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**“Comparative analysis of the China-Costa Rica FTA and the
China-Peru FTA: Perspectives for Ecuador”**

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DEDICATION

"I want to dedicate this research work to God, who has granted me much wisdom and strength throughout my academic journey and throughout this thesis. Likewise, I dedicate it to my parents, Arturo and Miriam, who have made every possible effort to support my progress in my studies, providing me with everything I have needed over these years. They have been the foundation and my primary motivation for succeeding in all my studies and in life. Their advice, teachings, and wisdom have been immensely helpful in shaping me into a professional and the person I proudly am today.

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“Comparative Analysis of the China-Costa Rica FTA and the China-Peru FTA: Perspectives for Ecuador”

RESUMEN

Los Tratados de Libre Comercio (TLC) son acuerdos que buscan liberalizar el comercio y hacer del intercambio de productos, servicios y capital un proceso más ágil y fácil. Estos están diseñados con el objetivo de fortalecer las industrias nacionales y dotar a los mercados locales de productos de los que carecen. Muchos análisis se han hecho sobre los impactos reales de los TLC, unos concluyen que son más los resultados positivos y otros por el contrario arguyen que en algunos casos estos podrían llegar a ser más bien perjudiciales para los o uno de los países firmantes. Este trabajo de investigación busca analizar los efectos que ha tenido en Costa Rica y Perú un tratado de libre comercio con China. Una vez obtenida esta información se busca proponer recomendaciones para que Ecuador logre mayormente beneficios del recién firmado TLC con China. China es un país que en la últimas décadas ha ganado mucha influencia en la economía global, y en la región de América Latina y es considerada hoy en día como el motor del comercio internacional, para Ecuador como un país que busca expandir su comercio y economía, este acuerdo podría ser muy beneficioso.

Palabras clave: Tratado de libre comercio, exportaciones, importaciones, inversión, comercio.

"Comparative analysis of the China-Costa Rica FTA and the China-Peru FTA: Perspectives for Ecuador"

ABSTRACT

Free Trade Agreements (FTAs) are agreements that aim to liberalize trade and facilitate the exchange of products, services, and capitals through a more agile and easier process. They are designed with the objective of strengthening national industries and providing local markets with products they lack. Many analyses have been conducted on the actual impacts of FTAs; some conclude that the positive results outweigh the negatives, while others argue that in some cases, these agreements could be detrimental to one or more of the signing countries. This research aims to analyze the effects that a free trade agreement with China has had on Costa Rica and Peru. Once this information is obtained, the goal is to propose recommendations so that Ecuador can gain greater benefits from the FTA recently signed with China. China is a country that has gained significant influence in the global economy over the past decades, particularly in the Latin American region, and is considered today as the engine of international trade. For Ecuador, a country seeking to expand its commerce and economy, this agreement could be highly beneficial.

Key words:

Free trade agreement, exports, imports, investment, trade.

"Comparative Analysis of the China-Costa Rica FTA and the China-Peru FTA: Perspectives for Ecuador"

INTRODUCTION

China, commonly known as the 'Asian Giant' today, has been the country that has experienced the most significant commercial and economic growth in recent years. Due to its rapid expansion, it has emerged as one of the most important and influential developed countries in the global economy over the last 25 years. China's economic and social structure has undergone several stages and changes, primarily occurring after the Cold War. Since Deng Xiaoping's leadership, China has aimed to be an active participant in international trade, initially by seeking suppliers for food, industrial inputs, capital goods, technology, and services that contribute to its development process, as well as seeking markets for its products (Wilhelmy, 2001).

Another significant event that aided China in its economic growth was its entry into the World Trade Organization (WTO) in 2001, and similarly, its accession to the BRICS in 2008. All of this helped China to enhance its relations with other countries and position itself as a new global power through cooperation across various regions.

Exports from China to other regions have grown rapidly, primarily towards Latin America and Africa. A decade ago, trade between China and Latin America was limited, but this has changed significantly. Currently, China is one of the most important trading partners for Latin America. Several Latin American entrepreneurs have started to see China as an opportunity due to its immense potential.

The trade relations between China and Latin America can be deemed strategic because Latin America holds abundant natural resources essential for Chinese industries, such as soybeans, iron ore, and oil. Conversely, for Latin America, China represents a consumption market for its products and a significant supplier of necessary goods, largely manufactured products (Lopez, Quinet de Andrade & Salguero, 2022). This new power and influence in the region are believed to help build new types of power balances in global politics.

The exchange of Chinese manufactured products for raw materials such as oil, food, or materials by Latin America can be likened to an exchange between labor and land rent, given that the Latin American region has benefited from all its resources and minerals compared to the territory of the Chinese nation.

Due to its considerable growth since 2000, China not only managed to expand its trade relations but also increased investments in the Latin American region, especially during the 2008 crisis caused by imbalances in the United States due to the collapse of the real estate bubble, a situation that had repercussions internationally. For China, its relationship with Latin America is entirely beneficial since Latin America is one of the most peaceful regions in the world regarding interstate relations. It has not been involved in

controversies with countries outside the region, which is an attractive characteristic for China in the political sphere (Cornejo & Navarro, 2010).

Different analyses have shown that various goods found in Latin America are produced in Chinese territory. This is due to the significantly lower cost of labor in China, which makes production in this country more profitable. The increasing competitiveness of China and its expansion into global markets are causing a significant impact on both developed and developing countries. China emerges as a formidable competitor for more developed nations and, for smaller ones, as a new source of goods, offering greater variety and better prices.

It is crucial to understand that China and Latin America are of equal importance to each other. China stands as the second-largest trading partner for Latin America. For instance, in 2021, a total trade value of 450 billion dollars was recorded between the two regions. Latin American exports to China reached US\$ 222.582 billion, while Chinese exports to Latin America and the Caribbean amounted to US\$ 229.009 billion in the same year (SELA, 2022).

Most countries in Latin America export primary products and low-tech goods to China. On the contrary, Chinese exports to Latin America consist of products linked to industrial sectors, including high and medium-tech sectors, as well as low-tech and low-cost manufacturing (Lopez, Quinet de Andrade & Salguero, 2022).

In terms of political matters, it is important to note that, despite the presence of some political or diplomatic factors, China's interests in Latin America have been purely economic. Given that China's primary objectives in the region are economic, with political goals being secondary. An example of a political interest could be the development of relations with certain Latin American countries in exchange for recognizing Taiwan as part of China (Meza, 2016).

1.1 OBJECTIVES

1.1.1 GENERAL OBJECTIVES:

Conduct a comparative analysis of the China-Costa Rica Free Trade Agreement and the China-Peru Free Trade Agreement, and identify the prospects of a China-Ecuador Free Trade Agreement for Ecuador

1.1.2 SPECIFIC OBJECTIVES:

1. Analyzing the effects of the Free Trade Agreement between Costa Rica and China for Costa Rica:
2. Analyzing the effects of the Free Trade Agreement between Peru and China for Peru.
3. Conducting a comparative analysis between the China-Costa Rica and China-Peru FTAs with a view to understanding the prospects of a China-Ecuador FTA for Ecuador.

Theoretical Framework

Free trade has been present for several centuries; attempts to establish freer trade between countries have been made on various occasions, but this was only materialized after the First and Second World Wars. Global trade underwent significant changes as countries such as the United States and Great Britain became more powerful, dominating a large part of world trade. In 1994, the General Agreement on Tariffs and Trade (GATT) was established, aiming to create a trade system with universal rules that sought to reduce or eliminate trade barriers and promote free trade. Since the creation of GATT, there has been a push for the reduction of tariffs, simultaneously seeking to diminish the application of non-tariff measures (Sánchez, 2016). Free trade is considered the opposite of trade protectionism, a strategy used by countries like the United States in earlier times.

Subsequently, in 1994, the General Agreement on Tariffs and Trade (GATT) was absorbed by the World Trade Organization (WTO), which would be responsible for overseeing everything involved in the management of global trade. Throughout history, what has been observed is that, in most cases, free trade agreements or other types of trade agreements tend to favor some countries more than others. In such instances, the most favored is always the country with greater economic power.

Since the creation of the WTO, several changes in the distribution of power in the world have become evident. The world was initially dominated by the United States, but another bloc that gained significant relevance was the European Union, which is currently an economic superpower. However, what has surprised the world the most is the rise of the People's Republic of China, a country that is argued to have altered the power dynamics, especially in the realm of international trade (Keil, 2016).

Among the instruments of international trade regulated and supervised by the WTO are free trade agreements, but what are these types of agreements? A free trade agreement refers to a pact between two or more countries concerning the terms of trade. Various commercial aspects are defined in these agreements, such as the percentage of tariffs or requirements established for the import or export process between these countries. It is also a trade strategy employed by countries with the objective of reducing or eliminating tariff barriers. Therefore, goods and services can be bought and sold across borders with few or no tariffs under a free trade policy (Barone, 2022).

Free trade agreements were designed with the aim of reducing economic barriers between nations. Such agreements have enabled countries to access new markets and have contributed to the growth of their economies. Governments engaged in free trade do not necessarily relinquish control over their exports and imports, nor do they eliminate or set aside their protectionist policies. It is important to note that very few free trade agreements result in entirely unrestricted trade, as countries are often reluctant to fully surrender control over their commerce and continually seek ways to protect their industries (Barone, 2022).

If we delve a bit into the history of free trade agreements, we find that the first free trade treaty took place in 1860 and was signed by Great Britain and France. The treaty is known as the Cobden-Chevalier Treaty and was named after its two main negotiators, the British Richard Cobden (1804-1865) and the French

Michel Chevalier (1806-1879). At that time, this treaty aimed to address the post-war consequences (Gonzales, 2019).

Free trade should be seen as an opportunity for even the domestic industries or producers of the countries involved to expand globally. The combination of local production and international trade helps the economies of countries to expand, while also providing their own nations with products from abroad.

The goal of free trade agreements is to develop a competitive exportable supply. This way, companies with the ability to export can grow, creating more job opportunities and promoting competitiveness among businesses, leading to an improvement in product quality. FTAs help countries compete on equal or better terms than others. It is considered that those countries that have embraced free trade have achieved greater growth over time.

By having the opportunity to access new and better markets, consumers also benefit, as they can buy and sell products or services and enjoy a greater variety of prices when acquiring goods from other countries. However, it is important to consider that trade liberalization between countries with significant differences in productivity and competitiveness can pose a risk to less developed nations. This can lead to the destruction of their productive base, resulting in a reduction of jobs. Additionally, various sectors may be affected by international competition based on unequal conditions among countries.

Recognizing that Free Trade Agreements (FTAs) can be both advantageous and risky for countries that choose to enter them. It is crucial to understand and emphasize the importance and impact that the choice of a partner country has on the outcomes of such agreements for the participating nations. Globally, the bloc with the most signed FTAs is the European Union, boasting 46 agreements, followed by countries such as the United Kingdom with 38 and Chile with 31. However, countries are currently exploring new trading partners, and one of the most scrutinized candidates is China.

State of the Art

China maintains a growing relationship with Latin America, which seems to have strengthened since the COVID-19 pandemic. The pandemic marked a precedent for Asian countries' assistance in the health emergency in Latin America. Following these events, China became the leading global producer of vaccines and the main supplier to the markets of middle and low-income countries. In addition to trade flows, China has made significant investments in infrastructure in various Latin American countries. Today, China stands as the world's second-largest economy, consistently recording impressive growth figures year after year, despite the consequences of the COVID-19 pandemic that have greatly impacted the global economy.

Beyond analyzing some aspects of China and its influences in Latin America, the cases of specific Latin American countries and their relationships with the Asian nation are intriguing. For instance, Brazil stands out as one of China's most important partners. This significance is not only due to Brazil's substantial

deposits of iron, oil, and soybean plantations but also because of its expertise in aerospace and telecommunications. In 2009, China became Brazil's leading trading partner, surpassing the United States (Cornejo & Navarro, 2010). Brazil and China share a very similar foreign policy, characterized by a global strategy aimed at seeking agreements with countries such as Russia and India.

Mexico is another country with which China has an unstable relationship. There is a surplus for the Asian country in terms of exchanges with Mexico. The increase in Chinese imports to Mexico and the pressure from productive sectors affected by the competition from Chinese products. In addition to existing American products, has caused Mexico's interest in strengthening trade relations with China to diminish.

On the other hand, we find Chile, a country that is considered, in terms of commercial relations with China, one of the most attractive in recent times due to its minerals and products. Chile is also one of the main producers of copper, and China is the world's largest consumer of copper. However, this has also become a challenge for Chile, as it has come to depend on its exports to China to sustain its growth and on imports of strategic resources such as oil, which is crucial for maintaining productivity.

Chile and China maintain a Free Trade Agreement that was signed on November 25, 2005, in Busan, South Korea, within the context of the APEC Leaders' Summit. The FTA consists of a progressive four-stage negotiation:

1. Free Trade Agreement on Goods
2. Supplementary Agreement on Trade in Services
3. Supplementary Agreement on Investments
4. Deepening of the Free Trade Agreement

Regarding Argentina, which is currently facing challenging times, its relationship with China is highly dependent on soybean demand. Argentina is the world's leading exporter of soybean oil and sells more than 40% of its production to China (Cornejo & Navarro, 2010).

Another case is Venezuela, with which China has a good relationship, driven by China's need to secure a steady supply of oil. However, like other countries in Latin America, Venezuela has also been negatively impacted by Chinese imports of textiles and shoes, causing issues for domestic companies (Cornejo & Navarro, 2010).

Concerns have grown regarding China's increasing economic influence in Latin America. Since China's entry into the WTO, there has been a noticeable rise in the competition generated by the Chinese in Latin American markets. The relationship between China and Latin America can be characterized as a partnership between a fully industrialized country and several countries abundant in raw materials. In another perspective, it could be seen as an exchange between labor and land income. Although China is a dynamic trading partner with which Latin America can engage, except for Brazil and Chile, all countries have a trade deficit with China (Meza, 2016).

China, as a commercial and economic partner, has grown exponentially and rapidly in Latin America, a region that has become more dependent on both Chinese trade and investments or loans. Many countries

have benefited, with Venezuela, Brazil, Ecuador, and Argentina being among the most benefited in terms of loans. These countries have approximately 117 credits, which were granted by the China Development Bank and the Export-Import Bank (EXIM) of China (Moreno, 2022). Contrary to some expectations in certain sectors of Latin America, it can be affirmed that if things are done well, taking care to manage some sectors affected by excessive competition, China is not a problem for Latin America, but it should not be seen as a sole solution either.

This study delves deeper into the existing trade relationship between China and two Latin American countries: Costa Rica and Peru. Both countries have a long-standing trade relationship with China and are even part of a free trade agreement with the Asian nation.

1.2 Costa Rica – China Free Trade Agreement

The Free Trade Agreement between Costa Rica and China came into effect on August 1, 2011, following an intense negotiation process that lasted approximately 3 years. This trade agreement originated from the decision to establish closer diplomatic relations with the People's Republic of China during President Arias Sánchez's administration in June 2007. The purpose of this free trade treaty was to solidify what had already been a commercial relationship spanning several years. In 2020, bilateral trade between the two countries reached US\$2.271 billion, reflecting an annual growth rate of 6.2% compared to a decade ago (Ministerio de Comercio Exterior de Costa Rica, 2022).

For several years, global trade has increasingly focused on East Asia, an area where Costa Rica had little influence. One of its most important and relevant objectives was to position its exports in these markets. This shift came after an economic crisis known as the Great Depression, which affected the country's main trading partner, the United States. The U.S. entered a recession, ceased demanding the country's products as before, and Costa Rica's exports to the European Union also declined. It became extremely necessary to seek entry into the Asian market to place its products.

In the early stages of Costa Rican exports to China, the main products were electronic processors and controllers (73.4%), parts and accessories for computers (22.6%), 0.6% waste, and 0.4% tanned bovine or equine leather (Hidalgo, 2022). As a result of the Free Trade Agreement, exports are entering China without paying tariffs. Among the key Costa Rican products benefiting from this FTA are frozen orange juice, tilapia, shrimp, flowers, plants, cocoa, yucca, paints, chocolates, heart of palm, rum, and leather (Hidalgo, 2022).

Among other objectives, Costa Rica aimed to increase its exportable offer under preferential conditions with this Free Trade Agreement. The ability to acquire Chinese raw materials at competitive prices of better quality and lower cost contributes to consumers having a variety of Chinese products available for purchase. This establishes mechanisms of cooperation between the countries.

In the last ten years, Costa Rica's trade with Asian countries has grown, with a total trade volume of US\$1.319 billion in 2011 and US\$2.271 billion in 2020, reflecting an annual growth rate of 6.2%. This is

the result of a 19.0% increase in exports and a 5.6% increase in imports (Ministerio de Comercio Exterior de Costa Rica, 2022).

1.3 Perú – China Free Trade Agreement

Regarding Peru, it has also had several years of trade relations with China. Its Free Trade Agreement was signed on April 28, 2009, in Beijing, China, and came into effect on March 1, 2010. After six rounds of negotiations, Peru and China reached an agreement on November 20, 2009, which was later signed and ratified in the same year. With this FTA, several non-traditional Peruvian products increased their export value, such as prepared or preserved cuttlefish and squid, frozen squid and cuttlefish, and fresh grapes (Reinoso, 2019).

One of Peru's intentions in signing the Free Trade Agreement was to diversify its export basket to reduce vulnerability to external shocks, but many argue that this has not happened to the desired extent. In the last 20 years, Peruvian exports to China have increased, and China became Peru's top export destination in 2011. The FTA with China is considered very favorable for trade flows, with a recorded increase of 1.6% and 0.7% in imports and exports, respectively, between the years 1998 and 2017 (Reinoso, 2019).

The impact of exports, in general, has been double that of imports in Peru. The trade volume between the two countries in 2021 exceeded US\$37 billion, 60% more than in 2020, the pandemic year. Products such as copper, fishmeal, and blueberries lead this trade exchange (Lau, Dialogo Chino, 2022). China has become one of the main investors in Peru, and the country wishes to continue strengthening its trade ties.

Currently, Peru is going through a challenging period in terms of its politics. However, this has not prevented the country from continuing to explore ways to strengthen its trade relations with China. From the outset, Peru sought to diversify markets and exported products. Similarly, it is looking for ways to attract long-term investors (Torres, 2010).

1.4 Ecuador and China

Ecuador and China have had a positive relationship over the years. During the 21st century, the ties between these countries have strengthened in various areas, including diplomatic, economic, political, and strategic. Diplomatic relations between the two countries were established in 1980, initiating several official exchanges.

Over the years, several Ecuadorian presidents have visited the People's Republic of China to forge strategic partnerships with the Chinese nation. In 2016, Xi Jinping became the first Chinese head of state to visit Ecuador.

It's important to note that China is the world's second-largest economy. It has been one of the fastest-growing countries in the last 20 years, and is among the most industrialized nations with a GDP value-added of 39%. Therefore, it would be highly advantageous for Ecuador to have some form of agreement with this country.

Currently, Ecuador has sought to elevate its relationship with China to a new level. In recent years, it has been working towards signing a trade agreement, and in 2023, it achieved this with the 'Free Trade Agreement between China and Ecuador.' For Ecuador, this is the first trade agreement it has entered with an Asian country. The agreement was signed virtually on May 10 in Quito and on May 11, 2023, in Beijing, after four rounds of negotiations and several meetings between the two countries.

The ongoing negotiations between Ecuador and China have been a matter of significant international interest in recent years. These negotiations began in the context of increasing collaboration between the two countries, covering various areas such as trade, investment, and cooperation in development projects.

China is the world's leading importer of agricultural and food products from Ecuador, the country's top non-oil trading partner. It serves as the primary destination for non-oil exports, and 71% of the businesses exporting to China are SMEs, EPS, and artisans. Therefore, with this type of treaty, the aim is to strengthen and expand these areas and more (Ministerio de Producción, Comercio Exterior, Inversiones y Pesca, 2023).

How is this agreement going to help the country? Ecuador aims for increased economic growth, more job creation, and the promotion of investments. The agreement will allow the export of raw materials and the import of investment goods from the Asian country with zero tariffs. Ecuador will receive technology at lower prices, there will be a greater exportable supply as sanitary processes are expedited for better access to Asian markets. It's important to note that there will be better protection for sensitive sectors with exclusions and gradual tariff reductions to safeguard the Ecuadorian productive sector. This is crucial in such agreements, especially with countries that are much stronger in commercial and productive aspects.

METHODS

The type of research conducted in this study was inductive, and included an analytical and comparative study. The objective was to analyze the effects of the Free Trade Agreement between China and Costa Rica on Costa Rica, and similarly, the effects of the Free Trade Agreement between China and Peru on Peru. After conducting these analyses, a comparative study was undertaken between the China-Costa Rica and China-Peru FTAs with the aim of understanding the prospects of the China-Ecuador FTA for Ecuador signed in 2023.

In this way, a literature review was conducted to gather relevant theoretical approaches, data, and statistics within trade to understand the impact of Free Trade Agreements on Costa Rica and Peru. Secondary sources such as books, articles, and official national websites were used.

RESULTS

1.5 China – Costa Rica Free Trade Agreement

For Latin America, having bilateral relations with China is an important factor for reasons such as the ease countries would have in agricultural and processed food trade. Another point could be to expand service

trade, especially tourism. Additionally, Latin American countries could benefit from China's technology, including digital platforms, e-commerce, and technological innovations. Moreover, common interests include transportation and connectivity, infrastructure, climate change, clean energy, urban planning, smart cities, and technological advancement, where China leads the world (Xiang & Rivero , 2022).

In an effort to strengthen trade ties with Asian countries, Costa Rica has implemented a policy aimed at engaging with significant partners. Currently, Costa Rica is one of the countries with a free trade agreement in effect with China, which came into force on August 1, 2011. However, China and Costa Rica have maintained a relationship for several years, with existing diplomatic and trade relations between the two countries, ultimately leading to a free trade agreement.

Currently, around 13 years have passed since the signing of this trade agreement, making it very useful to analyze this case as one of the first countries with a more extended period of trade relations with China. For Costa Rica, on the one hand, having a bilateral relationship with China has proven to be very beneficial, as it has led to economic proposals and infrastructure financing from China.

Throughout the approximately 13 years of the treaty with China, more products have been promoted than those initially involved in the FTA. It is important to note that this strategic alliance with China also meant the termination of diplomatic relations with Taiwan after 60 years, as Taiwan is a country with which China has ongoing conflicts. At some point in history, in the 1940s, Costa Rica severed relations with China as it began to engage with Taiwan. Due to political conflicts between China and Taiwan, Costa Rica had to sever ties with the Asian country at that time.

At present, Costa Rica exports around 141 types of products to China. Notable among these are fruit juices and concentrates, ornamental plants, branches, and leaves in the agricultural sector. In the industrial sector, in addition to electronic industry products, copper waste and scrap also stand out (Ministerio de Comercio Exterior de Costa Rica, 2021). Frozen and bone-in beef, medical equipment, meat cuts, bananas, and beef offal are also among the main products that Costa Rica exports to China and belong to primary industries.

In spite of the existing trade relationship between China and Costa Rica, the United States remains Costa Rica's main trading partner according to data from the National Institute of Statistics and Census (INEC). Despite the entire relationship and trade agreement, the expectation was that China would become the primary trading partner. However, in both imports and exports, the United States has been the leading commercial partner for Costa Rica until 2021, as shown in Table 1:

Table 1: Export and Import Values of Costa Rica 2021

Costa Rica. Valor de las exportaciones en dólares y distribución porcentual, según principales países, 2021			Costa Rica. Valor de las importaciones en dólares y distribución porcentual, según principales países, 2021		
Países	Valor	Porcentaje	Países	Valor	Porcentaje
Total de exportaciones	15 655 259 611	100,00	Importaciones	22 196 795 711	100,00
Estados Unidos	6 607 335 516	42,21	Estados Unidos	9 472 753 529	42,68
Países Bajos	1 093 154 040	6,98	China	3 019 149 461	13,60
Guatemala	750 379 229	4,79	México	1 175 075 915	5,29
Bélgica	749 646 616	4,79	Malasia	872 824 220	3,93
Panamá	633 442 879	4,05	Guatemala	503 119 228	2,27
Nicaragua	627 605 592	4,01	Japón	404 896 669	1,82
Honduras	522 990 310	3,34	Brasil	401 628 367	1,81
China	465 427 527	2,97	Panamá	394 734 732	1,78
El Salvador	407 068 008	2,60	Alemania	394 133 580	1,78
México	370 791 691	2,37	España	344 623 582	1,55
Los demás países ^{1/}	3 427 418 203	21,89	Los demás países ^{1/}	5 213 856 428	23,49

1/ Esta categoría agrupa a todos los países que no ocupan los 10 primeros lugares.
Fuente: INEC-Costa Rica. Estadísticas comercio exterior, 2021.

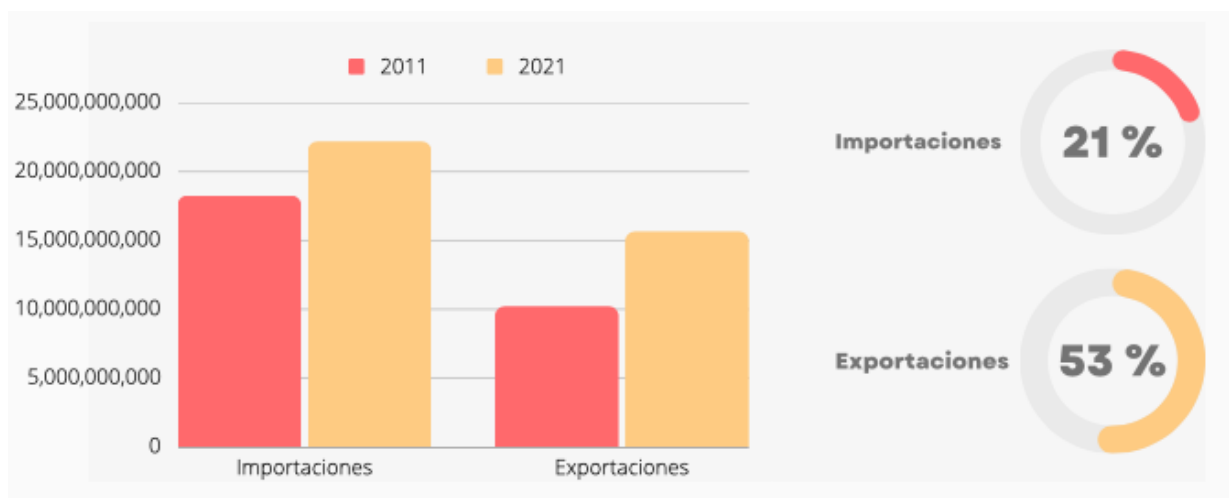
Source: INEC Costa Rica, 2021

It seems that there is confusion, as China was expected to have a more significant role in the trade of the Costa Rican country. Even on the tenth anniversary of the implementation of the FTA with China, this treaty has been criticized a lot for being inefficient. So far, in various sectors, it has not been seen to meet the expectations of the Costa Rican government.

It is important to consider that the opening of this vast market may also depend on various factors, such as the fact that China requires sanitary protocols for each product, and these procedures can take up to five years. There is still a lack of understanding of the Chinese market, insufficient production in Costa Rica since the country has not been accustomed to such high demand, and, most importantly, the export logistics (ships, routes, cold chains) are underdeveloped, which is crucial for the smooth flow of commerce.

"Our products cannot reach the Chinese market on time and with the quality we would like. Therefore, we need to address the technical issues that prevent us from entering the Chinese market with fresh fruit," says Umaña (2021), an economist, professor, and researcher in trade and agricultural policies concerning the country's commercial issues.

Figure 1 : Imports and exports between Costa Rica and China in 2011 and 2021.



Source : INEC – Costa Rica , 2021

If we compare the exports from Costa Rica to China in the years 2011 and 2021, we can observe a significant increase of 53%. In terms of imports between the two countries, there is another substantial growth. In 2011, Costa Rica's imports were 2 million dollars, and by 2021, they had increased to 22.196 billion dollars, representing a 21% increase according to Costa Rica's National Institute of Statistics and Census (INEC). This indicates that Costa Rica has maintained a trade deficit, importing more from China than it exports.

According to the statistics provided by the Ministry of Foreign Trade of Costa Rica (COMEX), between the years 2011 and 2019, the trade balance with China exhibited a significant imbalance, with a deficit representing 91.16% in percentage terms.

An evident and rapid increase in the importation of products from China by Costa Rica is observable. This may reflect the high global competitiveness of Chinese product prices and underscores Costa Rica's significant dependence on products and goods from this country. This dependency could stem from a lack of local production or a cost advantage.

In 2015, then-President Luis Guillermo Solís sought to cancel some projects with China, including two investment projects—the refinery on the coast of Moín and the expansion of the road between San José and Limón. The first of these projects would involve an investment of 1.3 billion dollars; however, it has faced several issues since mid-2013 due to administrative issues. The Chinese counterparts have not concealed their disappointment with the administrative obstacles encountered by the Costa Rican government in that project (Matta, 2023) , With regards to the road expansion project, five and a half years after receiving the order to commence construction, the China Harbour Engineering Company (CHEC) began delivering sections of the road expansion in 2023, following various delays due to different factors, including the impact of the pandemic. Thus far, it has not proven to be a successful project between the two countries.

And not only that, but it has also presented many problems in terms of investment. It was expected that, since the signing of the Free Trade Agreement (TLC), investments from China would increase. More investors from China were anticipated, but it also turned out to be a failure. Initially, according to the Central Bank of Costa Rica, foreign direct investments (FDI) from China began to increase. The development of the Special Economic Zone (ZEE) was planned and initiated, which was expected to attract companies not only from China but also from other countries. These zones are large business parks that offer a variety of services, including financial and educational services. Unfortunately, the project stalled, and there were no further advancements.

Another crucial point for Costa Rica was to attract and increase tourism from China. The international arrivals rose from a mere 4,525 in 2011 to 16,847 in 2019. However, in 2020, due to the effects of the pandemic, the arrival of Chinese tourists plummeted to 2,637. This decline can be attributed to difficulties in air connectivity between the countries, limited tourism promotion by Costa Rica, and visa requirements that hindered tourism growth. In response to these challenges, Costa Rica has even opted to exempt citizens from Beijing and Shanghai from visa requirements (Montenegro, 2021).

Although visa issuance restrictions have not been completely relaxed, the opening of relations between Costa Rica and China has created expectations for an increase in reciprocal tourism and the arrival of Chinese citizens wishing to reside in Costa Rica for various reasons, including business, tourism, studies, and other activities.

Currently in Costa Rica, the Free Trade Agreement (TLC) is not viewed as successful or as having favored the country in the expected manner. Much of this perception is attributed to the limited commercial exploitation, logistical weaknesses, insufficient attraction of foreign direct investment and tourism in the Costa Rican context. This suggests that the country has struggled to adapt to the TLC effectively. Carlos Montenegro, Executive Director of the Costa Rican Chamber of Industries (CICR), mentioned in an interview that, the Free Trade Agreement (TLC) with China has posed a challenge for Costa Rica, to the extent that a decade after its entry into force, maximizing its benefits has proven elusive. It is evident that difficulties persist in accessing the Asian market, such as cultural and language barriers, logistical challenges, and bureaucratic hurdles in marketing certain products, particularly in the food sector (Montenegro, 2021).

The signing of the Free Trade Agreement (TLC) with China, approved in 2011, was anticipated to strengthen the trade balance by providing a more solid legal framework for commercial transactions and increasing Costa Rica's exports to China. However, in practice, this has not materialized as expected. Not only has the trade balance fallen below the expectations of the Costa Rican government, but the same has occurred with the anticipated investments, including the construction of free trade zones.

All this information can help us demonstrate some of the effects of a free trade agreement between a Latin American country and China. Greater commercial exchanges have been facilitated between the two countries, but not necessarily in favor of Costa Rica. This is due not to the agreement itself, but rather to Costa Rica's inability to adapt and strengthen its production and internal processes, thus failing to achieve the maximum benefits that the conditions of the agreement could generate.

Furthermore, one must consider all the administrative and internal issues that Costa Rica faced, which hindered its progress as intended or desired with China, such as with the refinery. From the beginning, there were high expectations for this Free Trade Agreement (TLC), anticipating growth in various sectors of Costa Rica due to the potential of China. However, in the end, it did not materialize as expected. Now, government authorities are seeking ways to maximize the benefits of this TLC.

1.6 FTA CHINA – PERÚ

China holds the distinction of being the nation with the largest population on the planet, surpassing over one billion three hundred million individuals within its borders. Thanks to its rapid economic advancement, largely supported by its vast population, China has successfully competed in global markets. Initially, it capitalized on its abundant and cost-effective labor force.

If we talk about the history between Peru and China, Peru formalized diplomatic relations with China in 1971, just a few weeks after the United Nations confirmed that the People's Republic of China was the legitimate representative of the Chinese people. In 1998, Peru joined as a member of APEC, while in 2004, it recognized China as a market economy. In 2009, both countries signed a free trade agreement that began to be applied in 2010, which will be discussed below. Currently, China is Peru's main trading partner, representing the destination with the highest share of its exports.

China has signed various free trade agreements with different countries and regions, including Peru. The China-Peru Free Trade Agreement was signed on April 28, 2009, and came into effect on March 1, 2010. Currently, China stands out as the primary investor in Peru's mining and energy sectors. Thanks to the Free Trade Agreement, the constant demand for raw materials from China and the abundance of these resources in Peru, this relationship tends to strengthen.

Consider that China is the world's second-largest economy with a GDP of over 14 trillion dollars (2020), making it a significant investment and business opportunity for Peru (Bedoya, 2021). The Free Trade Agreement (FTA) between Peru and China is characterized by being a comprehensive agreement that includes provisions in areas such as market access, customs procedures, trade defense, sanitary and phytosanitary regulations, as well as investments, among other aspects.

Both countries have agreed to gradually eliminate tariffs on goods traded between them. For instance, Peru has reduced tariffs on imports of Chinese machinery, electronics, and textiles, while China has reduced tariffs on Peruvian agricultural and fisheries products such as asparagus, blueberries, and squid. Due to substantial Chinese investment in mining, gas, and oil projects, a significant portion, if not the entirety, of this production is likely to be directed towards China. Therefore, raw materials are likely to continue playing a prominent role in Peru's export basket to China. Peru possesses natural resources in high demand in China, while China is an efficient and low-cost producer of many manufactured goods that Peru needs to import.

Ninety five percent of Peruvian exports to China consist of raw materials, while Peru acquires manufactured products from China. In 2015, China purchased over 50% of Peru's exported copper, specifically 55.3%, as well as 61.4% of silver and nearly all the exported iron, reaching 94.1%. Additionally, China imported more than a third of zinc (39.2%) and approximately 76.3% of fishmeal, among other products (Alcalde, Alden, Guerra, & Mendez, 2019).

Regarding the importation of goods, since 2014, China has become the main source of supply for Peru. Both Chinese companies and foreign companies operating in China provide a wide range of manufactured products to the Peruvian market. This has been beneficial for consumers in Peru, although for certain Peruvian companies, it poses a significant competitive challenge.

By 2023, China has positioned itself as Peru's main trading partner, accounting for 31% of the total trade. It is the primary destination for Peruvian exports, absorbing 35% of them, and the leading country of origin for imports, reaching 25%, as shown in the table. These values can be deduced from the dynamics of trade between Peru and China, which is largely focused on the sale of minerals, constituting 89% of Peruvian exports. In return, China imports a diverse range of products, including agricultural and livestock goods valued at over 200 billion dollars annually. However, only 9% of these products, equivalent to 18 billion dollars, is related to trade between Peru and China, including items such as blueberries, grapes, avocados, mandarins, and coffee (Ministerio de Comercio Exterior y Turismo de Perú, 2023).

Peru has imposed antidumping measures on several Chinese products entering the market at significantly low prices. China is the country that has faced many antidumping measures by the National Institute for the Defense of Consumer and Intellectual Property (INDECOPI), the public entity responsible for addressing issues related to unfair trade. Items such as sandals, poplin fabrics, various types of footwear, and steel pipes have been subject to antidumping measures. These products have had a negative impact on the Peruvian national industry. However, in the long term, the focus is on modernizing the industry and competing with China not only based on cheap labor but also by adopting modern machinery, a more skilled workforce, brand building, among other strategic approaches.

According to information provided by the Chinese Embassy in Peru, the trade exchange between the two nations in 2021 reached a figure exceeding 37 billion dollars, representing a 60% increase compared to the year 2020, which was marked by the pandemic (Lau, Dialogo Chino, 2022).

The increase in exports has led to job creation in export-related industries, such as mining and fishing, and has also attracted Chinese investment to Peru, particularly in the mining sector. Similarly, Peruvians have benefited from access to cheaper Chinese products, helping to reduce the cost of living. According to the Ministry of Foreign Trade and Tourism of Peru, in the first half of 2023, exports to China grew by 10.7%, with more than 500 companies exporting goods to China during that period.

As seen in Figure 2, trade between China and Peru has been increasing since, and even slightly before, the Free Trade Agreement. This indicates that the Free Trade Agreement has been partly positive for Peru. However, there is still some dissatisfaction among the Peruvian people with this agreement, as not all sectors have benefited.

Figure 2 : Trade between China and Peru from 2008 to 2023



Source: Ministry of Foreign Trade and Tourism of Peru, 2023

It is important to consider that 2020 was the year when the world experienced a pandemic, and as a result, global trade was affected.

The Executive Director of the Peruvian Chinese Chamber of Commerce, Jorge Chian, from the Ministry of Foreign Trade and Tourism of Peru (Mincetur), after observing the impact of recent years, expressed that the results have been positive for both countries. Despite the pandemic, the growth over the last 12 years with the Free Trade Agreement (TLC) is around 12% annual increase in exports and 11% in imports (CGTN Español, 2022).

The Free Trade Agreement with China has had both positive and negative effects on Peru. Positive effects include the increase in Peruvian exports, China becoming Peru's main trading partner, which has been particularly beneficial for primary products such as copper, zinc, and fishmeal. The agreement has also led to an increase in the number of scholarships granted by China to Peruvian students, both for undergraduate and graduate programs, as well as to government officials.

The Free Trade Agreement has also facilitated investment between China and Peru, as several Chinese companies have invested in various sectors in Peru, including mining, energy, and infrastructure. Meanwhile, Peruvian companies have expanded their presence in the Chinese market. For example, the acquisition of the "Las Bambas" mine took place in 2014 at a cost close to 6 billion dollars by the China Minmetals Corporation (CMC). This, along with the Toromocho mine, is operated by Chinese companies, and it is estimated that, when operating at 100% capacity, they will contribute to more than 30% of the total copper production in Peru (Alcalde, Alden, Guerra, & Mendez, 2019).

The Free Trade Agreement has helped boost trade and investment between China and Peru, providing opportunities for businesses from both countries to access new markets and promote economic growth. While Peru exports raw materials and imports manufactured products, non-traditional exports have grown and are considered promising, especially in the non-traditional agro-industrial sector. Both Peru and China have benefited from this treaty.

On the other hand, there are also negative effects in the country following the Free Trade Agreement with China, such as competition for domestic industries. Sectors like textiles and apparel in Peru, for instance, have struggled to compete with cheaper Chinese imports, leading to job losses (Chan, 2019).

Regarding certain competitive Peruvian products such as grapes, avocados, and mangoes, they have been affected by prolonged processes to enter the Chinese market. Even for products like blueberries, access has not yet been achieved, leading Peruvian exporters to express their dissatisfaction due to the difficulties or delays they face in obtaining approval for the necessary phytosanitary requirements to export these products.

Furthermore, environmental concerns have also posed a problem. Chinese investment in mining has raised concerns about environmental damage and its impact on local communities. Another criticized aspect has been the lack of adherence to labor standards by Chinese companies, leading to poor working conditions for employees.

Some Chinese companies have faced difficulties related to their unions or with the population and communities in the areas where they operate. A notable example is the case of the company Shougang, which has been in Peru for several years and has experienced ongoing labor conflicts with its workers' union. The union conducts annual strikes seeking salary increases and improvements in working conditions.

Victor Torres (2010), in his book "El TLC Perú - China: ¿Oportunidad o Amenaza?" (The Peru-China FTA: Opportunity or Threat?), mentions that the agreement presents both opportunities and challenges for Peru. The economic significance of China in a globalized economy can allow Peru to diversify its products and export markets and adopt new technologies. However, it is important to ensure that this relationship does not become a link where an economy based on the export of raw materials is harmed to the unilateral benefit of an industrialized economy. Other authors point out that free trade agreements like this contribute to increased production, benefit exports and productivity, and boost foreign direct investment. However, on the flip side, they could be detrimental by creating dependency and vulnerability, leading to growth centered around the same product and market, along with increased competition for Peruvian producers (Pantaleon, Cardozo, & Monte, 2021).

Regarding this free trade agreement, it can be said that it is possible to establish a more balanced relationship with China by diversifying exports towards products other than raw materials and attracting investments in sectors such as road and port infrastructure, as well as agriculture. Additionally, Chinese tourism in Peru can be promoted, which has been hindered due to the considerable geographic distance, lack of direct flights, and restrictions in visa acquisition.

Entrepreneurs should direct their attention towards China and seize the opportunities it presents. It is important to note that China's economic growth is no longer primarily dependent on exports and manufacturing investment, but rather on domestic consumption and services. In this regard, Peru can benefit from the economic cooperation that China offers, as well as scholarships for studies in China.

Additionally, there is the possibility for Chinese companies to establish production operations in Peru, not only to serve the growing domestic market but also as an export platform to markets with which Peru has

trade agreements, such as the United States, the European Union, and a large part of Latin America, among other destinations. Therefore, based on the analysis in this case, more positive factors have been identified compared to other FTAs. This is important for Ecuador since, being a similar economy, various aspects of the China-Peru relationship could be taken into account to seek the maximum benefit from the FTA with China.

ANALYSIS

With all the researched information, author opinions, and data obtained, it is possible to analyze the impact that the free trade agreements of Costa Rica and Peru with China have had. These agreements were signed with the aim of reducing trade barriers and promoting economic cooperation. However, there are several key similarities and differences between the two agreements, keeping in mind that each agreement is a unique case, and thus, the impact on each country has been different.

In the Free Trade Agreement between Peru and China and the Free Trade Agreement between Costa Rica and China, tariff reductions can be found. Both FTAs provide for the gradual reduction or elimination of tariffs on traded goods between the parties. Over the years, each country has increased the export of products covered by the FTA. Another aspect is that, for both countries, China has become one of their main investors in mining, agriculture, energy, electronics, and primary industries.

Something noteworthy is that both countries have faced various challenges with the competitiveness of products brought by the FTA to their countries. China has had more ease in introducing its products to these countries, while the reverse has not been as straightforward, hindering Costa Rican and Peruvian products. Additionally, the entry of Chinese products has posed a significant threat and intense competition for various sectors, such as textiles and clothing, in both countries. Moreover, logistical problems have become significant challenges for exporting companies in both nations, alongside issues related to phytosanitary and sanitary regulations, which, in the case of Costa Rica, have taken years to obtain.

In one way or another, the FTAs between Costa Rica and Peru with China have had positive effects on trade relations. Both agreements have promoted a significant increase in trade between Latin America and Asia, as well as investment and cooperation in various areas, benefiting the economies of both China and the respective Latin American countries (Ministerio de Comercio Exterior y Turismo Perú, 2017), which has also motivated other countries to seek trade agreements with China.

On the other hand, we can also find some differences between the agreements. For example, the Free Trade Agreement between Peru and China covers a broader range of goods and services compared to the Free Trade Agreement between Costa Rica and China.

Each country has also faced issues with Chinese companies or investors. For example, in Peru, there were various problems related to mining, causing environmental issues and discontent in Peruvian communities. Additionally, there have been issues related to mistreatment and poor working conditions for employees in Chinese-owned companies.

In Costa Rica, on the other hand, there were expectations of increased investment, but several difficulties have arisen. Many of these challenges seem to be generated within Costa Rica itself, as the country has not provided the necessary facilities for Chinese investors or for the tourism industry.

DISCUSSION

In terms of Free Trade Agreements, in this study, the perspective of Adam Smith, an 18th-century Scottish economist and philosopher widely recognized as a leading advocate of free trade and economic openness, can be supported. Adam Smith's ideas laid the foundation for the development of classical economic theory. In his work *The Wealth of Nations*, Smith argues that the prosperity and economic growth of nations are based on free trade and specialization of labor.

As an example, concerning the benefits of specialization, Smith argued that all countries would experience advantages by trading with each other if each nation focused on producing goods in which it had a comparative advantage, meaning greater efficiency in production. This approach would lead to an increase in total production and accelerate economic growth.

In his theory of the *Principle of Absolute Advantage*, Smith argued that both nations could benefit from trade, even if one country were more efficient than another in the production of all goods. If a country had an absolute advantage in producing a particular good, it could specialize in manufacturing that good and trade with other nations to acquire products it couldn't produce with the same efficiency. Regarding resource utilization, Smith explained that international trade allowed nations to maximize the use of their resources and skills by enabling them to focus on what they did best and obtain other products through trade. Additionally, Smith maintained that free trade fostered the convergence of interests among different countries and that trade contributed to promoting greater cooperation and harmony between nations (Smith, 1994).

If we apply this to the analysis with the obtained data, it can be said that in one way or another, countries will benefit from free trade. However, this will depend heavily on how countries have negotiated such an agreement, as it will determine whether it can be beneficial or detrimental. As seen in the case mentioned, Perú benefited much more from the Free Trade Agreement than Costa Rica, but this was due to how the agreement was negotiated and how well they knew how to leverage it.

On the other hand, there is Joseph Stiglitz, a renowned economist and Nobel laureate, who has extensively addressed the issue of Free Trade Agreements. Stiglitz puts forth the idea that FTAs can accentuate economic inequality, both at the national and international levels, based on disparities and asymmetries in power. He also argues that while workers and vulnerable communities may face economic difficulties, these agreements often benefit large corporations and more influential nations.

Furthermore, Stiglitz has pointed out the loss of governmental capacity to regulate and protect its citizens in areas such as the environment, public health, and labor rights. He argues that FTAs can limit the ability of states to implement policies for the benefit of their citizens and to promote equitable and sustainable economic development.

Stiglitz has expressed his criticism regarding the fact that FTA negotiations are largely conducted confidentially and without adequate participation from the public and civil society groups. This lack of transparency restricts the possibilities for democratic dialogue and can lead to agreements that do not meet the objectives and demands of all parties involved.

The economist has expressed specific concerns about the impact of FTAs on developing nations. According to him, these agreements can hinder the development of local industries and complicate the implementation of economic policies tailored to the particular needs of these countries (Stiglitz, 2013).

Based on the results obtained, we can conclude that Stiglitz is somewhat correct in this case, especially considering that Costa Rica is a small country when compared to China. This could imply the possibility of China exerting undue influence and an unequal treatment. Therefore, each country must negotiate its FTA carefully, protecting and safeguarding its industries and producers who may be affected by Chinese competition. Similarly, Stiglitz's concern about the potential impact on communities is valid. In one case that was analyzed, we observed instances of abuse by a Chinese company towards the individuals working in their enterprises.

Several findings of this study regarding the interaction between China and Latin America favorably support the arguments of the Executive Secretary of ECLAC, Alicia Bárcena. She has expressed her support for increased collaboration and ties between China and Latin America. Bárcena has underscored the importance of strengthening economic and trade relations between both regions to achieve sustainable and inclusive development in Latin America. She has emphasized that cooperation with China presents a significant opportunity for Latin American and Caribbean countries due to China's continuous economic growth and growing influence in global trade.

Bárcena has advocated for the idea of leveraging the connection with China to diversify the economies of Latin America, potentially reducing dependence on traditional exports and strengthening economic resilience. She has emphasized the importance of promoting Chinese investments in key sectors of the Latin American economy, such as infrastructure, technology, and renewable energy, as this could drive economic growth and create employment opportunities. Additionally, she has underscored the complementarity between the economies of Latin America and China, which could generate opportunities for increased trade and services exchange, benefiting both parties.

She has also emphasized the similarity between the economies of Latin America and China, which could create opportunities for increased trade and services exchange, a mutually beneficial outcome. Similarly, she has highlighted the importance of greater collaboration between China and Latin America on global issues such as climate change, poverty reduction, and the promotion of the United Nations' 2030 Agenda for Sustainable Development. Alicia Bárcena has expressed her support for increased cooperation with

China, while being cautious to ensure that this collaboration is fair, sustainable, and results in benefits for all involved parties (CEPAL, 2020).

On the other hand, we have Evan Ellis, a scholar and author specializing in Latin America and China, who has examined the effects of the relationship between China and Latin America from various perspectives. He has provided an overview of various issues and concerns addressed in several of his writings and in his work *China Engages Latin America: Distorting Development and Democracy?*.

Ellis has expressed concerns regarding the implications of the relationship between China and Latin America in terms of security and sovereignty in the region. He has highlighted the growth of China's influence in key sectors such as infrastructure and natural resources, raising questions about how this could impact the independence and decision-making capacity of Latin American countries.

Additionally, he has examined China's influence in Latin America from both political and economic perspectives. He has emphasized China's ability to exert significant influence through investments and economic cooperation, raising questions about how this could impact internal politics and the region's relations with other global actors.

Ellis has also addressed economic competition between China and Latin America, highlighting concerns related to unfair trade practices such as dumping and state subsidies that could have a detrimental effect on local industries. Additionally, he has pointed out the disparity in economic influence and dialogue capabilities between China and the countries of Latin America (Ellis, 2022).

Regarding the FTA between China and Costa Rica, we have the perspective of Juan Carlos Hidalgo, a Costa Rican economist and political analyst who has expressed a positive opinion about the Free Trade Agreement (FTA) between China and Costa Rica. Hidalgo has praised the benefits of the agreement and has argued in favor of its positive impact on the Costa Rican economy.

Hidalgo emphasized that the free trade agreement with China has played a significant role in the economic growth of Costa Rica. By removing trade barriers and fostering trade openness, this agreement has enabled privileged access to the Chinese market for Costa Rican goods and has driven an increase in exports.

He has also emphasized that the treaty has contributed to the diversification of Costa Rica's export destinations. By solidifying trade relations with China, the country has reduced its dependence on conventional markets and expanded its presence into a vast and potential market, such as the Chinese market. The free trade agreement has been seen to promote investments from China to Costa Rica. The opening of strategic sectors has facilitated a greater flow of investment in areas like technology, infrastructure, and energy, generating a boost in economic activity and employment within the country (Hidalgo, 2011).

On the other hand, we have Christian Guillermet, who is the Deputy Minister of Multilateral Affairs of Costa Rica, expressing concerns and criticisms about the Free Trade Agreement (FTA) between China and Costa Rica. He has voiced negative opinions about the agreement and argued that it has had detrimental impacts on the country.

He acknowledges that the relations between China and Costa Rica following the FTA have not been as commercially successful as desired. A decade later, the trade balance has not met the expectations or desires in the Costa Rican country.

He has also mentioned that a review should be conducted to develop a strategy for making an impact on the Chinese market, and he has emphasized the importance of Costa Rica's export capacity, as discussed earlier. In the interview, he also brought up tourism, stating that there are considerations for opening up to Chinese tourism, as it could be an interesting way to address the challenges faced by Chinese tourism in Costa Rica. All of this is accompanied by headlines such as 'FTA between Costa Rica and China turns 10 as the unfulfilled great promise' by La Nación newspaper.

Other political figures have also commented on some of the problems they have encountered, such as Víctor Umaña, an economist, professor, and researcher in trade and agricultural policies. He mentions, 'Our products cannot reach the Chinese market in the time and quality we would like. We have to solve this technological problem that involves delivering fresh fruit to the Chinese market,' highlighting a logistical issue previously mentioned regarding Costa Rica's challenges in introducing its products to the Chinese market (Valladares, 2021).

According to the research, the FTA between China and Costa Rica has yielded more than anticipated. José Luis Silva Martinot, former Minister of Foreign Trade and Tourism of Peru, has made positive comments about the China-Peru Free Trade Agreement, praising the benefits of the agreement and considering it to have a positive impact on Peru's economy.

Among them was the boost to economic growth, highlighting that the FTA with China has contributed to Peru's economic growth, as observed during this research, even displacing the United States as its main trading partner. Additionally, it has helped to facilitate, in some way, preferential access to the Chinese market for Peruvian products.

Another crucial point was the opening to greater investment opportunities, which will create a more favorable environment for Chinese investment, attract capital flows, and stimulate investment in key sectors of the Peruvian economy, such as mining and infrastructure. This was also evident in cases where several Chinese companies initiated and were part of large projects mentioned earlier in Peru (Quiroz, 2011).

The FTA presents several opportunities and challenges for Peru, as we have mentioned, there are many positive aspects that the FTA has brought to the country, but there have also been many negative aspects. In an-interview for a news program, Alexander Lino, former head of the Maritime Customs of Callao, mentioned that the Free Trade Agreement that Peru has signed with China is adversely affecting various sectors of the national industry. He added that the system implemented after the FTA has eliminated unfair competition, which will impact the industry in the short term and cannot be resolved when layoffs in these industries begin. These industries are a significant source of employment for many Peruvian families (Villareal, 2010).

Throughout the treaty, there were various issues, and the most affected were also the MIPYMES guilds, who even went so far as to collect signatures urging the congress to review the FTA with China. These

guilds (textile and clothing sector) were being greatly affected as they couldn't compete with Chinese companies regarding their products.

CONCLUSION

After conducting the analysis of the Free Trade Agreements between Costa Rica and Peru with China, we can deduce that these trade agreements have been both beneficial and detrimental to both countries in certain aspects. Each country has managed them differently.

Regarding Ecuador, it is crucial to consider several aspects, such as protecting areas that could be affected by this trade agreement, as China will generate competition in various sectors. This is due to China being a large and highly advanced country in commercial aspects compared to Latin American countries.

Throughout the FTAs, Peru and Costa Rica have encountered various obstacles and problems, both internally and with China, due to a lack of proper handling of the opportunities that opened up with the FTAs, in addition to all the issues in the sectors that were affected in each country.

As several authors have commented, FTAs represent good opportunities for countries to advance in trade matters, especially when dealing with a country like China, which could help boost and take their products to Asian markets more easily and less expensively. This, in turn, encourages new businesses to take risks and increase trade volume.

On the other hand, there are also risks that FTAs can bring, especially when they are with countries as large as China, as there could be significant economic and condition disparities between countries. Additionally, this could make communities, workers, and MIPYMES more vulnerable to Chinese corporations.

Another crucial point to consider is that these trade agreements can hinder the development of local industries, as FTAs generally attract competition, resulting in several companies being affected. This is even more significant if industries have not been adequately protected in the FTA, as evidenced in the research and observed in one of the analyzed countries.

Regarding the outlook for Ecuador and the new FTA signed with China in 2023, there are high expectations for mutual benefits, improving the exchange of goods and strengthening bilateral relations between the countries. This will help Ecuador not only depend on oil but also open the opportunity for new products and companies to thrive.

The opening to Chinese markets means a lot for Ecuador, as the country has already had a good trade relationship with China in recent years. The goal of this FTA is to enhance this relationship, assisting Ecuadorian companies in entering new markets with greater benefits than before.

Ecuador should carefully consider the trajectory and experiences of other Latin American countries such as Peru, Chile, and Costa Rica, which have FTAs with China. By learning from their successes and mistakes, Ecuador can implement effective strategies and solutions to avoid similar pitfalls.

Based on the analysis, several recommendations can be made for Ecuador regarding the FTA with China. It is crucial for the country to diversify the range of products with a competitive advantage, promoting them for export to China. Strengthening the local industry to add more value to products and not just exporting raw materials is another essential point.

Additionally, protecting and supporting vulnerable sectors that may be negatively affected by Chinese product competition is important. Providing support and training to Ecuadorian producers on the Chinese market, adapting their products to meet market demands, and offering guidance on the necessary permits and documentation for entering the Chinese market are vital steps.

Encouraging the strengthening of workforce training and technological progress is fundamental to elevate Ecuador's competitiveness in strategic areas. This would facilitate better adaptation to the FTA and more effective optimization of commercial opportunities for Ecuadorian traders.

Improving export systems and procedures is also crucial to ensure that producers do not face significant obstacles or delays when exporting their products to the Chinese market. Streamlining both internal and external logistical processes will maximize the benefits for producers and fully capitalize on this agreement.

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