Venezuela, Bolivarian Republic of	4,133,115	-8,610,188	0.3	-27	95	0.06	-33
Belt and Road	*186,077,172*	*-127,988,495*	*11.5*	*-2.19*		*20.87*	*-1.69*
Afghanistan	941,428	926,730	0.1	-6	93	0.06	-5
Armenia	55,006	-15,897	0.0	-13	141	0.02	-4
Azerbaijan	354,555	138,502	0.0	-9	106	0.05	-5
Bahrain	898,156	-134,861	0.1	-4	91	0.07	-2
Bangladesh	1,473,961	-4,416,970	0.1	13	51	0.30	8
Belarus	72,668	-222,225	0.0	2	58	0.20	-8
Bhutan	34,893	33,670	0.0	68	190	0.00	22
Bosnia and Herzegovina	27,143	-61,556	0.0	-11	96	0.06	-2
Bulgaria	381,490	-303,955	0.0	1	59	0.20	-2
Cambodia	400,221	-2,776,701	0.0	12	72	0.10	7

Croatia	447,956	-923	0.0	6	67	0.10	2
Czech Republic	2,273,781	-2,466,616	0.1	2	28	0.90	2
Egypt	3,991,833	2,272,932	0.3	-11	45	0.40	-2
Estonia	273,959	-349,309	0.0	-3	80	0.10	-5
Georgia	382,865	246,356	0.0	-14	110	0.04	-2
Hungary	1,888,233	-3,291,900	0.1	2	33	0.60	0
Indonesia	6,863,831	-14,288,369	0.4	-8	29	0.90	-6
Iran, Islamic Republic of	136,001	71,373	0.0	-16	49	0.30	-1
Iraq	1,204,722	-9,954,295	0.1	-14	50	0.30	-5
Israel	12,550,083	-9,818,466	0.8	-3	43	0.40	-2
Jordan	1,920,886	192,348	0.1	-5	74	0.10	-3
Kazakhstan	552,092	-277,735	0.0	-13	62	0.20	-14
Kuwait	5,143,414	2,120,345	0.3	13	60	0.20	3
Kyrgyzstan	26,067	19,305	0.0	-34	134	0.03	-9
Lao People's Democratic Republic	25,672	-73,132	0.0	2	119	0.04	-2
Latvia	381,621	-86,397	0.0	-9	85	0.09	-3
Lebanon	1,221,529	1,089,937	0.1	3	81	0.10	-5
Lithuania	609,272	-954,791	0.0	-10	61	0.20	-5
Macao, China	502,136	404,009	0.0	12	92	0.06	-1
Macedonia, North	41,226	-219,388	0.0	-3	112	0.04	2
Malaysia	12,964,462	-25,161,828	0.8	-1	26	1.10	-3
Maldives	34,373	-266	0.0	4	155	0.01	7
Moldova, Republic of	17,615	-25,099	0.0	-24	131	0.03	-5
Mongolia	82,192	72,534	0.0	-30	140	0.02	-13
Montenegro	9,149	6,467	0.0	-17	152	0.01	2
Myanmar	211,369	-168,066	0.0	16	78	0.10	10
Nepal	75,852	-21,905	0.0	20	99	0.06	11
Oman	1,985,050	856,576	0.1	4	75	0.10	-12
Pakistan	2,808,167	-954,418	0.2	15	47	0.30	5
Palestine, State of	2,747	-4,066	0.0	16	177	0.00	10

Philippines	8,450,925	-3,510,302	0.5	0	34	0.60	12
Poland	4,523,319	-2,818,413	0.3	4	24	1.20	0
Qatar	3,124,096	1,887,306	0.2	-9	66	0.20	-1
Romania	954,684	-1,322,876	0.1	2	38	0.50	3
Russian Federation	6,998,497	-10,742,635	0.5	-14	21	1.30	-10
Saudi Arabia	16,348,000	-3,277,561	1.1	-3	32	0.70	-7
Serbia	135,675	-171,840	0.0	-2	68	0.10	1
Singapore	29,805,915	10,185,595	1.9	-2	16	1.80	-5
Slovakia	441,620	-2,644,526	0.0	4	40	0.50	0
Slovenia	371,602	-413,346	0.0	8	64	0.20	-2
Sri Lanka	336,256	-2,659,033	0.0	2	70	0.10	4
Syrian Arab Republic	6,961	-499	0.0	-25	120	0.03	-6
Tajikistan	17,911	16,945	0.0	-20	151	0.02	-13
Thailand	10,991,613	-21,263,899	0.7	-3	22	1.30	-4
Timor-Leste	2,565	-3,045	0.0	16	187	0.00	3
Turkey	9,741,492	-163,897	0.6	-6	20	1.30	-3
Turkmenistan	282,179	267,495	0.0	-12	135	0.02	-19
Ukraine	1,787,999	713,407	0.1	-3	52	0.30	-11
United Arab Emirates	20,019,696	15,519,796	1.3	-4	17	1.50	-3
Uzbekistan	136,095	121,242	0.0	-14	88	0.07	-5
Viet Nam	8,133,365	-40,299,049	0.5	16	25	1.20	12
Yemen	199,031	188,690	0.0	-24	114	0.04	-16

Source: Compilation by the authors – data from International Trade Centre available at: <*http://www.intracen.org/*>.

Appendix 2 China Trade 2017 – selected partners

Importers	**Value exported in 2017 (USD thousand)**	**Trade balance 2017 (USD thousand)**	**Share in China's exports (%)**	**Growth in exported value from 2013 to 2017 (%)**	**Ranking of partner countries in world imports**	**Share of partner countries in world imports (%)**	**Total imports growth in value of partner countries from 2013 to 2017 (%)**
World	*2,263,370,504*	*419,577,565*	*100*	*-1.0*	*-*	*100.00*	*-3.00*
United States of America	430,328,147	275,886,291	19	3.0	1	13.50	0.00
South America	*76,343,274*	*-37,146,557*	*3.3*	*-2.8*		*2.44*	*-9.08*
Argentina	9,067,211	4,312,984	0.4	0.0	44	0.40	-4.00
Bolivia, Plurinational State of	729,173	374,596	0	5.0	101	0.05	-2.00
Brazil	28,950,538	-29,906,617	1.3	-9.0	31	0.80	-13.00
Chile	14,409,849	-6,765,683	0.6	2.0	46	0.40	-6.00
Colombia	7,439,750	3,554,311	0.3	0.0	53	0.30	-8.00
Ecuador	2,963,208	1,835,470	0.1	-4.0	76	0.10	-11.00
Guyana	188,638	150,247	0	4.0	162	0.01	-2.00
Paraguay	1,560,564	1,527,543	0.1	1.0	90	0.07	-3.00
Peru	6,958,865	-6,408,509	0.3	2.0	57	0.20	-3.00
Suriname	177,549	151,311	0	-2.0	172	0.00	-15.00
Uruguay	2,151,524	-498,693	0.1	-5.0	109	0.05	-9.00
Venezuela, Bolivarian Republic of	1,746,405	-5,473,517	0.1	-28.0	95	0.06	-33.00
Belt and Road	*610,916,672*	*17,199,144*	*26.8*	*-0.9*	*-*	*22.32*	*-1.84*
Afghanistan	541,206	537,778	0	12.0	93	0.06	-5.00
Armenia	143,852	-158,825	0	3.0	141	0.02	-4.00
Azerbaijan	386,971	-190,483	0	-20.0	106	0.05	-5.00
Bahrain	902,519	778,573	0	-10.0	91	0.07	-2.00
Bangladesh	15,169,021	14,293,876	0.7	11.0	51	0.30	8.00
Belarus	933,362	417,978	0	1.0	58	0.20	-8.00
Bhutan	6,238	6,061	0	-25.0	190	0.00	22.00
Bosnia and Herzegovina	78,817	21,563	0	-16.0	96	0.06	-2.00

Brunei Darussalam	637,593	285,783	0	-27.0	149	0.02	-6.00
Bulgaria	1,169,047	199,864	0.1	0.0	59	0.20	-2.00
Cambodia	4,783,198	3,775,616	0.2	9.0	72	0.10	7.00
Croatia	1,159,641	976,557	0.1	-4.0	67	0.10	2.00
Czech Republic	8,792,970	5,097,264	0.4	5.0	28	0.90	2.00
Egypt	9,485,643	8,143,709	0.4	3.0	45	0.40	-2.00
Estonia	1,006,352	746,013	0	-4.0	80	0.10	-5.00
Georgia	912,619	845,028	0	-1.0	110	0.04	-2.00
Hungary	6,049,345	1,972,121	0.3	1.0	33	0.60	0.00
Indonesia	34,757,385	6,183,079	1.5	-3.0	29	0.90	-6.00
Iran, Islamic Republic of	18,584,815	31,122	0.8	2.0	49	0.30	-1.00
Iraq	8,330,415	-5,483,697	0.4	4.0	50	0.30	-5.00
Israel	8,918,467	4,712,231	0.4	4.0	43	0.40	-2.00
Jordan	2,803,609	2,524,424	0.1	-5.0	74	0.10	-3.00
Kazakhstan	11,564,443	5,185,752	0.5	-6.0	62	0.20	-14.00
Kuwait	3,112,774	-5,822,176	0.1	2.0	60	0.20	3.00
Kyrgyzstan	5,336,808	5,249,753	0.2	2.0	134	0.03	-9.00
Lao People's Democratic Republic	1,419,351	-185,646	0.1	-10.0	119	0.04	-2.00
Latvia	1,148,242	971,002	0.1	-6.0	85	0.09	-3.00
Lebanon	2,010,611	1,987,571	0.1	-6.0	81	0.10	-5.00
Lithuania	1,600,274	1,345,123	0.1	-3.0	61	0.20	-5.00
Macedonia, North	78,041	- 8,648	0	6.0	112	0.04	2.00
Malaysia	41,712,283	-12,713,856	1.8	-4.0	26	1.10	-3.00
Maldives	295,626	295,005	0	40.0	155	0.01	7.00
Moldova, Republic of	97,916	63,952	0	-7.0	131	0.03	-5.00
Mongolia	1,235,612	-3,931,701	0.1	-20.0	140	0.02	-13.00
Myanmar	8,948,464	4,422,116	0.4	3.0	78	0.10	10.00
Nepal	966,955	949,101	0	-23.0	99	0.06	11.00
Oman	2,316,453	-11,066,825	0.1	4.0	75	0.10	-12.00
Pakistan	18,250,789	16,417,570	0.8	14.0	47	0.30	5.00
Palestine, State of	69,058	68,940	0	-8.0	177	0.00	10.00

Philippines	32,065,932	12,826,755	1.4	13.0	34	0.60	12.00
Poland	17,873,050	14,519,542	0.8	8.0	24	1.20	0.00
Qatar	1,682,330	-4,717,944	0.1	-4.0	66	0.20	-1.00
Romania	3,777,960	1,953,642	0.2	7.0	38	0.50	3.00
Russian Federation	42,830,600	1,440,307	1.9	-6.0	21	1.30	-10.00
Saudi Arabia	18,375,008	-13,386,865	0.8	-1.0	32	0.70	-7.00
Serbia	545,639	334,054	0	5.0	68	0.10	1.00
Singapore	45,019,300	10,769,676	2	-1.0	16	1.80	-5.00
Slovakia	2,729,479	144,516	0.1	-2.0	40	0.50	0.00
Slovenia	2,886,930	2,391,578	0.1	11.0	64	0.20	-2.00
Sri Lanka	4,087,996	3,777,966	0.2	5.0	70	0.10	4.00
Syrian Arab Republic	1,102,814	1,101,480	0	9.0	120	0.03	-6.00
Taiwan (ROC)	43,983,206	-111,978,097	1.9	0.0	19	1.50	-2.00
Tajikistan	1,301,375	1,254,638	0.1	-10.0	151	0.02	-13.00
Thailand	38,541,727	-3,054,356	1.7	4.0	22	1.30	-4.00
Timor-Leste	132,597	131,024	0	36.0	187	0.00	3.00
Turkey	18,121,508	14,338,078	0.8	-1.0	20	1.30	-3.00
Turkmenistan	368,117	-6,207,009	0	-28.0	135	0.02	-19.00
Ukraine	5,040,645	2,701,003	0.2	-10.0	52	0.30	-11.00
United Arab Emirates	28,723,965	16,412,807	1.3	-5.0	17	1.50	-3.00
Uzbekistan	2,749,423	1,277,974	0.1	-2.0	88	0.07	-5.00
Viet Nam	71,617,248	21,242,631	3.2	8.0	25	1.20	12.00
Yemen	1,643,038	983,076	0.1	-8.0	114	0.04	-16.00

Source: Compilation by the authors – data from International Trade Centre available at: <*http://www.intracen.org/*>.

Notes

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