Comparative Study of British-Argentine Relations and Chinese-Argentine Relations: A Look at Core-Periphery Models

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Comparative Study of British-Argentine Relations and Chinese-Argentine Relations: A Look at Core-Periphery Models

Maggie Flynn
Senior Honors Project

Submitted in partial fulfillment of the graduation requirements of Honors in International Relations

April 2016

Dr. Richards

Dr. Payerhin
Abstract

This paper addresses the exploitative relationship seen amongst core-periphery areas as described in world systems theory through analyzing relations between Argentina and China as well as other trade partners. Looking at trends in trade, including general commodity trade statistics and trade of primary versus non-primary products, this study aims to demonstrate the growing treatment of Argentina as a periphery in relation to China as a core in contrast to Argentina's relatively fixed status with the rest of its trade partners. The study also looks at Chinese investments in infrastructure that help support the idea of a core-periphery relationship from China's growing influence in state matters. The study is able to conclude that Argentina is treated as a periphery in its relations with China as a core.
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Introduction

Economic dependency has been an international issue since colonial times. Some nations will always be in better economic standing than others, and that can lead weaker nations to come to rely on the stronger ones, creating dependency. Wallerstein (1974) defines this model of economic dependency through his world systems theory, where nations are divided into subsets as core, periphery and semi-periphery areas. Weak and non-autonomous periphery areas become economically dependent on strong and independent core areas. This study will look at the trade relations that China and Argentina have with each other and among other countries to determine aptitudes as core or periphery areas. This topic became of interest after looking into the importance of China within the global economy. With its vast need for resources and rapidly expanding economy, China is particularly important in areas that produce lots of raw materials like Argentina. This is expected to demonstrate China’s capacity as a core and its treatment of Argentina as a periphery. The researcher will explore China and Argentina’s activities in the world economic system and whether Argentina acts as a periphery in relation to China. My hypothesis states that if Argentina is being utilized as a periphery by China, then trade asymmetries in type (primary products such as raw materials versus everything else) will be present between Argentina and China that do not exist with other trade partners. In dependency models, periphery areas focus their exports on raw materials and primary products and if Argentina is used as a periphery, that is what we expect to see. Trade patterns will be looked at among and between Argentina and China as well as in relation to other trade partners such as the United States, Brazil, and Mexico. This will show patterns of trade that can demonstrate a state’s aptitude as a core or periphery area; Argentina will be shown as a periphery and China will be
shown as a core. Trade asymmetries will be measured by looking at the types of exports/import
to/from Argentina and to/from China in relation to each other and with other trade partners.

**Literature Review**

With the second largest economy in the world, China's influence continues to grow throughout the world. This affects the entire international system; however, it is particularly relevant for countries that have strong ties with China. In particular, China has become increasingly significant to Argentina because of their strong relationship in trade and investments. Authors have differing opinions on the relationship between China and Argentina. Specifically, there seem to be two general ideas on this relationship: that Argentina is dependent on China or that Argentina and China are becoming interdependent on each other. To address this issue, the way countries operate in relation to trade and foreign investment must be understood. In particular to trade, Wallerstein’s world systems theory is critical in defining how nations interact with each other. Wallerstein (1974 A) asserts that a capitalistic world system based on colonial dependency was developed during the 16th century in which the world economy affects economic decisions and state entities with legal control affect political decisions. This world system is described as a limited social construct with recurrent conflicts; some states gain and others lose in a cycle of ups and downs as each state tries to get the upper hand (Wallerstein A 1974). This means that countries are constantly interacting in a way that defines advantages and disadvantages. This capitalist model makes it possible for constant economic expansion but also results in skewed distribution of the rewards. Because of this, he argues that our world is split by labor-
divisions of core, periphery and semi-periphery areas. The core areas are the “advantaged”
areas in which:

“the creation of a strong state machinery coupled with a national culture...serves both
as a mechanism to protect disparities that have arisen within the world-system, and as
an ideological mask and justification for the maintenance of these disparities”
(Wallerstein A 1974, 349).

While this description seems cryptic, Wallerstein is merely referring to a sovereign
state that is economically stable and militarily or politically powerful. A highly
industrialized, strong and independent central government will be present in a core state.
This state will have the capacity to influence non-core areas and remain uninfluenced by
other states because of its status.

The next classification Wallerstein describes is non-core areas known as periphery
areas. These are areas with weak states and low levels of autonomy or sovereignty
(Wallerstein A 1974). These areas tend to have weak central governments and infrastructure
and a poor, unindustrialized economy, meaning that a state has very little economic and
social growth to develop an industry outside of agriculture. These economies are usually
based on one thing along, which are often raw materials. Similarly, semi-periphery areas are
defined as in-between areas that may have been demoted from a core area or promoted from
a periphery area to encompass a mediocre level of autonomy and homogenization. Other
dimensions offered in the definition of a semi-periphery area are those such as “complexity
of economic activities, strength of the state machinery and cultural integrity” (Wallerstein A
1974, 349). This unequal distribution and exchange of advantages and disadvantages leaves
core areas in a position to exploit and periphery or semi-periphery areas in a position to be
exploited.
Wallerstein developed this world systems analysis with help from many influences, including Fernand Braudel, an important figure in the Annales School of thought, the group of historians that stressed long-term social history. Braudel described the economic development throughout Europe between 1400 and 1800, helping create the development of the long term and capitalist world economy. Braudel actually critiqued Marxism heavily, and Wallerstein discusses Braudel's critiques of Marxism in his original article on world systems analysis; Wallerstein suggests that while the Marxist official doctrine could ideally give us a better understanding of social reality, he agrees with Braudel that Marx's theories tend to be dogmatic and defensive; the genius of Marx merely stems from being "the first to construct true social models, starting out from the long term (Wallerstein B 1974, 388). Braudel saw Marxist ideologies as something new and exciting rather than particularly insightful or helpful to explaining how the world works. Wallerstein conceptually differs from Marxism in such that the proper level of analysis is the world system, not the nation-state. Furthermore, Wallerstein believes that labor control and thence class is defined by the world economy and the attempt to maximize export production (Denemark & Thomas 1988).

Lastly, there is dependency theory, a neo-Marxist theory which Wallerstein uses for its concepts of "core" and "periphery" throughout his world systems analysis (Sorinel 2010). Dependency theory is greatly credited to Hans Singer and Raúl Prebisch dating back to 1949, in which they establish the idea that "the net barter terms of trade between primary products (raw materials) and manufactures have been subject to a long-run downward trend" (Toye & Toye 2003, 437). This means that primary products can have a negative impact on the host country's trade, which contradicted the beliefs of most economists and long-standing beliefs
of the time; this gave way to the dependency theory and the ideas of exploitation and advantaged (core) versus disadvantaged (periphery) areas (Toye & Toye 2003).

Authors like Samir Amin, Giovanni Arrighi and Andre Gunder Frank have all also been considered major thinkers and contributors to the world systems theory (Chase-Dunn 1994). There are areas in which they all agree on, such as the existence of a capitalistic world system in which some countries are in better positions to reap the most benefit. On the other hand, certain aspects of the theory are challenged and disputed among scholars. For example, scholars disagree about what exactly capitalism includes and when it began. Amin argues that the modern world system was not created until the Sung era in China, Frank and Gills suggests the system is 5000 years old, and Wallerstein maintains it is rooted around 1492 (Amin 2012). Whereas Wallerstein’s definition of the world system focuses on the division of labor, Frank and Gills suggest that trade of luxury goods is another important aspect that defines the system; this aspect along with the continuities seen by the creation of cities and states in Mesopotamia over 5000 years ago led these authors to believe that this is when the world system was created (Chase-Dunn & Grimes 1995). In discussing modern Asia, Arrighi suggests that the capitalist aspect is not as important as Wallerstein and Amin have asserted (Amin 2012).

Furthermore, the conception of a world economic system versus empire has been debated and further defined. Wallerstein insists that there has not been a world empire since the rise of capitalism, and that a world economy can achieve more economic development because of the freedom to maneuver and appropriate resources—using capitalistic mannerisms and capacities (Skocpol 1977). Brenner suggests that while trade may have a minor role in the growth and development of capitalism, unequal exchange and exploitative
relationships do not necessarily have to exist, or at least be harmful (Denemark and Thomas 1988). Some authors maintain that a world empire in which a single core area dominates the entire world is not possible (Chase-Dunn & Babone 2006). Chase-Dunn (1994) asserts that rather than controlling the entire world, a hegemon merely controls a section of the core, and thus the periphery; a modern empire-formation has not occurred because of this—the core is made up of multiple states driven by capitalist accumulation which differentiates past empires such as Rome or China from the world system we know today (Chase-Dunn & Grimes 1995). Chase-Dunn discusses how a core power can become a hegemon, which he considers domination and not leadership. He considers the fact that there could be leadership if the world was not so unstable, constantly competing and full of wartime (Chase-Dunn 1994). The author continues this idea by discussing the significance of cycles and trends of world-system change.

Wallerstein anticipated many of the criticisms scholars have of world systems theory by realizing that his concepts are really only fully applicable in a theoretical approach; his ideas are hard to apply and operationalize and thus, authors have debated over how theoretically rich and applicable the analysis is (Skocpol 1977). Lee (2010) mentions the most common critiques of world systems theory as:

"the way the emergence of the capitalist world-economy was handled; a perceived reductionism in the mode of argument; the treatment of how surplus was appropriated and accumulated, including the question of class; and the general exclusion of an analysis of any role for 'culture' with the associated concern for what seemed to some the Eurocentrism of the project" (3).
Skocpol (1977) suggests that Wallerstein's ideas are reductionist in two ways—that there is a reduction in "the socio-economic structure to determination by world market opportunities and technological production possibilities" and of "state structures and policies to determination by dominant class interests" (1079). Furthermore, it is suggested that Wallerstein attempts to use modern concepts to describe the past; his analysis is not explanatory but merely forcing history to adhere to his modern model (Snyder & Kick 1979).

As far as operationalizing Wallerstein's analysis goes, scholars have looked at different ways of measuring the world system and the aptitudes of states as core, periphery or semi-periphery areas. Trade data are often looked at as a way to measure dependency and exploitation of core/periphery areas because of the reliance on economic relations in Wallerstein's theory (Rossem 1996). Ways in which scholars measure this aptitude include looking at the amounts and types of imports and exports. For example, one country could be considered economically dependent if its exports to another country exceed a certain percent of its GDP, have a trade flow over a certain amount, or have a high or low amount of trade specialization (Rossem 1996). Other data involving trade have included: comparisons of trade volumes to specific countries of specific commodities, commodity trade statistics, equality or inequality of trade quantity and/or category, et cetera. Some scholars operationalize through a combination of factors; for example, Snyder and Kick (1979) look at trade flow, military intervention, diplomatic exchanges, and conjoint treaty membership of different states to define the structure of the world systems analysis and core/periphery aptitudes. Other propensities for dependency have included political relations—particularly trade in major conventional weapons and presence of foreign troops—cultural, economic, or diplomatic influences, dependency on foreign and other investments, military interventions,
treaties, or GNP per capita. (Rossem 1996; Snyder & Kick 1979; Smith & White 1992). Most scholars use some aspect of trade data to decipher how a state acts, as a core or periphery area; specifically, it seems that a focus on commodity trade flow is particularly present in the literature. Looking at overall trade flow does not capture the nature of trade like commodity trade flow does.

**Methods**

This study examines the relationship between China and Argentina compared to relationships with other countries in order to establish the aptitudes of core and periphery areas seen in China and Argentina. I have hypothesized that trade asymmetries exist between Argentina and China that do not exist between Argentina and other trade partners; specifically that China uses Argentina as a periphery to its core status by trading raw materials as opposed to finished goods. It is important to look at how trade in Argentina and China differ from each other and their trade partners in order to illustrate the significance of China as a core state and Argentina as a periphery.

The dependent variable for this study will be the status of a state as a core or periphery area, operationalized by Wallerstein’s definitions of such previously discussed. The researcher is assuming that China will take on the role as the exploiter—the powerful, sovereign state with economic stability and militarily or politically power—and Argentina will take on the role as the exploited—a weaker, less autonomous area with a poor and unindustrialized economy. This variable will be reliant on trade data found on Argentina, China, Brazil, Mexico and the United States; thus, the independent variables for this study consist of different types of trade data. The
first independent variable will be China, Argentina, Brazil, Mexico and the United States’ overall trade patterns of commodities (not services). These data will be looked at in past and present years (2000 and 2014) and operationalized in a few different manners: the value of exports from a country going to Argentina and that percentage of the country’s exports going to Argentina; the value of Argentina’s exports going to a country and the percentage of exports going to the country; the value of imports from Argentina to a country and that percentage of a country’s imports coming from Argentina; value of Argentina’s imports from a country and the percentage of Argentina’s imports coming from a country. These data will be analyzed through percent change to demonstrate changes that have occurred in the years 2000 and 2014 and the significance of such.

The second independent variable will look at the percentage of Argentina’s overall trade that consists of primary products, measured as a percentage of overall value in dollars. These data will be categorized to compare the exports and imports of primary versus non-primary products going/coming to/from China versus Brazil, Mexico and the United States. From these variables, I will be able to perceive the extent to which the Chinese-Argentinean relationship resembles a core-periphery relationship through trade dependency by looking at what trade asymmetries and patterns exist between the two countries that do not exist between other trade partners. The data for these dependent variables will be collected from the World Bank using the World Integrated Trade Solution Software.
Findings

Like the literature shows, trade data is important in demonstrating economic dependency. Commodity trade has been particularly successful in demonstrating aptitudes as core or peripheries because it shows imbalances within the trade. Below are tables of trade data for Argentina and China as well as the United States, Mexico and Brazil in the years 2000 and 2014.

Argentina’s value of imports from the world in 2000 was $25,280,000 versus 65,323,000 in 2014; the value of Argentina’s exports to the world in 2000 was $26,341,000 versus 68,335,000 in 2014. China’s value of imports from the world in 2000 was 249,203,000 versus 1,958,021,000 in 2014; the value of China’s exports to the world was 225,094,000 in 2000 versus 2,342,343,000 in 2014. Table One shows each country’s (China, Brazil, Mexico and the United States) value of worldwide exports and exports going to Argentina in 2000 and 2014. Table two shows the percentage of the each country’s exports going to Argentina. Table three shows the value of Argentina’s exports going to each country and the value of each country’s imports in 2000 and 2014. Table four shows the percentage of Argentina’s exports going to each country in 2000 and 2014. Table five shows each country’s value of imports coming from Argentina and the world in 2000 and 2014. Table six shows the percentage of each country’s imports coming from Argentina in 2000 and 2014. Table seven shows the value of Argentina’s imports from each country and the value of each country’s imports from the world. Table eight shows the percentage of Argentina’s imports coming from each country.
### Table 1: Argentina’s Export Values in 2000 and 2014

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>610,000</td>
<td>7,680,000</td>
<td>225,094,000</td>
<td>2,342,343,000</td>
</tr>
<tr>
<td>Brazil</td>
<td>6,238,000</td>
<td>14,282,000</td>
<td>55,119,000</td>
<td>225,098,000</td>
</tr>
<tr>
<td>Mexico</td>
<td>336,876</td>
<td>1,302,000</td>
<td>166,294,000</td>
<td>397,099,000</td>
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<tr>
<td>United States</td>
<td>4,700,000</td>
<td>10,826,000</td>
<td>780,332,000</td>
<td>1,619,743,000</td>
</tr>
</tbody>
</table>

### Table 2: Argentina’s Export Percentages in 2000 and 2014

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage of exports going to Argentina in 2000</th>
<th>Percentage of exports going to Argentina in 2014</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>.27</td>
<td>.33</td>
<td>22.22</td>
</tr>
<tr>
<td>Brazil</td>
<td>11.31</td>
<td>6.34</td>
<td>-43.94</td>
</tr>
<tr>
<td>Mexico</td>
<td>.20</td>
<td>.33</td>
<td>65.00</td>
</tr>
<tr>
<td>United States</td>
<td>.60</td>
<td>.67</td>
<td>11.67</td>
</tr>
</tbody>
</table>

### Table 3: Export values from Argentina in 2000 and 2014

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>796,927</td>
<td>4,462,000</td>
<td>225,094,000</td>
<td>1,958,000,000</td>
</tr>
<tr>
<td>Brazil</td>
<td>6,991,000</td>
<td>13,881,000</td>
<td>55,851,000</td>
<td>229,060,000</td>
</tr>
<tr>
<td>Mexico</td>
<td>326,355</td>
<td>907,000</td>
<td>179,404,000</td>
<td>399,977,000</td>
</tr>
<tr>
<td>United States</td>
<td>3,149,000</td>
<td>4,040,000</td>
<td>1,258,080,000</td>
<td>2,346,041,000</td>
</tr>
</tbody>
</table>
Table 4: Percentages of Exports Coming From Argentina in 2000 and 2014

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage of Argentina’s exports going to country in 2000</th>
<th>Percentage of Argentina’s exports going to country in 2014</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>3.03</td>
<td>6.53</td>
<td>115.51</td>
</tr>
<tr>
<td>Brazil</td>
<td>26.54</td>
<td>20.31</td>
<td>-23.47</td>
</tr>
<tr>
<td>Mexico</td>
<td>1.23</td>
<td>1.32</td>
<td>7.32</td>
</tr>
<tr>
<td>United States</td>
<td>11.95</td>
<td>5.91</td>
<td>-50.54</td>
</tr>
</tbody>
</table>

Table 5: Import values from Argentina in 2000 and 2014

<table>
<thead>
<tr>
<th>Country</th>
<th>Value of imports from Argentina to country in 2000 (US$ Bill.)</th>
<th>Value of imports from Argentina to country in 2014</th>
<th>Value of imports from the world in 2000</th>
<th>Value of imports from the world in 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>929,990</td>
<td>5,247,000</td>
<td>225,094,000</td>
<td>1,958,000,000</td>
</tr>
<tr>
<td>Brazil</td>
<td>6,843,000</td>
<td>14,143,000</td>
<td>55,851,000</td>
<td>229,060,000</td>
</tr>
<tr>
<td>Mexico</td>
<td>247,213</td>
<td>1,050,000</td>
<td>179,404,000</td>
<td>399,977,000</td>
</tr>
<tr>
<td>United States</td>
<td>3,314,000</td>
<td>4,454,000</td>
<td>1,258,080,000</td>
<td>2,346,041,000</td>
</tr>
</tbody>
</table>

Table 6: Percentages of Argentina’s imports in 2000 and 2014

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage of imports coming from Argentina in 2000</th>
<th>Percentage of imports coming from Argentina in 2014</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>.41</td>
<td>.27</td>
<td>34.15</td>
</tr>
<tr>
<td>Brazil</td>
<td>12.23</td>
<td>6.17</td>
<td>49.55</td>
</tr>
<tr>
<td>Mexico</td>
<td>.14</td>
<td>.26</td>
<td>85.71</td>
</tr>
<tr>
<td>United States</td>
<td>.26</td>
<td>.19</td>
<td>26.92</td>
</tr>
</tbody>
</table>
Table 7: Argentina’s Import Values in 2000 and 2014

<table>
<thead>
<tr>
<th>Country</th>
<th>Value of Argentina’s imports from country in 2000 (US$ Bill.)</th>
<th>Value of Argentina’s imports from country in 2014 (US$ Bill.)</th>
<th>Value of imports from the world in 2000</th>
<th>Value of imports from the world in 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>1,157,000</td>
<td>10,703,000</td>
<td>225,094,000</td>
<td>1,958,000,000</td>
</tr>
<tr>
<td>Brazil</td>
<td>6,478,000</td>
<td>14,208,000</td>
<td>55,851,000</td>
<td>229,060,000</td>
</tr>
<tr>
<td>Mexico</td>
<td>583,000</td>
<td>1,639,000</td>
<td>179,404,000</td>
<td>399,977,000</td>
</tr>
<tr>
<td>United States</td>
<td>4,785,000</td>
<td>8,833,000</td>
<td>1,258,080,000</td>
<td>2,346,041,000</td>
</tr>
</tbody>
</table>

Table 8: Argentina’s Export Percentages in 2000 and 2014

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage of Argentina’s imports coming from country in 2000</th>
<th>Percentage of Argentina’s imports coming from country in 2014</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>4.58</td>
<td>16.38</td>
<td>257.64</td>
</tr>
<tr>
<td>Brazil</td>
<td>25.63</td>
<td>21.75</td>
<td>15.14</td>
</tr>
<tr>
<td>Mexico</td>
<td>2.30</td>
<td>2.51</td>
<td>9.13</td>
</tr>
<tr>
<td>United States</td>
<td>18.93</td>
<td>13.52</td>
<td>28.58</td>
</tr>
</tbody>
</table>

From these data, we can see that Argentina’s imports coming from China has increased drastically from 2000 to 2014, with a percent increase of 285%. At the same time, China’s exports going to Argentina has stayed more stable with a percent increase of 22.2%. Argentina’s exports going to China has increased by a percent change of 115.51% and China’s imports coming from Argentina has decreased by a percent change of 34.15%. As far as its other top trade partner goes, Brazil, the results were quite different. Argentina’s imports coming from Brazil has decreased by a percent change of 15.14%. Brazil’s exports going to Argentina has
decreased by a percent change of 43.94%. Argentina’s exports going to Brazil has also decreased by a percent change of 23.47 and Brazil’s percentage of imports coming from Argentina has decreased by 49.55%. Mexico’s exports going to Argentina has increased by a percent change of 65%. Argentina’s exports going to Mexico has increased by a percent change of 7.32%. Mexico’s imports coming from Argentina has increased by a percent change of 85.71%. Argentina’s imports coming from Mexico has increased by a percent change of 9.13%. The United States’ exports going to Argentina has increased by a percent change of 11.67%. Argentina’s exports to the United States have decreased by a percent change of 50.54%. The United States’ imports coming from Argentina has decreased by a percent change of 26.92%. Argentina’s imports coming from the United States have decreased by a percent change of 28.58%.

There is concern that Argentina is falling into a trap of dependency within the realm of trade. Argentina has historically attempted to bolster its economy through agricultural exports. Between 2005 and 2007, Argentina produced 54.1 percent of the world output of all soy crops and byproducts; its percentage of GDP from the agricultural sector almost doubled from 2000 to 2007 (Lence 2010). This growth in the agricultural sector, particularly with one product alone, suggests that Argentina is focusing more heavily one one-commodity trade. It is this potential reliance on one commodity and one country that warrants the suggestion that Argentina should bolster its economy through trade diversification (Bekerman and Dulcich 2013; Bekerman, Dulcich and Moncaut 2014; O’Connor 2012). Export diversification would allow Argentina to discover unexplored comparative advantages that would make it more competitive within the global market. Bekerman and Dulcich (2013) and O’Connor (2012) demonstrate that Argentina has made a marked shift toward soybean trade with China. In 2010, 79 percent of Argentina’s 54
million tons of soybean produced go to China; this is a massive increase from the 12 million tons produced in 1995 (O’Connor 2012). Because of this recent shift, the authors suggest that Argentina has a strong comparative disadvantage within its manufacturing sectors; Argentina is putting all its eggs in one basket—the soy basket—so to speak. Roughly 15 percent of Argentina’s total exports are soy-related (soy-beans, soy-bean oil-cake and other solid residues, soybean meal and soybean oil) (World Bank, 2015). This means that its manufactures and industrialized sectors are neglected for the sake of producing and exporting soy. This further entraps Argentina in its status as a periphery and reliance on China as a core nation because of its reliance on primary products and lack of industrialization and growth in other sectors. In order to look at this exploitation and dependency, the second independent variable analyzes trade of primary versus non-primary products; a core-periphery relationship can be shown through an imbalance of trade in this manner.

The second independent variable utilizes four graphs that show the change in Argentina’s overall exports of primary products in 2000 and 2014, the change in Argentina’s exports of primary products to each country in 2000 and 2014, the change in Argentina’s overall imports of non-primary products in 2000 and 2014, and the change in Argentina’s imports of non-primary products from each country in 2000 and 2014.
Figure 1: Bar graph showing Argentina’s overall exports of primary products over time
For the year 2014, the percentage of Argentina's overall exports that were primary products was 25.93%. As for exports to China in 2014, 80.37% of Argentina's exports to China were primary products. For Brazil, it was 10.19%—a striking difference between Argentina's top two trade partners. As for Mexico and the United States, Argentina's exports that were primary products were 4.65% and 40.01% respectively in 2014. These values were quite different 14 years earlier; in 2000, Argentina's overall exports that were primary products were 33.26%. In the same year, 69.54% of Argentina's exports to China were primary products and 33.72 percent of Argentina’s exports to Brazil were primary products. In the cases of Mexico and the United States in 2000, Argentina's exports that were primary products were 4.17% and 27.71% respectively. This shows a decrease in percent change of Argentina's overall exports that were
primary products of 22.03%; a decrease to Brazil of 69.74%; an increase to China of 15.57%; an increase to Mexico of 11.51%; an increase to the United States of 44.39%.

For 2014, the percentage of Argentina’s overall imports that were not primary products was 94.35 percent. As for imports from China in 2014, 96.97 of Argentina’s imports from China were not primary products—they were capital, consumer and intermediate goods such as machinery and electronics. For Brazil, Mexico and the United States, the percentages were 92.4%, 98.79% and 97.17%. Again these values were different 14 years ago; in 2000,
Argentina’s overall imports that were not primary products were 93.45. In the same year, 95.88% of Argentina’s imports from China were not primary products, 92.39% of Argentina’s imports from Brazil were not primary products, 96.09% of Argentina’s imports from Mexico were not primary products, and 96.95% of Argentina’s imports from the United States were not primary products. This shows a decrease in percent change of Argentina’s overall exports that were primary products of 1.30%, a 0% change with Brazil, an increase to China of 15.57%; an increase to Mexico of 2.81%; an increase to the United States of .23%.

Discussion/Analysis of Results

For the independent trade variables, many asymmetries are evident in type and amount. While Argentina’s overall percentage of exported primary products and primary products exported to its number one trading partner, Brazil, have decreased from 2000-2014, exports of primary products to China have increased. Furthermore, both the percentage of Argentina’s imports coming from Argentina and the percentage of Argentina’s exports going to China have more than doubled while its exports to and imports from Brazil, its other top trading partner, have both slightly decreased. Argentina’s imports from Mexico have barely changed and have decreased from the United States. This demonstrates China’s growing importance in the Argentinean economy and Argentina’s other trading partners’ increasing insignificance, which allows for the susceptibility of being exploited because of the growing dependence on one crop and one country shown through the evidence surrounding Argentina’s soy trade with China. In this case, this means that China is using Argentina as a periphery to its core status, more for primary products such as soy than ever before.
Argentina’s percentage of overall imports that are not primary products has decreased, and its imports of non-primary products have not changed from Brazil, increasing slightly from Mexico, the United States and China. This does not signify any causal relationship, especially because the margin of change is only about one percent in both, and this does present interesting findings. It could have been expected that if a periphery’s overall imports of non-primary products decreases, their overall aptitude as a periphery would decrease; however, this could also suggest that Argentina’s aptitude as a periphery is more so dependent on its increase in primary product exports to China versus other countries. It is possible that what Argentina imports from China is not as important as how much it is importing and what and how much it is exporting to China. It seems likely that China’s great demand for soy is causing Argentina to accommodate China by producing more soy and thus changing its makeup of exports. Argentina has in fact changed its makeup of exports, specifically within the realm of primary products, because corn has become decreasingly important as China’s demand for soy has become more important. China’s increase in exports of non-primary products such as consumer or capital goods could have an impact on Argentina’s domestic market, overall trade patterns as well as its interactions with other states.

As far as asymmetries in amount of trade between China, Argentina and other trade partners, it is difficult to decide what kind of an impact this can have. While an unequal balance of trade does not necessarily signify an exploitative or even dependency relationship, the rate at which Argentina’s exports/imports to/from China has sky-rocketed while the opposite has been true for China. China seems to be diversifying its trade partners while Argentina has honed in on China.
Argentina’s general aptitude as a periphery area within the world has debatably remained the same—its percentage of overall primary product exports has decreased by about 13 percent, yet its percentage of overall non-primary product imports has remained practically the same. This is where China seems to have an impact—Argentina has become more of a periphery within its trade with China.

As far as other supplementary evidence goes, there have been extensive amounts of Chinese investment in Argentina’s infrastructure. In helping rebuild infrastructure and railroads, China benefits by making the transportation of its imported primary products like soy more quickly and easily accessible and transportable—not to mention cheaper. China has made a vast amount of contributions to Argentina’s railroad systems. In 2012, the World Bank Group made note of the great amount of trade agreements between the two states. Furthermore, they suggest that “Argentina’s pursuit of US$19 billion from Chinese infrastructure investors indicate that Chinese sponsors may become more active in Argentina the near future” (2012, 4). Looking at Chinese monetary commitments and involvement in Argentina, it seems that China has upheld this expectation. According to the Transport Politic, China made a $10 billion commitment to improving railroads in Argentina in 2010. The article declares that China will contribute $4.35 billion to renovations of railroads and $1.85 billion to the Belgrano line,

“which links the country to Bolivia and is an important link for the nation’s agricultural producers. China undoubtedly wants to expand its access to Argentina’s productive farmland” (Freemark 2010).
Because railways are less costly than road transit, China wants to create better and more efficient rail systems to potentially make trade cheaper. The more transportation connections Argentina has both within its borders and with other countries makes trade more effective, particularly for farmed products. Furthermore, the article states that the Chinese investment, coming from the Chinese Development Bank, requires a 15 percent match in investment of the project (Freemark 2010). In the same year, ties between the two countries became strained over trade. China imposed a ban on Argentinean soy supposedly because of poor quality, but it is widely thought of as retaliation for protectionist policies put in place by Argentina against Chinese products (BBC 2015, Bloomberg News 2010). Argentina had enacted restrictions on imports, specifically textiles in order to protect its domestic industry from being overwhelmed with cheap foreign stock (BBC 2015). Luckily for Argentina, the two nations were able to reach an agreement through negotiations in which China agreed to import Argentinean soy so that stronger bilateral relations could be established. Additionally, another tie developed between the Chinese Development Bank and the National Bank of Argentina set up a credit line worth $150 million (Hall 2010). In 2011, imports of railroad materials and trains from China to Argentina were $50 million versus $700 million in 2014—a 1400 percent increase over four years (Romero 2015). In 2014, the Chinese Development Bank further loaned Argentina 7.5 billion dollars at a point when other creditors were very hesitant or refused to give loans to Argentina (MercoPress 2014). It included a 2.1 billion dollar loan to finance rail projects that would increase efficiency in transportation of grains from the farmlands to the port (MercoPress 2014). Other agreements include currency swaps in 2009 and 2014 between the central banks of both countries so that Argentina can pay for Chinese imports with Chinese currency (MercoPress 2014). As cited in the
MercoPress article, “the exchange will mainly serve to facilitate investments in the currency of
the country providing the funds and to strengthen the level of international reserves,” (Argentine
Central Bank 2014). Other more recent investments include a 2015 deal for China to fund and
construct two nuclear power plants in Argentina—a deal worth 15 billion dollars (Anderlini and
Rathbone 2015). Since 2007, all of these investments have led to 19 billion dollars of lending for
Chinese-led infrastructure projects (Anderlini and Rathbone 2015).

Part of China’s $10 billion commitment to rebuilding infrastructure in 2010 was solely
for the economic benefit of Argentina; this included improving Buenos Aires’ public transport
systems such as the metro (Freemark 2010). This suggests that Argentina has given China
extreme preferential trade treatment and access to its agricultural and primary sector. This is yet
another example of China inserting itself into the inner and outer working of Argentina and
could explain why trade has so dramatically increased between Argentina and China, particularly
in Argentina’s exports of primary goods to China and its imports of non-primary goods.

Conclusions

This study aims to examine aptitudes as core and periphery areas as seen in China and
Argentina, demonstrated through trade. I have hypothesized that Argentina acts as a periphery as
China acts as a core because of trade patterns seen between the countries and other trade partners
in different years. Argentina now exports more primary products to China than to anyone else in
the world and Argentina’s top importer in the world is China, the majority of which Argentina
imports soy or other primary products. Argentina relies more on China as China relies less on
Argentina. Argentina does not necessarily see any incentive to change as its economy becomes less diversified, autonomous and strong, creating a further entrapment of dependency. Increases in spending on transportation systems in Argentina and an increase in Chinese contributions to railroad funding have also helped further establish this core-periphery relationship. This relationship can be seen drastically changing between China and Argentina whereas it cannot be seen in between Brazil, Mexico or the United States with Argentina; no country’s relationship with Argentina has changed as drastically as China’s has. The differences between China and other partners in relation to trade with Argentina are significant. Particularly, it is significant that both Brazil and Argentina are top trade partners for one another yet Argentina is not a top trade partner for China; again, Argentina is minutely significant to China whereas China is critical for Argentina. The comparison between trade partners is interesting because it suggests that Argentina has the aptitude for eventually escaping—or at least not worsening—its status a periphery area to be exploited, yet it chooses to as China persuades Argentina to remain dependent through trade negotiations and investments in infrastructure.

This research demonstrates China’s progressive movement into its capacity as a core power—as it gains advantages within the global economy, it finds other areas to take advantage of. Considering how quickly China’s success and economy has grown, this demonstrates Wallerstein’s claim that positions of core and periphery areas change over time, and can happen quite quickly as the distribution of gains and losses or advantages and disadvantages changes. China is a particularly interesting case to study in terms of world systems theory because of its lack of ties to colonial dependency. There are no instances in which China was seen as a core power, excluding world empires, during and after colonial times until most recently. Traditional core states, as Wallerstein suggests, have their ties to colonialism, like the United States and
Great Britain. These states as core aptitudes and creators of economic dependency and exploitation make sense, but China could be considered a new type of core since it never had the same history.

Limitations in this study include lack of information on specific expenditures on infrastructure both in/by Argentina and by China in Argentina. Further research should look at different aspects of dependency and or exploitation to further clarify the Argentinean-Chinese relationship as well as both countries’ relationships with the world. Additionally, research could be done to look at trade between Argentina and other core areas, such as the European Union, Japan, and/or Australia in comparison to China in order to demonstrate how Argentina’s aptitude as a periphery has changed. More data points for the years in which data was looked at could be collected to give more of a sense of a pattern. Data could include other types of trade between the core states and to other peripheries to show how core nations interact and impact the global market. This would not only show how Argentina has developed, but would also give more insight into China’s development as a core state. Further research could also be done to look at other areas China is using as peripheries, particularly in Latin America because Latin America has historically been very slow to grow and develop.
References


