

Comments on the Change of Model in China and Possible impacts on Latin America

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Outline

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- Questions and comments about structural change in China

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- Question and comments about impacts on Latin America

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- Economic Convergence (catch-up to advanced economies)
- Demographic Transition (from the demographic dividend to aging)
- Increasing Role of China in the Global Economy (China and global governance)

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- China is reacting to the end of cheap labor with capital deepening (Li et al. 2012). High-investment trap?

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- China seems to be reaping the benefits of the demographic window of opportunity, but with costs: (a) saving glut and global instability; (b) high longevity risks (e.g. need to develop a proper social security system). Comments?

China and Global Governance

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- China is likely to be the world's dominant power

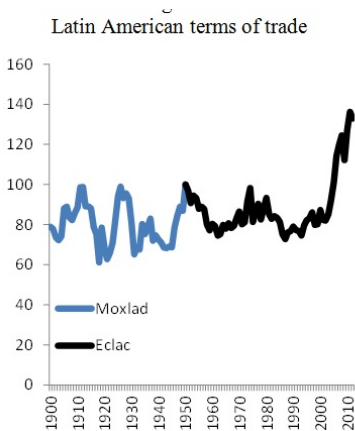
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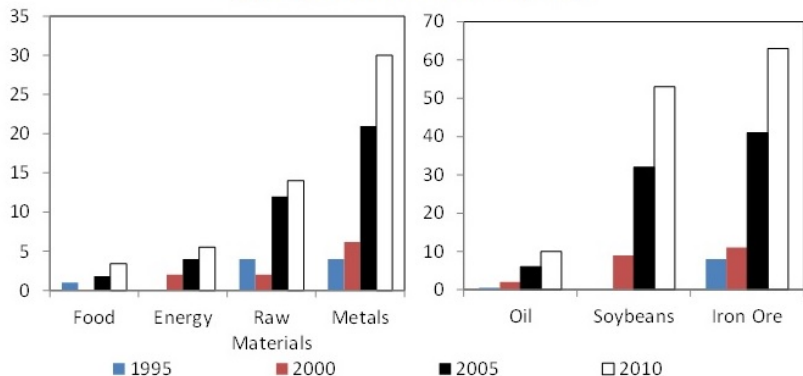
- China is likely to be the world's dominant power
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- What role for IMF, WTO, WB?

Terms of trade are booming, and can adjust downward, but it is unlikely to return to the Prebischian pessimism. Or it can be the case?

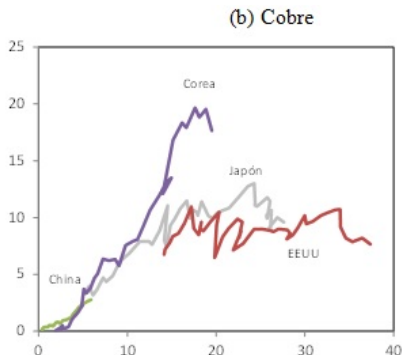
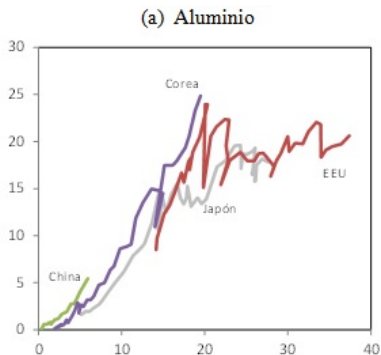


Chinese share in global commodity demand is high. It will be the case in the future?

The importance of Chinese demand in commodity markets
(net imports / total world imports)



Idea: if economic convergence continues, it may increase even further. True?



Demographic Transition and Global Governance

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- Failures in global governance will increase the likelihood of global crises, with adverse effects worldwide. Implications for LAC?

THE END