

Non-traditional Economic Initiatives between China-Chile (*hubs*)

Working Paper

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Outline

1. Introduction
2. Theoretical Paradigms in China
3. Empirical Puzzle
4. Non-traditional Economic Initiatives (*hubs*)
5. Next Steps

1- Introduction

More active China concerning the international scene

Alternative models: AIIB, Belt & Road Initiative, hub platforms, etc.

The increase in China's participation cannot be understood only from economic growth:

- **Political attitude**
- **Bilateral Political Mechanisms (Strategic Partnership-FTAs)**

These mechanisms **not only represent the search for material security**, they also represent **sophisticated cooperation proposals** to keep international trade open.

2- Theoretical Paradigms

Holistic Approach

International agenda based on a dual perspective (2 sides of the same coin)

Balance of 3 forces

Articulation between its structural forces and strategic affinities

- Position of developed country, but with a foreign policy of a developing country (vice versa).

Harmony from difference as a basic element for a peaceful ascent

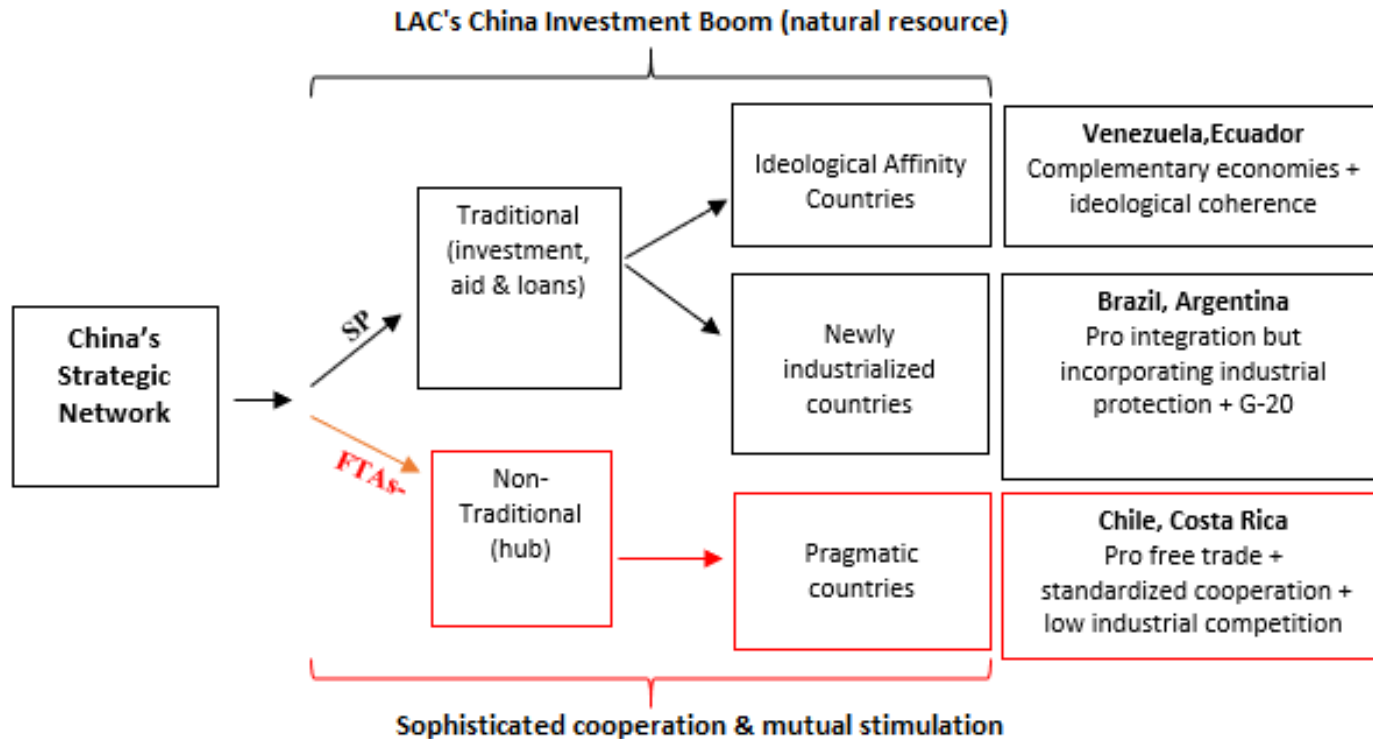
- China does not seek to promote a specific model of governance
 - There is also no promotion of a single concept of freedom and security.

Balance between the material and ideational world

- Beyond economic growth, maintain cooperation under the parameters of mutual gains and benefits

3- Empirical puzzle

Empirical regularities with China's LAC strategic network



4- Non-traditional Economic Initiatives

Building a new concept

Cooperation platforms focused on the participation of the global supply chain, where two nations agree to establish a link in which both use their competitive resources in search of a common benefit.

Main features

Comprehensive platform: interact with traditional initiatives (investments, loans and aid) and with BRI dynamics.

High level of sophistication: participate in different parts of the supply chain, including technology transfer and the development of administrative platforms overseas.

Hub logic: bilateral initiative with regional impact.

Win-win logic: concerted activities to achieve common objectives.

Public-private collaboration: memorandums, reciprocal agreements, articles of FTAs (operationalization mainly private actors).

Both parties must incur costs: costs and benefits are shared.

4- Non-traditional Economic Initiatives

China's initiatives in LAC (Chile crucial case)

- RMB Hubs in Chile (2015)
- Center of Astronomy of South America (2016)
- Free Trade Zone of Central America in Costa Rica (2017-prefeasibility)
- Multipurpose Port Terminal of Chancay in Peru (2018)
- Digital China-Chile Regional Hub (2018)
- Innovation China-Chile Hub (2019)
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4- Non-traditional Economic Initiatives

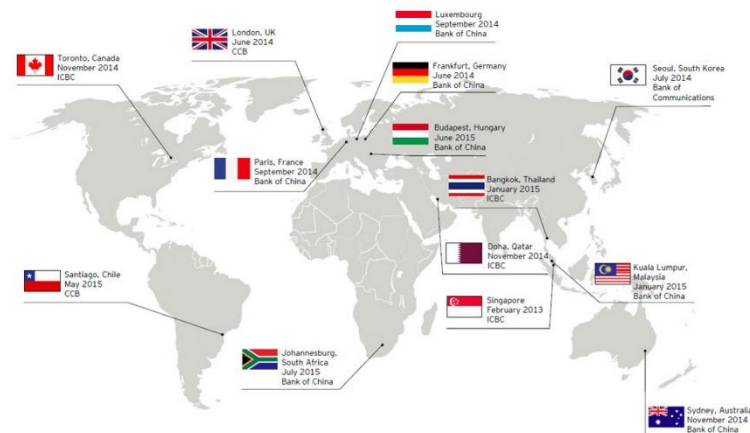
Regional financial hub of the Chinese currency

Make payments in the Chinese currency by reducing costs of financial operations, international payments and foreign trade financing

Establishment:

- Currency SWAP agreement, 2015
- Renminbi clearing bank, 2015
- Renminbi Qualified Foreign Institutional Investor Program, 2015

Operationalization: Bank of China, Chinese Construction Bank and Central Bank of Chile



4- Non-traditional Economic Initiatives

Center of Astronomy of South America (CASSACA)

Platform for collaboration in astronomical research and development of technologies related to the energy needs of South America

Establishment:

- Agreement on the donation of scientific equipment, 2010
- Agreement of understanding collaboration between the Chinese Academy of Sciences and the National Commission of Scientific and Technological Research of Chile, 2016
- China-Chile Plan for Cooperation in Science and Technology, 2017

Operationalization: Chinese Academy of Sciences, CONICYT, Universidad Católica del Norte



4- Non-traditional Economic Initiatives

Digital Hub China-Chile

Direct connection platform (data transmission) between South America and China through a fiber optic cable that will cross the Pacific Ocean.

Establishment:

- Memorandum of Understanding on Cooperation and Technology between the Chinese Academy of Sciences and CONICYT, 2016
- Feasibility Agreement between the Secretariat of Telecommunications of Chile (SUBTEL) and the Chinese Ministry of Industry and Information Technology, 2017

Operationalization: SUBTEL and Huawei (technical study 2017)



5- Next Steps

Short Term

- Non-traditional Economic Initiatives Database (LAC).
- Analysing the articulation between non-traditional initiatives and BRI.

Long Term

- Case Studies and Ex-post impact analysis.
- Quantitative study.

Thank you for your attention
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