

# REMARKS ON THE CHINA –URUGUAY RELATIONS

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2019



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**1. 31 years of the restoration of  
diplomatic relations between  
China and Uruguay.**

President Sanguinetti, took office in March 1985, and since then he has been concerned with resuming diplomatic relations with China. Enrique Iglesias was the Minister Foreign Affairs, who played a fundamental role.

In that context, in 1985 a delegation was sent to China, chaired by Minister Roberto Vázquez Platero and made up of Ambassador Carlos Pérez del Castillo, Director of Foreign Trade Isidoro Hodara and Counselor Guillermo Valles.

Once the road was opened, it was agreed to focus negotiations in Buenos Aires to carry out an important commercial agreement.

The Uruguayan side was led by the Uruguayan Ambassador in Argentina Dr. Luis Barrios Tassano (who would later replace Iglesias in the Ministry) and on the Chinese side the Ambassador in Argentina, assisted by technicians who were traveling expressly.

In my capacity as President of the Central Bank of Uruguay at that time I had the task of supporting financial matters. As a result of these negotiations on February 3, 1988, diplomatic relations between China and Uruguay were restored.

The Uruguayan government appointed Guillermo Valles as Ambassador, who opened our diplomatic representation.

Trade intensified immediately and President Sanguinetti, accompanied by senior government officials and an important delegation, which included the private sector, traveled to China in November.

On that occasion, the Uruguayan President held interviews with the President of China Yang Shangkong, the Prime Minister Li Peng, the Secretary General of the Zhao Ziyang Party and most especially the President of the Defense Commission Deng Xiaoping, the leader of the structural changes in China and the figure that - in the historical perspective - was the main protagonist in the new balance of powers in the globalized world.

He narrated in detail his important interviews, which were remarkably enlightening to interpret what would come later.

He had several interviews, particularly with Deng and Zhao. In the interview with the latter that was after the interview with Deng, Sanguinetti wrote the words of Zhao referring to the interview with Deng and said:

**In our personal interview he referred to Deng Xiaoping:**  
***"What a wise man, Comrade Deng, Everything that talks to you on your official visit catches my attention."***

Sanguinetti's interview with Deng had lasted an hour and a half, and he wrote numerous times about the interview with Deng.



When Sanguinetti asked Deng about Russia, Japan and Gorbachov, he answered with great wisdom.

*“Russia is a country of anarchists, it is difficult to manage without force. Japan is different, it is a militaristic society, although today it does not have a great military force. That is why our destiny is harmony, balance ”*

*“Lost, even if he doesn't notice. He believes that it is possible to do economic reform and political reform at the same time. He does not know that political reform eats economic reform and then eats itself. Here it will be all different. First we will move forward with the economy. ”*

For Sanguinetti Deng Xiaoping was the Chinese leader of the great reform that has changed the world.

And he said:

*"I saw them only once, but I would say that it was enough to show the personality of these statesmen, their long-term vision, the depth, the understanding that everything that has happened in these years has nothing to do with chance, but with a Very long thought"*

This visit was followed by other Uruguayan presidents, who extended ties of friendship and cooperation between China and Uruguay.

So in 2002 the President Dr. Jorge Batlle did it, in 2013, the President, Mr. Jose Mujica.

More recently in 2016, President Dr. Tabare Vazquez, who gave renewed momentum to relations between the two countries.

Uruguay has assigned men of great caliber to China.

Today is our ambassador, Fernando Lugris, who leads a magnificent team that have been very important to further expand relations between China and Uruguay.

Currently, China and Uruguay are living their best momento. In 2018, the 30th anniversary of diplomatic relations between both nations was celebrated and this year the 60 years of parliamentary relations.

Last year we generated an agenda of cooperation, commerce and culture in several cities, which culminated in the official inauguration of the Consulate of Uruguay and Guangzhou.

This year 2019, we returned to visit culture, gastronomy and business in common in Beijing, Tianjin and Shenzhen, and participated in the wonderful Beijing Expo, with a stand that received thousands of Chinese visitors.

China has been the main trading partner of Uruguay since 2013. Uruguay and China raised their relationship to the level of strategic partnership.

In Uruguay, the previous - and the most numerous - edition of the China LAC summit in Latin America was held.

In August 2018, Uruguay was the first Mercosur countries to enter and is part of the Una Franja, An initiative route.

In this framework, many official visits were made to develop bilateral economic cooperation.

This year 2019 was carried out a mission led by the Uruguayan Foreign Minister, Rodolfo Nin Novoa and also participated in the II Photo The Strip and the Road for International Cooperation, in addition to the Beijing Expo.



## 2. Bilateral trade with Uruguay

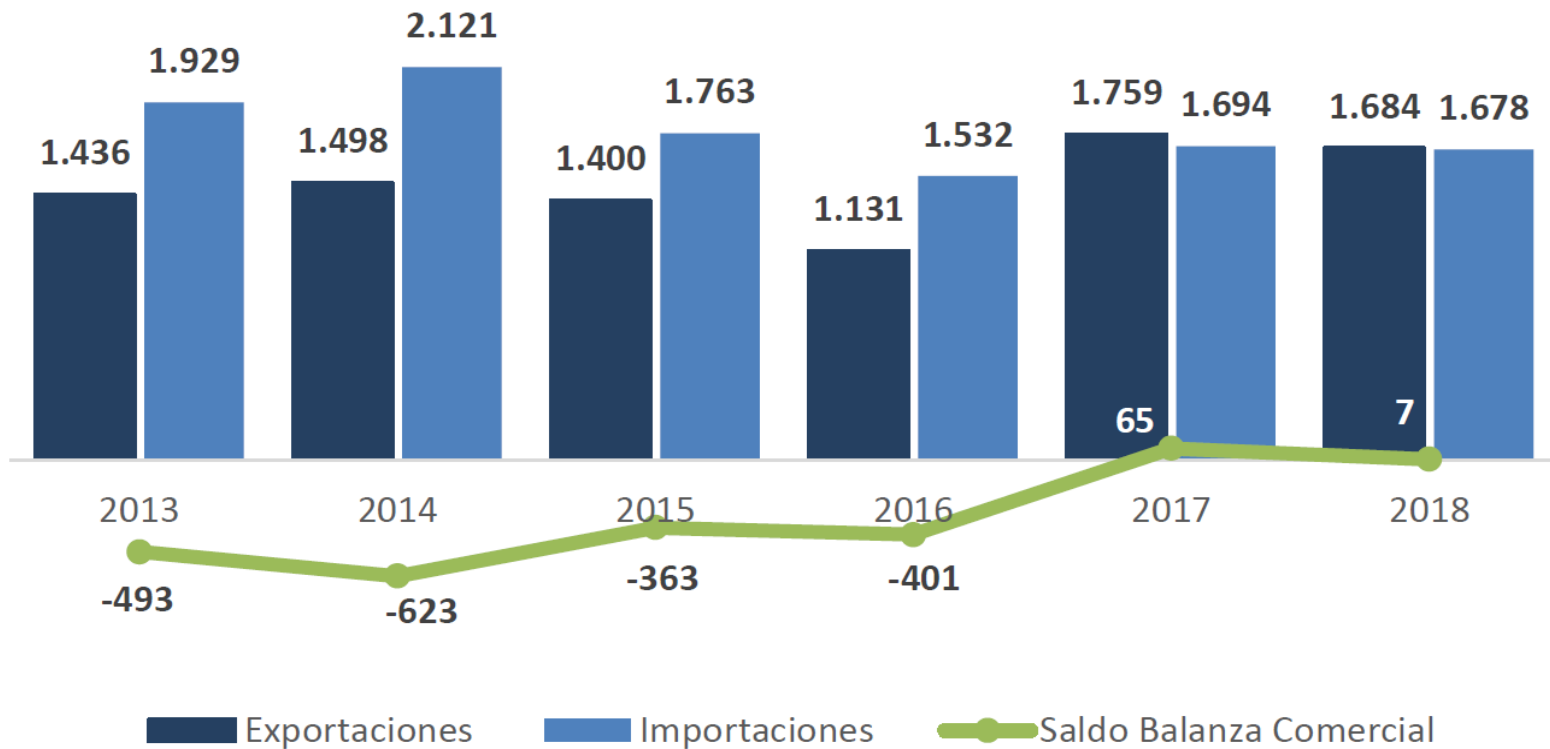
Trade between Uruguay and China has historically given a favorable trade balance for the Asian country.

However, this trend has been softening over the years, so much so that as of 2017 the trade balance became favorable to Uruguay and in 2018 the amounts are practically offset.

This process is a product of the increase in external sales to this country, registering a 17.3% increase in exports to China during the period analyzed (2013-2018).

On the other hand, it is observed that imports suffered a notable fall in the period (13.0%), experiencing a rebound in 2017 but falling slightly again in 2018, registering the second lowest value of the amount imported in recent years.

**Gráfico Nº 2 – Intercambio comercial Uruguay-China  
Años 2013-2018 (Millones US\$)**



Fuente: Elaborado por Uruguay XXI en base a datos de la DNA.

In 2018, Uruguay's exports to China decreased 4.2%.

They involved 211 different products (NCM 4), among which frozen beef took first place, with a 43.3% share and an exported amount of approximately US \$ 729 million, which meant an increase in the amount exported from this product of 20.6% over the previous year.

The second place was soybeans, reaching a total of US \$ 392 million, which resulted in a weight of 23.3%.

It is important to highlight the role of meat since it has been growing exponentially, with a growth rate of 178.2% during the period analyzed (2013-2017), which allowed it to top the list of major exported products both in 2016 as in 2018.

Meanwhile, soy exports decreased 50.0% in the same period.

As for Uruguayan companies that export to China, Cargill S.A. stands out, whose exports represent practically 8% of the total of all exporters to the Asian country.

Breeders & Packers Uruguay S.A. followed y Frigorífico Tacuarembó S.A. whose shares were 5.6% and 5.2% respectively.

**Tabla Nº 5 – Empresas exportadoras a China  
Año 2018 (monto en US\$ y participación %)**

<b>Empresa</b>	<b>US\$</b>	<b>Part. %</b>
CARGILL S.A.	132.429.970	7,9%
BREEDERS & PACKERS URUGUAY S.A.	94.529.895	5,6%
FRIGORIFICO TACUAREMBO S.A.	86.897.244	5,2%
LDC URUGUAY S.A.	71.388.634	4,2%
FRIGORIFICO LAS PIEDRAS S.A.	67.142.685	4,0%
FRIGORIFICO CANELONES S.A.	66.897.870	4,0%
NIDERA URUGUAYA S.A.	62.510.531	3,7%
ONTILCOR S.A.	58.021.577	3,4%
FRIGORIFICO MATADERO CARRASCO S.A.	50.031.147	3,0%

Fuente: Elaborado por Uruguay XXI en base a datos de DNA.



When analyzing Uruguayan imports, we see that China was the main supplier of goods in Uruguay in 2018, since a large variety of products were imported covering 975 different tariff items (NCM 4).

The phones ranked first in the ranking of imported products, with a weight of 11.1% product of a sum of US \$ 186 million.

Insecticides, rat killers and others together with disinfectants occupy the second position in the list of products purchased from the Chinese market, with a 5.2% share and a total imported of US \$ 88 million.

Thirdly, computers are located, followed by monitors and projectors, whose shares were 4.4% and 2.7%, respectively.

# 3. Uruguayan exports to China from Free Zones

If sales from Free Zones are considered, total exports to China for 2018 amount to US \$ 2,378 million, which implies a decrease of the order of 6.1% over the previous year.

Looking only at the number of exports from Free Zones, we see that the decrease is even greater (10.5%).

Sales from Free Zones to the Chinese market are based on the export of soy and cellulose. In 2018, in particular, cellulose sales increased, presenting a growth rate of 5.4% compared to the previous year.

The same did not happen with soybeans, which experienced a large drop of the order of 48.1% during the same period.

**Tabla Nº 6 – Productos exportados hacia China desde Zonas Francas  
Año 2017 y 2018 (monto en US\$, participación % y variación %)**

<b>Producto</b>	<b>2017</b>	<b>2018</b>	<b>Part. % 2018</b>	<b>Var. % 2018/2017</b>
Celulosa	545.370.081	574.627.881	82,8%	5,4%
Soja	230.418.993	119.651.427	17,2%	-48,1%
Concentrado de bebidas	12.274	11.965	0,0%	-2,5%
<b>Total</b>	<b>775.801.349</b>	<b>694.291.273</b>	<b>100,0%</b>	<b>-10,5%</b>

Fuente: Elaborado por URUGUAY XXI en base a datos de la DNA y Zonas Francas.

# 4. Chinese investments in Uruguay.

Uruguay has experienced a strong flow of Foreign Direct Investment (FDI) in the last decade.

This process has been accentuated in recent years, among other reasons, due to the attractive investment promotion regime and the installation of some large foreign investments.

At the sector level, it is observed that Chinese investments in Uruguay are varied, highlighting the industrial sector.



**Tabla Nº 9 – Empresas de origen chino instaladas en Uruguay**

<b>Empresa</b>	<b>Grupo Internacional</b>	<b>Sector</b>
FRIGORIFICO FLORIDA	HeZhong Holding Group Co. Ltd.	Industria cárnica
LIFAN	ChongQing Lifan	Industria automotriz
AXION COMERCIALIZACIÓN DE COMBUSTIBLES Y LUBRICANTES S.A.	AXION (50% propiedad de BCNOOC LTD.)	Energía
PARKEDAL		Industria textil
ZTE CORPORATION URUGUAY	ZTE CORPORATION	Telecomunicación
NOBLE SERVICES S.A.	NOBLE GROUP	Transporte
NIDERA URUGUAYA S.A.	Cofco	Comercio de granos, semillas y oleaginosas
ANIKTO S.A.	ChongQing Lifan	Autopartes
BBCA URUGUAY BIOCHEMICAL S.A.	BBCA BIOCHEMICAL CO LTD	Industria química
BIG PLASTIC INDUSTRY CORPORATION S.A.	BIG PLASTIC CORPORATION	Industria plástica
COSCO URUGUAY S.A.	COSCO GROUP	Transporte
HUAWEI TECHNOLOGIES URUGUAY S.A.	HUAWEI	Tecnología
Terminales Graneleras Uruguayas S.A.	COFCO	Transporte
SYNGENTA	ChemChina	Industria química
TRANSGRAIN LOGISTIC SERVICES URUGUAY S.A.	Cofco	Transporte y almacenamiento
RONDATEL S.A.	Sundiro Holding Co ltd	Industria cárnica
LORSINAL S.A.	Sundiro Holding Co ltd	Industria cárnica

Fuente: Elaborado por Uruguay XXI.

All these stories and above all facts, only highlight the  
permanent deepening of relations between  
China and Uruguay.

Thank you

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