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SOUTH AMERICA AND EAST ASIA: DEPENDENCY AND DIVERSIFICATION DILEMMAS WITHIN AN ASYMMETRIC POWER STRUCTURE (2002-2017)

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Abstract

Dependency on the power structure and on the most powerful actors within it, has been a constant variable in foreign policy calculation for the developing world. South American countries have shown in the last two decades an increasing will to overcome dependency on few traditional powers through diversification. It has led to a growing rapprochement to East Asia, mainly underpinned by the trade relation with China. Although the level of dependency is not the same in every country, there are some common features that show that bilateral relations are not interdependent: 1) it reinforces the concentration on low value-added products for South America, reproducing an extractivist export based model, undermining industrialization processes and 2) it reflects the profound power asymmetries between the two sides undermining, in the long run, state autonomy. In this paper, we aim to analyze the bilateral relations of the main South American economies –Argentina, Brazil and Chile- with China and their major ASEAN partners between 2002-2017. Our theoretical perspective is built upon the concepts of diversification, autonomy and dependency. Our goal is to understand the emergence of the dependent relationship with Beijing and the consequences it might bring to South America in terms of economic policy and development. On the other hand, we aim to explore the alternative scenario SEA countries constitute for a broader, less dependent and more symmetrical economic and political relation with East Asia.

Keywords

South America, China, Southeast Asia, Diversification, Dependency

1. Introduction

When thinking about Latin America there is a tendency to view it as a homogenous region. In certain ways, it probably is. The region as a whole shares many significant features. Language, religion, transnational indigenous culture and a common colonial history created bonds across the territory and peoples during centuries. Notwithstanding these elements, it can be argued that, from an international relations point of view, contemporary studies can hardly analyze the region as an individual actor. Multiple variables have operated to differentiate, particularly, the southern part of Latin America. Regional integration processes (Tussie & Trucco, 2010), external trade characteristics –particularly as primary commodity exporting countries-, intraregional interdependence, the emergence of Brazil as a global player and a regional power (Bernal Meza, 2008), the role of the United States since 2001, and the initiatives for political integration (Caballero Santos, 2012) –such as UNASUR- have defined a clearer boundary for the South American region, differentiating it from the rest of Latin America.

In this sense, South American nations have stablished foreign links with Asian countries with particular characteristics depending on their own geographical features, productive and export structures, development models, and regional commitments. These variables have affected how relations with East Asia countries were built during the last three decades from different South American countries.

In this article, we aim to focus our analysis on South American dynamics regarding external relations with East Asia, particularly China and Southeast Asia. More specifically, we will address the bilateral relations of the main South American economies –Argentina, Brazil and Chile- with China and their major Southeast Asia partners, in the period 2002-2017, from the concepts of diversification, autonomy and dependency. Our goal is to understand the emergence of the dependent relationship with Beijing and the consequences to South America in terms of economic policy and development. On the other hand, we aim to explore the alternative scenario SEA countries constitute for a broader, less dependent and more sustainable economic and political relation with East Asia. The guiding axes for the analysis are the following: can these links be framed as widening autonomy or as diversifying dependency on different large external partners? And, what are the characteristics that allow us to consider these bilateral relations as "new dependency links" in the three cases under study, taking into account the contrasts between them?

2. Recent historic background

These two regions have a very recent history of bilateral relations. Although formal diplomatic relations were established more than 60 years ago in most cases, the links between both regions remained mostly stagnant until the beginning of the 1990s. Latin America's political leaders of the time sought to integrate the countries in a more complex and dynamic international system through the implementation of more flexible and market-oriented economic reforms that privileged international integration and development through trade and finances. In this scenario, East Asia emerged as a central alternative to diversify export markets (Mols & Faust, 1998) –from the traditional partners as Western Europe and the United States- but also as economic models to follow. As a result, foreign policies were also oriented to prioritize economic interests (Faust & Franke, 2004), a dimension that became the central axis of the bilateral links between Latin America and East Asia from that time to present days. The relations with China and the Southeast Asian countries, are no exception in this sense.

Asian partners became central, since then onwards, for the diversification strategies of South American nations, searching for options that could lessen dependency on traditional markets. In this sense, we underline the fact that dependency on the power structure and on the most powerful actors within it, has been a constant variable in foreign policy calculation for the developing world. South American countries, have shown in the last two decades an increasing will to overcome dependency on few traditional powers through diversification of trade partners. This search has led to a growing rapprochement to East Asia, mainly underpinned by the trade relation with China. As shown in the figure below, trade numbers between Argentina, Brazil, and Chile with China have boosted since the beginning of the 21st century.

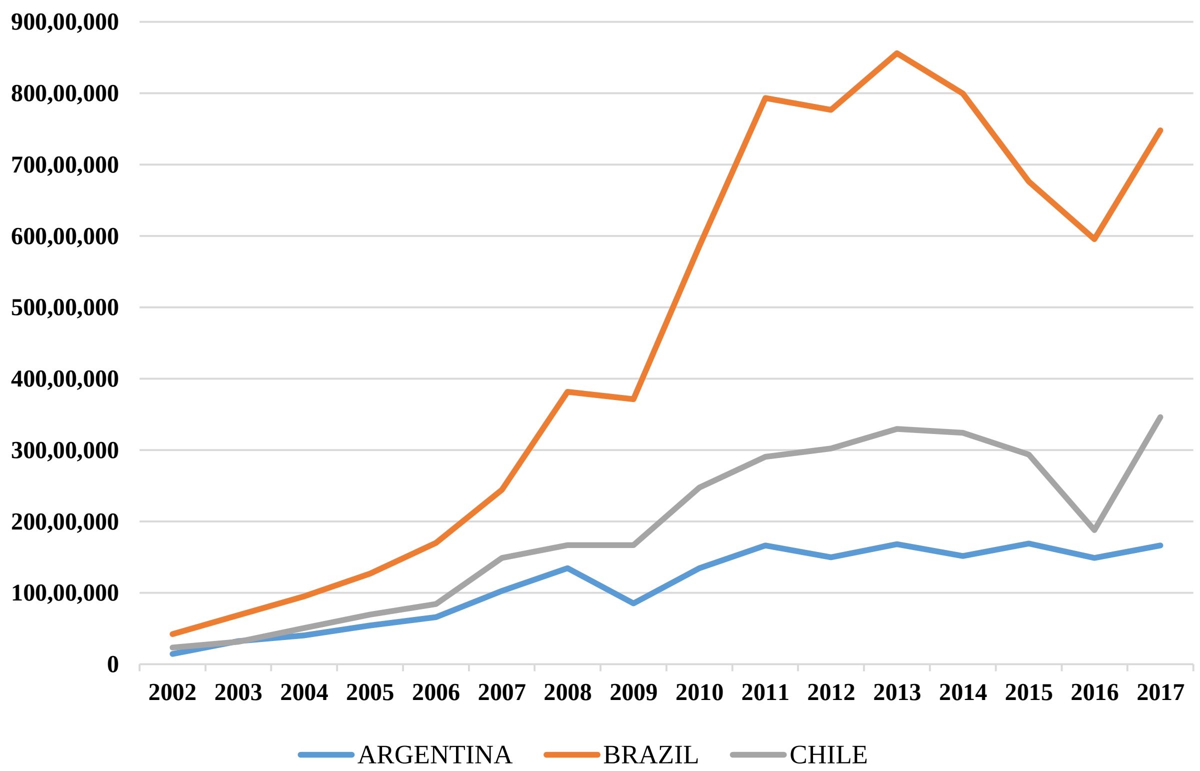

Figure 1: *Total Trade Argentina, Brazil, and Chile with China, 2002-2017 (Thousands of US$)*

Source: Made by the author with data from ALADI, 2018

The unprecedented increase in trade exchanges with the PRC was a result of a combination of variables, both domestic and external to South American economies. In the external front, probably the most outstanding condition that favored this process was the increase of commodity prices that started in 2002 and reached a peak in 2008 (IMF, 2018). A second one, was China's higher demand of commodity products as a result of its own development process. Some of the South American products that saw a sharp increase in the demand from East Asia were copper, iron ore, soybean, soybean oil and crude oil (Perrotti, 2015; ALADI, 2018). In the internal sphere, as we mentioned before, there are differences among the countries in the region, but main common conditions affecting the bilateral trade relations with China were: the export-oriented reforms introduced during the nineties, the signing of TLC –in the case of Chile in the three cases analyzed in this paper-, the adoption of measures that favored agricultural exploitation –particularly in the cases of Argentina and Brazil- such as the introduction of technology for the extension of soybean cultivation, the expansion of the cultivated land, and the introduction of resistant transgenic seeds –glyphosate resistant soybeans (GRS)-, among other (Mikkelsen, 2008).

The growth in exports was also matched by an increasing entry of Chinese manufactured goods into South American markets. Gradually, the PRC became a central partner for the whole region, displacing traditional ones. This process becomes evident when we analyze the numbers: from 2002 to 2017 Chinese participation in Argentina's world trade increased from 4% to 13%, in the case of Brazil from 3.8% to 20%, and in the case of Chile –where commercial dependency on the PRC is deeper- it went from 7% to 25% (elaborated with data from ALADI, 2018; UNComtrade, 2018).

The commercial dimension is, therefore, the most relevant one in the bilateral relations between the South American economies and China, and it represents the move towards a more diversified international insertion for the region. Therefore, Chinese presence in South America has revitalized debates over development, international insertion, diversification and autonomy. The concept behind this move is that diversifying trade partners could enhance autonomy and diminish vulnerability to external changes (Olivet, 2005; Faust & Franke, 2004). In this vein, diversification is understood as a tool for an improved international insertion strategy, which seeks to achieve wider autonomy margins for international participation and decision-making.

But after a long decade, South American relations with China are reproducing the traditional trade dependent structure, only with a new partner. As we will further analyze in subsequent sections, China is concentrating an increasing part of South American countries export and is also favoring a "reprimarization" of the export composition. Hence, instead of becoming an alternative to a dependent insertion pattern, China's approach to the South

American region is reproducing asymmetrical bilateral relations, based on trade disparities rebuilding a centre-periphery scheme (Rubiolo, 2013) We briefly introduce some of these notions in the next section as a conceptual framework to understand South America's rapprochement to East Asia.

3. Perspectives on Autonomy and Diversification in South America

When analyzing South American countries' foreign policy, a first and central element to include is the notion of development as the structural characteristic that conditions foreign policy strategies, goals, and even partners. As Van Klaveren (1984: 37) puts it: "foreign policy is not only evaluated in terms of its contribution to the achievement of traditional economic goals such as the promotion of trade, the search for financial assistance in more positive conditions, etc., but also as a means to modify international variables in a more favorable sense to the objectives of the development strategy ". Hence, development is the domestic imperative that has a determining weight in the external decisions of the States.

This concept has often been linked to the notion of dependency and, in certain theoretical perspectives –such as CEPAL dependency theory[1], and Juan Carlos Puig's autonomy theory-, development can only be achieved by overcoming the dependent nature of South America's external insertion. In Puig's view, autonomy was a phase in a continuum starting from subordination to complete autonomy, which could be transformed in capacity of national decision making (Bernal Meza, 2015). For Puig, "to autonomize means to widen the leeway margin and usually implies cutting out the opponents" (Puig 1987, 33 in Bernal Meza, 2013: 46). In his realist view of the international system, Puig understood that the main goal of a less developed country had to be related to achieving a greater margin of autonomy in decision-making processes vis-à-vis powerful counterparts. But this goal was not only to be achieved unilaterally, it was closely linked to regional integration and alliances to negotiate with external actors from a coordinated position. Although Puig elaborated these concepts during the late Cold War period, they are still valid to study regional politics, particularly those of Brazil and Argentina.

The goal of achieving economic development has remained unchanged for South American countries, and even though there has been a traditional debate between dependency or

[1] Cepal Dependency theory gathers vast contributions from Latin American academicians on the foundation of Raúl Prebisch Centre-Periphery vision. According to Caldentey, Sunkel & Torres (2012: 6): "In his logic of the center-periphery vision, Prebisch argued that America lacked authentic autonomy and that its evolution and development economic conditions depended on external factors and more precisely on the events and policies of developed countries". It must be noted that Prebisch writings had not only an economic perspective, but also, and most importantly, a historic one. For further analysis on Prebisch and Cepal perspective, see: Bernal Meza (2005), *América Latina en el mundo*, Buenos Aires: GEL; Caldentey, E., Sunkel, O. & Torres, M. (2012), "Raúl Prebisch (1901-1986) Un recorrido por las etapas de su pensamiento sobre el desarrollo económico", CEPAL: 1-46.

autonomy in foreign policy orientations, autonomy as a concept in foreign policy has been revived. It coincides with the need to diversify external relations towards emergent economies and Southern regions, in order to lessen their dependency on central traditional partners, both economically and politically.

Diversification becomes then a core concept to understand South America's present relations with East Asia, not only in its economic and commercial meaning, but also as a political tool to gain a greater margin of autonomic decision making. In this sense, Vigevani & Cepaluni (2007) developed the concept of autonomy by diversification which proposes that the more diversified the external links are, the higher the margin of autonomy will be for a developing country. According to the authors, autonomy by diversification refers to the adherence to international principles and norms through South-South alliances —including regional ones-, and agreements with non-traditional partners, in the belief that these strategies reduce asymmetries in the external relations with powerful counterparts and increase the national negotiating capacity (Vigevani & Cepaluni 2007: 283). The Asia Pacific region is viewed as one of the main targets within this diversification strategy.

4. China: greater autonomy or new dependency relations for Argentina, Brazil and Chile?

First, as we have stated before, since trade is the principal feature of these relations -as well as a core variable within South America's international strategy- we must describe the commercial relation in terms of amounts and composition to understand the relevance of the relation with China for each country.

Regarding export and import amounts, although in the three cases there has been an unprecedented increase in the amounts of trade, there are differences in terms of relative participation of the PRC in each countries' world trade and in the commercial balance. Trade balance has been a central concern for Latin American countries, since revenues from it are the main income source for national accounts –in the form of export taxes that became a financial source for enlarging national reserves and diminishing dependence on external debt (Rosales & Kuwayama, 2012). While in the cases of Brazil and Chile, both countries show a sustained surplus, Argentina, on the other hand, has a trade deficit with China since 2008 to present. In 2017 Brazil's and Chile's surplus was 20.1 and 3.5 billion US$, and Argentina's deficit hit a record of 7.9 billion US$ (UNComtrade, 2018).

As an export destination and import origin market, China's participation in total trade increased in the three cases, but in different percentages. In the case of Argentina, exports to the PRC grew from 4.3% in 2002 to 7.4% of total exports in 2017, while in the case of Brazil it went from 4.2% to 21.8% and in the case of Chile from 7% to 27.6% in the same period. On the other hand, imports from China to Argentina rose from 6% to 18% of total imports, and in the cases of Brazil from 3.4% to 18%, and Chile from 7% to 24% from 2002 to 2017. (elaborated by the author with data from ALADI, 2018, UNComtrade, 2018).

Differences among the South American countries are evident: while Argentina's dependency on Chinese imports grew steadily in the period, its exports didn't match the trend, generating an increasing deficit in the bilateral trade balance, negatively affecting the country's overall balance of trade. Conversely, China as an export destination had a more significant role in the cases of Brazil and Chile, compared to Argentina, favoring the surpluses in both trade balances. Imports show a similar trend in the three cases in terms of amounts, although Chile's dependency on the Chinese market has increased more than its neighbors.

In the cases of Chile and Brazil, China became the main export destination since 2007-2008 to present, displacing the United States to the second place in the order of trade partners, followed by Argentina in the third place in the case of Brazil and Japan in the case of Chile. Conversely, Argentina's main export destination has been Brazil during the same period, and China comes in the second place, followed by the US in the third place.

In this sense, although the three countries have become more dependent on China in their international trade, the role of that market for Brazilian and Chilean products has become more sensitive, reinforcing trade market dependency on few partners, not diversification *per se*.

Regarding the composition of trade, the relation with China as well as with the rest of East Asia, shows the traditional center-periphery commercial characteristic: inter-industrial exchange. South American countries export primary products or low value added byproducts and import industrial manufactures. In Table 1, we listed the main products exported to China by the three countries in 2016. Over 75% of the composition is concentrated in the main four products, all of them from the primary sector.

Table 1: *Exports by main products to China, 2016*

Ranking	Argentina	% total export	Brazil	% total export	Chile	% total export
1	Soybeans	63,1	Soybeans	40,9	Copper and byproducts	45
2	Crude oil	8,5	Iron Ore	20,5	Copper ore	28,7
3	Frozen meat	7,3	Crude oil	11,1	Wood pulp	4,8
4	Fish	3,6	Wood pulp	5	Iron Ore	2,8
	Total	**82,5**		**77,5**		**81,3**

Source: Made by the author with data from ALADI, 2018

As a first implication of the bilateral trade, many analysts agree on the fact that since South America's exports to China have concentrated on primary products –agricultural and mineral- and that, in parallel, the international prices of these commodities have seen many years of high levels –also driven by the East Asian demand- there has been a process of growing primarization of the region's trade structures (Nacht, 2013; Bittencourt, 2012; Perrotti, 2015; Melo & Amaral Filho, 2015). China - along with other countries in the region - played a key role in this process of exports concentration.

Among the three cases analyzed in this paper, Brazil has witnessed the most significant effects in its export structure. In 2005, Brazilian exports were: 47.3% primary products and 52.7% manufactured goods. In 2015, primary products accounted for 62% and manufactures 38% of the total exported by the country. Melo & Amaral Filho suggest that this process occurred in "the detriment of industrialized products, clearly demonstrating the trend toward deindustrialization". Furthermore, they assert that "while Chinese structural policies yielded positive results for the country's economic model, they contributed to the negative outcomes of Brazilian industrial policy and reinforced the economy's primary-export bias" (Melo & Amaral Filho: 72).

In the cases of Argentina and Chile, although exports to China are also concentrated in raw materials, the effects on the overall distribution on exports composition weren't as significant as in the Brazilian case. In the case of Argentina in 2005, exports of manufactures accounted for 30.7% of the total, primary products for 69.3%, while in 2015 manufactures accounted for 29.4% and primary products maintained a 70.6% share in the total. In the case of Chile, the scenario is similar in terms of stability, although the composition of the basket shows greater concentration in raw materials. In 2005, manufactures accounted for 13.7% of exports while primary products accounted for 86.3%. In 2015, the shares in the basket were 14.4% and 85.6% respectively in the total of Chilean sales to the world (ECLAC, 2016).

As these figures show, Chile's export structure has traditionally been composed by mostly mineral raw materials and agricultural products, in this context, China's growing participation has not generated a deepening of the already primary-centered export model. Conversely, Argentina's exports are more diversified in terms of composition, since the automotive, machinery and pharmaceutical sectors account for a large portion of the exports to the world. In this sense, Brazil is still a more relevant partner to Argentina than China, both in terms of total amount of trade, as well as for the fact that Argentina exports mostly manufactured products to this neighbor country. (ITC, 2018)

In sum, China's impact on Brazil's export structure has contributed to deepen the specialization on primary products, favoring a deindustrialization process, that can certainly affect the countries development strategy which is underpinned by the industrial sector. In the case of Chile, China's presence has reinforced an already concentrated export basket on raw materials, and for Argentina, since China is relatively less important as a trade partner than in the other two cases (Oviedo, 2015), the impact on the export composition has been minimum, but the large and persistent deficit on the bilateral trade balance has led the country –since 2017 - to face a world trade balance deficit for the first time since 2002.

Clearly, the trade relation with China has configured a new dependency partnership –not as strategic as it was envisioned by South American leaders-, with the characteristics of a north-south relationship. Notwithstanding the benefits this trade entailed for the national accounts, and for the social policies implemented by the governments of Argentina (Kirchner and Fernández de Kirchner) and Brazil (Lula Da Silva and Rousseff), the costs on the developmental paths – deindustrialization, primarization and extractivism- are evidences of the asymmetries embedded in the relations. As we will discuss in the next section, the links with Southeast Asian economies might become an alternative to this new dependent relation, in order to diversify trade and political links within the East Asian region.

5. Southeast Asia as an alternative towards balancing dependency and asymmetry

Southeast Asian countries had a more prominent role in South American international policies from the mid-1990's onward. Although Argentina, Brazil and Chile had stablished formal diplomatic relations with most of the region, it wasn't until the world-wide-known success of the economic models implemented during the 80's and 90's in the Asian region, that these smaller nations caught Latin American policy makers attention. In the same vein as China, SEA countries are regarded as mainly trade partners within a strategy of markets diversification.

The initiatives towards the region have multiplied both in the multilateral and bilateral levels, with incipient interregional efforts that include Mercosur, the Pacific Alliance, and the FEALAC in different integration schemes: Mercosur-ASEAN Ministerial Meetings (2008, 2009, 2017), the ASEAN-Pacific Alliance Framework for Cooperation (adopted in 2016), and the Mercosur-ASEAN Chamber of Commerce (launched in 2015). (Rubiolo, 2018). The three South American countries accessed ASEAN's Treaty of amity and cooperation in 2016-2017, demonstrating their interest in approaching the regional block in the diplomatic and political dimensions as well.

Regarding the individual foreign policy actions, Chile has shown the most dynamic strategy towards the region. The country has adopted a strategy of unilateral external opening with a pragmatic vision in economic terms of insertion. As a result, Chilean foreign policy is based on a selection of central objectives in a trade agenda oriented to growth through primary exports. In this context, the Asia Pacific became central to achieve a more efficient international integration through expanding export markets (Quezada, 2010). This foreign policy reorientation towards the Asia Pacific, started to be institutionalized during the Aylwin Administration (1990-1994), and more actively implemented since Chile entered APEC in 1994. (Robledo, 2013). Therefore, Free Trade Agreements (FTA) and bilateral negotiations became the main tool in its foreign policy. In line with this, a dense network of agreements developed: FTA signing with South Korea (2003), China (2006), Malaysia (2012), Vietnam (2014), Hong Kong (2014) and Thailand (2015).); the negotiation of an FTA with Indonesia (2017) and an Economic Association Agreement with Singapore (called P-4 in 2008).

During Bachelet's last presidential term, periodical visits to the region were carried out. The most relevant ones were the presidential visits to the Philippines (2015), Indonesia (May 2017) and Vietnam (November 2017), demonstrating, in words of Bachelet, that "For Chile, Southeast Asia has strategic importance" (Iberoamérica Central de Noticias, 2017).

Argentina and Brazil had a less active diplomatic agenda towards Southeast Asia in the last years, compared to Chile. In the bilateral level, Argentina's recent main foreign policy actions towards the region were the presidential visit to Indonesia and Vietnam in 2013, the two main markets of the region for local products. The commercial imprint behind the initiative, responds to the objective of diversification of markets that still maintains Argentina as the guiding axis of the external insertion, turning Southeast Asia into a partner of strategic importance. The second most relevant initiative was the reopening of the Embassy in Singapore in 2017. Singapore, located at a point of neuralgic entry to Southeast Asia, and also having commercial and financial facilities for entering regional markets, is perceived as a strategic partner in the framework of the diversification of destinations and products, as well as in the search for international investors. (Ministry of Foreign Affairs of Argentina, 2017)

Brazil's diplomacy towards Southeast Asia has taken a new impetus during 2018, after President Temer postponed its official visit to the region twice. Although the Presidential trip is still on hold, the Minister of foreign Affairs -Aloysio Nunes Ferreira- has leaded a recent tour to the region to reinforce bilateral links with the main economic and political partners. Singapore, Thailand, Vietnam and Indonesia were the countries visited by Nunes Ferreira. within this group, Singapore certainly represents the most strategic bilateral link since it is Brazil's main trade partner in Southeast Asia, and "the fourth largest Asian investor in Brazil in terms of cash flow, with operations in the shipyard and airport sectors as well as the participation of capital in Brazilian companies in areas such as infrastructure, education, hospital services, among others" (Ministry of Foreign Affairs of Brazil, 2018).

Chile's dynamic and strategic Asian policy is remarkably different than the one from its South American neighbors, particularly from the Atlantic coast. Chile's economic development model, based on the liberal premises of open-markets and free trade, paved the way for a more active international policy towards Asia, in the search for extra regional markets for its products.

South American trade relations with Southeast Asia have also improved during the last ten years, although the main bulk of trade is still concentrated on China. We will overview export and import amounts, trade balances and composition of the export basket to understand the differences between the South American countries under analysis.

As we have suggested previously, diversification of export markets was –and still is- the main motor behind South American diplomatic and political initiatives towards the Asian region. Although Chile, as we have mentioned, has the more proactive and opened commercial policy having signed trade agreements with five Southeast Asian economies, trade numbers show that Southeast Asian markets have become more relevant for Argentina, in terms of export destinations. Table 2 shows the differences that have emerged in terms of exports destination over the last ten years in the three cases.

Table 2: *Exports to ASEAN and China, by percentage of Total exports, 2002-2017*

	Argentina		Brazil		Chile	
	ASEAN	*China*	*ASEAN*	*China*	*ASEAN*	*China*
2008	3,16	9,08	3,35	8,29	1,43	14,26
2009	4,81	6,59	3,31	13,20	1,58	23,11
2010	4,77	8,51	3,26	15,20	1,90	24,41
2011	5,08	7,27	3,65	17,31	1,77	22,72
2012	5,49	6,34	4,21	17,00	1,67	23,22
2013	6,71	7,26	3,73	19,01	1,68	25,07
2014	7,57	6,52	5,04	18,04	1,67	24,55
2015	8,07	9,11	7,41	24,64	1,78	26,37
2016	10,05	7,66	5,73	18,97	1,37	17,65
2017	8,66	7,41	5,10	21,81	1,72	27,58

Source: Made by the author with data from UNComtrade, 2018

Southeast Asia markets have surpassed China as an export destination only in the case of Argentina, explaining why these region has become a strategic area for the country's external relations and economic international insertion. In Figure 2 the contrast with Brazil and Chile can be clearly observed.

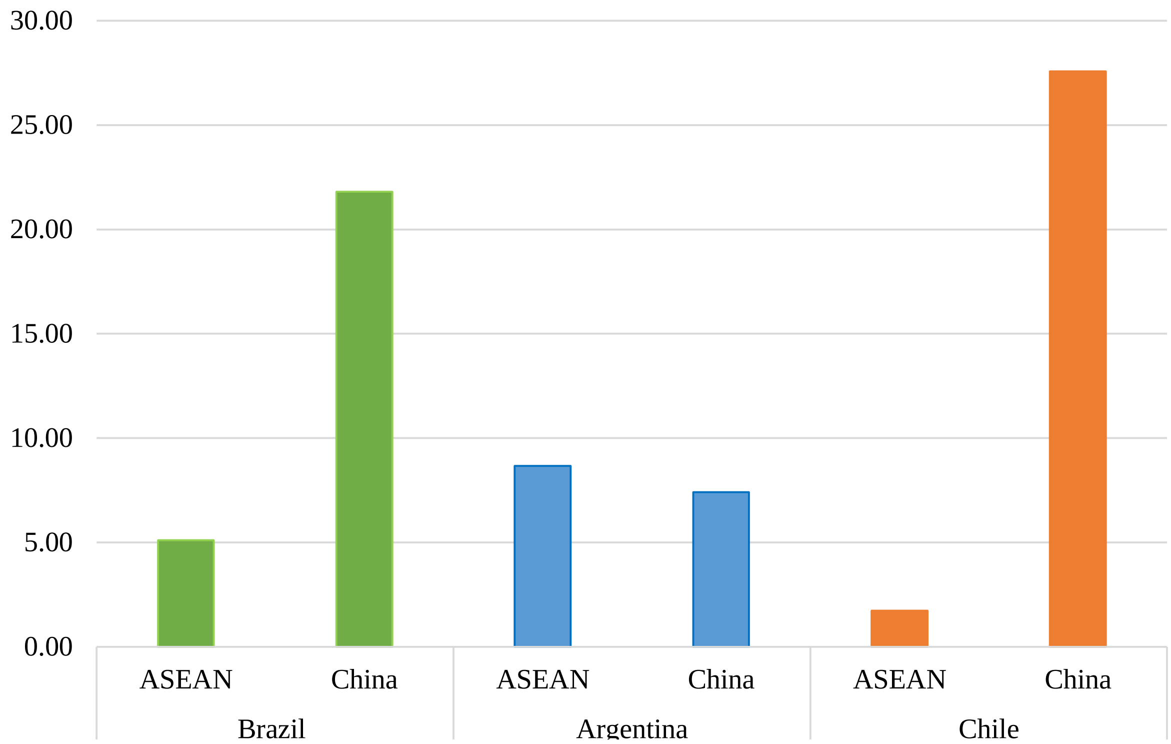

Figure 2: *Exports to ASEAN and China, by percentage of Total exports, in 2017*

Source: Made by the author with data from UNComtrade, 2018

Hence, if we consider that diversification of export markets has been defined as a key tool to lessen the level of dependency on huge and few trade partners, the numbers demonstrate that, within the Asia Pacific region, Argentina has reached better results, having been able to diversify its exports markets to smaller economies in East Asia, eluding the concentration on China. The main Argentinian export destinations in SEA in 2017 were Vietnam (4% of total world exports) and Indonesia (1.8%). These two countries have been Argentina's major export markets in SEA since 2013, being that the main reason for the Presidential visit, oriented to consolidate the political links with both strategic economies.

For Brazil, Singapore and Malaysia were its main export destinations in the region accounting for 1.3 and 1.1% respectively of total exports in 2017. The economic relation between Brazil and Singapore is composed by a more complex network of activities, investments and cooperation schemes than the ones Argentina or Chile have with the region. Singapore's investments in the country are centered in gas and oil, and the shipping industry. Both sectors also account for a large proportion of exports from Brazil to Singapore: in 2017, ships and floating structures were the main export products accounting for one third of total exports to the country, and gas turbines represented another 10% (ITC, 2018) reflecting the growing interdependence of the industries from both countries.

In the Chilean case, given the low level of exports directed towards the region, Thailand and Vietnam –which were the two main export markets for the country in 2017-

accounted for 0.5 and 0.4% respectively of total exports. Unlike its neighbors, and despite the FTA Chile has with both Asian countries, it has been unable to take advantage of all the opportunities that have been opened by this agreements and its geographical proximity with the Asia Pacific (Robledo, 2013).

Imports from Southeast Asia to the three South American countries have also increased, but they still have a low participation on total imports in the three cases. In 2017, Argentina's imports from ASEAN accounted for 4.2% of total imports, in Brazil for 5% and in Chile for 3.5% of world imports. But only in the case of Chile imports surpassed exports to the Asian region generating a deficit trade balance that persisted for the last decade. On the other hand, Argentina's trade balance with Southeast Asia has been markedly positive, reaching a record surplus of 3.4 billion US$ in 2016. Also Brazil started to reverse its deficit with the region, having a consistent surplus in the trade balance since 2011 to present.

As can be seen, so far, Southeast Asia has become a central partner mainly for Argentina because of two main reasons: the region has consolidated as a strong export market for Argentinian products and the trade balance is surplus for the Latin American country allowing to equilibrate partially the persistent deficit with China. Furthermore, reinforcing trade relations with SEA economies is a step towards developing trade and less asymmetrical bilateral relations, strengthening South-South commercial links.

The composition of the South American export basket towards Southeast Asia is also highly concentrated on agricultural products, minerals and other primary products, particularly in Argentina and Chile. Table 3 shows the main export products to ASEAN markets.

Table 3: *Exports by main products to ASEAN, 2017*

Ranking	Argentina	% total import	Brazil	% total import	Chile	% total import
1	Soybean	59,80	Iron Ore	13,65	Copper ore	26,23
2	Cereals-Corn	26,12	Soybean	12,41	Copper	21,07
3	Leather	3,57	Sugar Cane	10,13	Fish	19,55
4	Fish	3,34	Ships	8,13	Wood	5,96
5	Soybean oil	1,57	Soybeans	8,06	Wood pulp	4,39
	Total	94,41		52,37		77,21

Source: Made by the author with data from ITC, 2018

As final remarks to this section, we must highlight that Southeast Asia is, nowadays, a concrete alternative towards diversification particularly in the case of Argentina and, in a lesser degree –given the differences of the bilateral political and economic relations mentioned before- for Brazil. For Argentina the role of these economies in its international economic strategy is central, since they have consolidated as strong markets –Vietnam and Indonesia-, allowing a greater diversification and lessening the dependence on the Chinese market.

6. Final remarks

In the first paragraphs we departed from the definition of South America as a region in itself, but with profound differences in terms of development models and foreign policy, as well as commercial policy.

The cases of Argentina, Brazil and Chile are paradigmatic in this sense, being that the first two maintain a close relationship of political and economic interdependence within the framework of Mercosur with a more protectionist orientation, while the third has implemented a policy of unilateral trade liberalization, both towards the near region and the rest of the world. Despite these differences, the three States embarked on policies aimed at diversifying partners - commercial, economic and also political - a process that deepened after the global economic crisis of 2008 that highlighted the negative consequences of dependency in few large traditional partners.

In this context, China and more recently Southeast Asia, began to strengthen as alternative partners for the South American countries. As we analyzed, the relationship with China has generated similar implications for the three countries, so that today the challenges presented by the Asian giant should be addressed from a regional perspective, rather than merely bilaterally.

The main implications for the three countries, to a greater or lesser degree, can be summarized as follows. In the first place, the growing commercial dependence on China that instead of favoring a diversification of partners, has become a translation of the concentration. So, when analyzing the situation in terms of autonomy, it can hardly be argued that the rapproachment to China can be translated into a greater level of autonomic decision making, given the development a new dependent relation. In this sense, South American countries, in their will to overcome dependency with traditional partners, have constructed new dependency links with a new giant partner.

Secondly, and more relevant from the perspective of the internal development of the South American economies and societies, the growing trade with China has been carried out based on an increase in the concentration of primary products and low value-added byproducts. This interindustrial bilateral trade with China accentuates the role of the American region as a supplier of raw materials, not only to East Asia, but worldwide, affecting the global export basket. This favors the fragility of the strategy of commercial insertion conditioned by the ups and downs of good and bad harvests (in the case of agricultural products), as well as volatility and the deterioration of the terms of trade. It must be borne in mind that a large part of the export sector is based on a matrix of static comparative advantages, which is exacerbated in the case of the Chinese partner. Furthermore, since the specialization in activities with greater intensity of technology and knowledge generates more innovative processes that strengthen the growth also of other activities, improving overall productivity, the primarization of the South American economies and the growing competition with China in industrial sectors - particularly with MERCOSUR - poses a problem for South American development in the long term. (Bittencourt, 2012)

Finally, Southeast Asia is playing a wider role in some of the South American countries. Gradually, a more interdependent relation has emerged that, in the cases of Argentina -given the sustained commercial surplus- and Brazil -considering that the export composition is more diversified towards industrial manufactures-, is becoming economically and politically strategic.

To conclude, the differences in economic development models within South America, hinder the construction of joint policies at the regional level, because the interests that underlie and underpin state decisions are opposite. While the views of the South American governments do not converge on the consolidation of an enlarged regional space as a priority for economic and commercial insertion, and from there to establish extraregional links -as FTA or others-, it is difficult to envisage any joint formula to respond to the negative effects that the presence of China - and increasingly, other large Asian countries - have on the economies of the region. The danger is, without doubt, the deepening of a model of insertion dependent on the export of products with zero or very little added value, the gradual loss of international gravitation as a result of the growing dependence, and the harmful socioeconomic effects that directly affect the distribution in the Latin American social fabric.

The goal of this research was to describe and analyze and compare the present relations between selected South American economies, taken individually, and their main partners in East Asia. The main limitations of our analysis are, in the one hand, the differences in the type of regional institutional conditions within the countries analyzed. While Argentina and Brazil are subjected to Mercosur Common external tariffs scheme, as well as the obligation to negotiate FTA as a group, Chile has more flexibility in its international economic policy. These differences place strong restrictions in their external behavior -including the relations with East Asian countries- and becomes a limitation to the comparative analysis. On the other hand, our research didn’t consider the policies and actions that the three countries have put forward within regional and interregional frameworks to strengthen their links with East Asia, both bilateral and multilaterally.

In this last sense, there is certainly a long way for future research to explore South America and East Asia relations from a multilateral and interregional level, as well as in the subnational level of analysis. The later one is particularly relevant since the has been no academic efforts to compare different subnational units' international policies towards Asia in the South American region.

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