

## Latin American Commodity Export Concentration: Is There a China Effect?

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January 2013

### Abstract

Given that commodity export concentration is likely to be unhelpful for economic development, we then ask the question of whether Latin America has been experiencing a more pronounced concentration of such exports. We then use different indicators to measure such concentration. Our measurements show that there may be an increase of commodity concentration exports in the last few years of this decade. This phenomenon leads us to ask the question: is the rise of China partly responsible for such an increase? We then ran formal regressions trying to explain an index of commodity export concentration across countries and over time. We control for standard explanatory variables including the relative price index of commodities, the endowment of commodities, the income effects and the quality of infrastructure. We test our hypothesis for alternative periods and using different econometric methodologies. Our results seem to indicate that there is some evidence of the China effect, i.e. the growing importance of China is positively and significantly related to increased commodity export concentration.

Keywords: Export concentration, China economic rise, Latin America de-industrialization.

JEL: F14, F43.

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3: Thank you for Carrie Weiwei Liu and Mariana Silva for their research assistance