

Chapter 15

“China’s 70-Year Development and the Building of a Community with a Shared Future for Mankind”: A Uruguayan Perspective



Washington Ruben Duran Correa

First of all, I would like to thank the National Institute for Global Strategy of the Chinese Academy of Social Sciences, especially for the invitation with which they have honored the Uruguayan Council for International Relations (CURI) and myself. Also, as a full member of the National Academy of Engineering of Uruguay, it is a great honor for me to share some ideas with such distinguished academic colleagues in a forum organized by the National Academy of Social Sciences of China.

The topic which is proposed to raise our reflections deserves a very deep analysis and it is not possible to address it fully in a brief presentation. Therefore, we will only raise some points that we understand are relevant for economic growth to be an effective tool for the inclusive development of peoples, in the most equitable and environmentally sustainable way possible.

Although it seems redundant, I must make some reflections prior to the approach of the subject, because I cannot abstract myself from my academic training in hard sciences and, therefore, I need to define the concepts that are used, in order to later develop them.

It is clear that economic growth is not the same as development. However, sometimes it is intended to define the level of development of a society based on its growth or economic capacity, measured—in general—by GDP per capita. A given country may have a relatively high GDP per capita and the level of development of its people may not be comparable to that of other countries with the same income. Personally, I think this is perfectly applicable to the case of Uruguay.

It is not possible to compare the level of development in certain areas reached by the Chinese economy and that of the Latin American economies, although internationally both are categorized as developing countries.

W. R. D. Correa (✉)

Uruguayan Council of International Relations, Montevideo, Uruguay
e-mail: hx101@ssap.cn

Foreign Trade Commission of the Chamber of Industries, Montevideo, Uruguay

© Social Sciences Academic Press 2023

L. Wang (ed.), *China’s Development and the Construction of the Community with a Shared Future for Mankind*, Research Series on the Chinese Dream and China’s Development Path, https://doi.org/10.1007/978-981-19-7423-6_15

Uruguay's GDP per capita is almost double that of China and yet the development levels of both countries are infinitely different.

China is the second largest world economy and is heading toward being the first, while most of the Latin American economies fight against recession and stagnation and have a high degree of public debt and a strong fiscal deficit.

All of this indicates very clear differences between our two regions in terms of levels of development and capability to generate economic growth.

On the other hand, when we refer to inclusive development, the concept also needs to be clarified. There are relatively complex international definitions, such as those of the World Economic Forum, built for the purpose of comparing the realities of different countries.

In general, these definitions refer to how countries include their populations in various social and economic areas. However, at this moment we would like to refer to how different countries can or should be included in the world economy, because in the current situation, there are many countries, or we could say almost whole continents, on the verge of exclusion.

This generates many of the problems facing the world today. Massive migrations of people, whether for economic reasons, regional wars, or escaping from terrorism are a clear example of the negative impact of this type of exclusion, both in countries that lose part of their population and in those forced to receive significant contingents of people with differences of all kinds and who are carriers of all the problems that uprooting people entails.

Therefore, in order to be inclusive development for the inhabitants of a country, it is necessary for the world to generate opportunities for inclusive global development in all countries. While this must be a shared responsibility, it is necessary that the most powerful economies assume the commitment to cooperate in all areas in order to create an effective climate of inclusive development.

We believe that this event is a good opportunity to look for ways that allow greater inclusion of countries in the global economy and governance. It is clear that each country is responsible for its own destiny but in a time of global economy and accelerated communications, the international environment increasingly plays an important role and conditions the possibilities that the most dependent countries have. Hence the need for international cooperation to help offset the negative effects of globalization.

However, it is necessary to warn that the strongest countries should not be tempted to generate a new wave of colonialism motivated by the need for assistance from the weakest countries. The old Spanish and Portuguese colonies of Latin America should be respected as independent and developing nations.

Latin America, and in particular its smaller economies, are excluded from large international value chains, from new scientific and technological developments, from the areas in which new trade rules that go beyond tariffs and trade are negotiated and that include the imposition of technical, sanitary, or other norms whose purpose, far from being to preserve human health or the environment, is to protect the economies of the most powerful countries. It is necessary that from the multilateral organizations

a normative convergence is sought that does not just exclude the weakest countries from international trade.

The great economic growth that China has had since the end of the last century has been the impetus for the growth of world trade. Mainly of those countries that have been and are suppliers of raw materials, energy supplies, and food, which China has needed to buy for sustaining its own growth and to improve the quality of life of its people.

In general, this has been reflected in the fact that Chinese supplier countries have increased both their exports to China and their imports. If we look at the large numbers, without further analysis, one could say that trade between China and developing countries has been balanced from the quantitative point of view and in some cases; it has been in favor of the latter.

However, when we analyze the available data in greater depth, several qualitative differences arise between trade flows to and from China. This is as a general matter and is similarly replicated in the commercial relationship of most developing countries with China.

To avoid entering into realities of other countries, we will take as an example the case of Uruguay, which, despite it being a very small economy, smaller in size than some neighborhood in Shanghai, with 3.5 million inhabitants, we can consider as representative of the general situation.

Uruguay’s exports to China are mainly concentrated in five products: meat, soy, cellulose, wood, and wool. These account for more than 90% of total Uruguayan exports to China.

In the case of Uruguayan imports from China, trade is much more distributed, and the ten main import products barely add up to more than 30% of the total. Among these products are cell phones, chemicals, computers, televisions and other electrical and electronic devices, and automobiles.

As you can see, there is a significant difference in both the concentration and the level of manufacturing between the products that Uruguay sends to China and those that it receives from China.

This is reflected also in their intrinsic value, which somehow reflects the technological content of each other. In the average of the last eight years, products exported by China to Uruguay have had a value, expressed in dollars per kg, 5 times higher than those exported by Uruguay to China.

As we said, although these data are taken from Uruguay’s statistics, international sources confirm that the situation is similar in other countries even if the individual products are different.

Another relevant piece of data for analyzing economic links between countries is investment data. Although for different reasons between 2016 and 2018 in Uruguay there has been a process of foreign disinvestment, in the previous years in which foreign direct investment was very important, in Uruguay the investment of Chinese origin barely reached 2% of the total. On the other hand, in the last three-year period in which negative investment is recorded, the percentage of Chinese disinvestment has been an average of 15%. In other words, Chinese investment in Uruguay is much more sensitive to negative market trends than to positive ones.

I mention this because investment is a fundamental part of growth and even more of development.

It is clear that the countries of Latin America have pending tasks to be attractive for attracting investment: improving internal costs, productivity, infrastructure, logistics, labor relations, security, education, investment in scientific and technological development, the relationship between the cost of the state and the services it provides, etc. These are some of the things that, to a greater or lesser extent, all Latin American countries must face immediately. This task is not only for governments, but also for private actors, whether they are businessmen or workers, scientists or students. We must all do our best without waiting for help to come from outside. In any case, international cooperation must arrive to resolve those issues that would otherwise be delayed or whose goals would not reach themselves.

It is a phrase often repeated that the world has changed, but that phrase reflects reality. The changes have been a characteristic of the development of civilizations, the difference is now in the speed at which the changes occur. A product that is created today perhaps in ten or fifteen years is already obsolete, hence the need for permanent innovation. This pace also marks the speed that cooperation must reach to help build a more inclusive global society with a shared future.

Thank you.