

# China's trade policy towards Latin America: an analysis of free trade agreements policy

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## Abstract

**Purpose** The emergence of China in the international trading system has shifted its gravity center, as the country has become one of the mayor actors in international economic relations. Through the subscription of preferential agreements, China is building a network of strategic partnerships worldwide, including Latin America. The purpose of this paper is to answer the questions: Do free trade agreements (FTAs) between China and Latin American countries contribute to expand trade flows and enhance products diversification? **Design/methodology/approach** Three countries have an FTA with China, Chile (2005), Peru (2009) and Costa Rica (2010). Through an econometric estimation based on a gravity model, the authors expect to determine the impact of these agreements over both trade flows and products. **Findings** The study shows that FTAs have a positive impact on both bilateral trade flows and on the number of exchanged products. Nevertheless, this impact is positive but diminishes in time. The authors confirm that these agreements allowed for a substantive expansion of trade between Latin American economies and China, becoming relevant for policymakers regarding the bi-regional relation. **Originality/value** The study contributes to the understanding of the bilateral trade relations between China and Latin American countries, giving evidence of the magnitude of the impact of FTAs. Through new data, at a six-digit level of detail, this study improves current knowledge regarding bilateral economic relations.

## Palabras clave

**Palabras clave de autor:** [China](#); [Free trade agreements](#); [Gravity model](#); [Trade](#); [Products](#)

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