Asian Investment Boom Strikes Latin America

Contributed by Tom McGregor
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Over the past decade, selling soybeans, iron and copper ore along with other commodities to Asian nations has transformed Latin America. Despite the global economic downturn, tens of millions of Latin Americans are emerging into the ranks of the middle class. Some contend that a second gold rush is under way.

According to the Houston Chronicle, “Asian investors flush with hundreds of billions of dollars in cash now see Latin America as a top business opportunity, and they’re flooding into manufacturing, construction and other industries, particularly in up-and-coming countries such as Brazil, Peru and Mexico. That’s transforming the lucrative relationship that was based primarily on exporting raw materials to Asia, an arrangement that frustrated governments eager to stimulate their own manufacturing.”

At the World Economic Forum in Mexico, business and government officials met this week to disclose that the investment surge infers that Asia is poised to overtake the U.S. and the EU as Latin America’s top trading partner over the next decade. At the forum, Asian representatives were a formidable presence with Chines, South Korean and Japanese investors making the rounds all ove the seaside city’s gleaming white convention hall.

Evin Lu, Asia Pacific regional director of a World Bank Group agency that insures foreign investments against political risk, said, “we’re talking about tens of billions of dollars in just Korean banks looking for a destination. When I meet with investors, Latin America is in every conversation about this.

As reported by the Houston Chronicle, “already, Chinese investment in Latin America has jumped from a few million dollars just a few years ago to about $15 billion in 2010, with most of the money going into mining and other extractive industries in Brazil, Peru and other nations, said Alicia Barcena, executive secretary for the Chile-based United Nations Economic Commission for Latin Mamerica and the Carribbean, Chinese investment in the region jumped again last year, to about $23 billion, Barcena said.”

To read the entire article from the Houston Chronicle, link here:Mcgregor@chinadaily.com.cn