

## Chinese MSMEs' internationalization in Latin American markets under the Belt and Road Initiative

*Internacionalización de las MiPyMEs chinas en Latinoamérica bajo la iniciativa de la Franja y la Ruta*

*Joaquín Estrader\**  
*Esteban Zottele\*\**

### ABSTRACT

Micro, small, and medium enterprises (MSMEs) is an essential topic for business research and development policies. By reviewing previous literature and macroeconomic data, and following a deductive method, this study explains MSMEs' contribution to national development, that is, a positive effect in terms of employment, regional economies, technological innovation, and income distribution. In addition, we focus on Chinese MSMEs' internationalization and competitive advantages in Latin American markets as a natural extension of the 21st Century Maritime Silk Road. Additionally, we explain the essential role of the Belt and Road Initiative in Chinese companies' internationalization, particularly in building a platform for MSMEs operations in Latin Ameri-

---

\* Professor at the School of Foreign Studies and Overseas Education, Changzhou University. Researcher at the Latin American Studies Center (CELA) and the Argentina-China Studies Center (CEACH), School of Social Sciences, University of Buenos Aires. E-mail: jestrader@qq.com. ORCID: 0009-0003-2130-6308.

\*\* Professor and Vice-director at the Latin American Studies Center (CELA), School of Foreign Studies, Changzhou University. Researcher of the China-Veracruz Studies Center, General Directorate of International Relations, Universidad Veracruzana. E-mail: estebanzottele@hotmail.com. ORCID: 0009-0001-6169-7206. Recibido: 27 de noviembre de 2022. Aceptado: 01 de marzo de 2023.

ca and the Caribbean. After conclusions we suggest further research directions.

**Keywords:** Internationalization – China – Latin America – Economic development – Belt and Road Initiative.

#### RESUMEN

Las micro, pequeñas y medianas empresas (MiPyMEs) es un tema esencial para la investigación empresarial y las políticas de desarrollo. Mediante un método deductivo fundamentado en una revisión de literatura y datos macroeconómicos, este estudio explica la contribución de las MiPyMEs al desarrollo nacional, es decir, un efecto positivo en el empleo, economías regionales, innovación tecnológica y distribución del ingreso. Además, se analiza la internacionalización y las ventajas competitivas de las MiPyMEs chinas en los mercados latinoamericanos como una extensión natural de la Ruta de la Seda Marítima del Siglo XXI. También se explica el papel fundamental de la Iniciativa de la Franja y la Ruta en la internacionalización de las empresas chinas, particularmente en la construcción de una plataforma para las operaciones de las MiPyMEs en América Latina y el Caribe. Después de las conclusiones, se sugieren algunas posibles direcciones para la investigación en el futuro.

**Palabras clave:** MiPyMEs – Internacionalización – China – Latinoamérica – Desarrollo Económico – Iniciativa de la Franja y la Ruta.

## 1.- INTRODUCCIÓN

National economies are as strong as their smallest units. In China, Micro, small and medium enterprises (MSMEs) represent 99.8% of the total number of enterprises (National Bureau of Statistics, 2018). These companies are defined by their relative size in terms of employees, revenue, or assets, compared to large enterprises. Every country has different classification criteria according to the local economy. Given composite and multifaceted nature of China's economy, the methodology to define MSMEs is relatively complex.

According to the SME Promotion Law of China (2003), the classification scale is arranged by industry category and based on variables such as the number of employees and annual revenue (Table 1).

After the reforms in 2005 aiming MSMEs development, these companies have expanded their operations to all kinds of industries, including manufacturing, services, construction, transport and retailing. These 35 million enterprises include 30.5 million micro and small enterprises (85%) and 4.5 million medium enterprises (15%). Most of these companies operate in the industrial sector (59%), followed by enterprises in the mineral non-metallic and agriculture sectors (National Bureau of Statistics, 2015).

**Table 1.** Chinese MSMEs classification

	Micro		Small		Medium	
	Employee s	Revenue	Employee s	Revenue	Employee s	Revenue
Agriculture and fishing	-	< 0.5	-	> 0.5	-	5
Heavy industry	< 20	< 3.0	> 20	> 3.0	> 300	> 20
Retail	< 10	< 1.0	> 10	> 1.0	> 50	> 5
Transportation	< 20	< 2.0	> 20	> 2.0	> 300	> 30
Tourism and hospitality	< 10	< 1.0	> 10	> 1.0	> 100	> 20
Other	< 10	-	> 10	-	> 100	-

*Source:* Own elaboration with data from China Briefing (2011).

Some studies explained MSMEs' contribution to the national economic development (Abor and Quartey, 2010; Kongolo, 2010; Zafar and Mustafa, 2017). MSMEs are highly representative of the whole economy in quantitative and qualitative terms. However, most business research still focuses on large companies to explain economic growth (Forcadell and Eracil, 2019; Van Tulder et al., 2021), reducing the importance of MSMEs role in social inclusion. For example, these enterprises create jobs across the country and improve labour entry (e.g. inexperienced youth and third age people). In addition, MSMEs are geographically distributed, making them more effective for regional development. Despite their size, these companies contribute to technological innovation by creating new products and patenting their inventions. In this regard, the function of MSMEs in economic dynamism and social inclusion deserves our attention.

Since the beginning of this century, Chinese MSMEs received institutional support for internationalization. Besides growth and survival protection, the Chinese government provided a comprehensive framework to make their companies go global (Buckley et al., 2010). In 2013, the Belt and Road Initiative(BRI) became a grand infrastructure development strategy worldwide, improving international business opportunities among all the country members (Yang et al.,

2020). For Chinese MSMEs, the BRI increased their internationalization possibilities and reduced operations costs, making them key players in global value chains. Under this framework, Chinese MSMEs gained competitive advantages through efficiency and productivity, stimulated innovation, a better corporate and national image.

**Table 2.** China's position as a trade partner in Latin America.

	2000		2021	
	Exports	Imports	Exports	Imports
Argentina	6	4	2	1
Bolivia	18	7	6	1
Brasil	12	11	1	1
Chile	5	4	1	1
Colombia	36	9	2	1
Ecuador	18	10	3	3
Mexico	19	7	3	2
Peru	4	9	1	2
Venezuela	35	18	1	1

*Source:* Own elaboration with data from CEPAL (2012) and International Monetary Fund (2022).

In the last ten years, most countries joined the Belt and Road Initiative, including 60% of Latin American and Caribbean nations. These countries enjoy increased trade flows and infrastructure investment, and MSMEs found a diverse market to extend their operations. Currently, Latin America is a strategic region under the 21st Century Maritime Silk Road with relative advantages in terms of consumption capacity, basic infrastructure, and education. Therefore, Chinese MSMEs have increased their participation in Latin American markets, making China their first or second trade partner in many countries of the region (Table 2).

By reviewing previous literature, analyzing macroeconomic data, and following a deductive method, this article aims to explain what is the role of Chinese MSMEs in economic development while exploring their internationalization in Latin America under the Belt and Road Initiative. To answer

this research question, we raise three general hypotheses that organize our work as follows. First, we suggest the existence of social and economic development as a result of MSMEs' participation in national employment, regional development, and technological innovation. Second, we argue that Latin American markets may provide competitive advantages for Chinese MSMEs' internationalization. Third, we suggest the Belt and Road Initiative is a common framework in which Chinese MSMEs may expand their operations via the 21st Century Maritime Silk Road to Latin America and the Caribbean. Finally, we provide some conclusions and further research suggestions. Overall, our main objective is to show the current logical connection between MSMEs, government support, internationalization, and economic development, that is, an inclusive and social perspective that tends to be ignored in the mainstream literature.

## 2.- IDEOLOGY AND ECONOMIC DEVELOPMENT WITH SOCIAL INCLUSION: DO MSMEs MATTER?

Economic development with social inclusion is probably one of the most important national goals to achieve, especially when economic instruments are ideologically designed to serve common people (Zottele Allende, 1977). This concept has been defined from different perspectives, initially explained in terms of economic development; sociology included major processes of innovation and modernization (Jaffee, 1998). Currently, a widely accepted definition exposes it as “a multidimensional undertaking to achieve a higher quality of life for all people” (UN, 1997), combining “(1) self-sustaining growth, (2) structural change in patterns of production, (3) technological upgrading, (4) social, political, and institutional modernization, and (5) widespread improvement in human conditions” (Adelman, 2000). In this regard, the concept of

economic development has deep connections with employment as a way to enhance people's self-sustaining growth; a clear relation with regional development, given the need to provide a widespread improvement in human conditions despite the geographical location; and overall, economic development is necessarily tied-up with technological innovation to enhance modernization in terms of economic production and science.

Some theories have explained the role of government intervention in market regulation, protecting people's economy while increasing their opportunities for well-being (Keynes, 1936; Shapiro and Stiglitz, 1984). Many of these theoretical constructions highlighted the importance of macroeconomic tools to manipulate variables such as prices, employment, credit, and investment. Little research has explained social development as a result of one single economic actor e.g. MSMEs (Chen, 2006; Gorroigoi Simon et al., 2016; Manzoor et al., 2019), whose basic nature is to represent families and citizens' contributions to the national economy. Micro, small and medium enterprises (MSMEs) not only create jobs due to quantitative (e.g. MSMEs units are several times the total amount of large companies) and qualitative advantages (e.g. MSMEs may have fewer limitations to hire inexperienced youth and adult people), but also take an important role in correcting regional imbalances aroused by the concentration of economic factors in certain developed areas, due to MSMEs fair geographic distribution across the country. Moreover, MSMEs are essential sources of entrepreneurship and individual talent, resulting in technological innovation, cooperation with large companies, and better integration in the national production chain. In other words, MSMEs represent the basic economic units that every country should take into consideration to achieve sustainable development.

The rise of China's economy can be partially explained based on MSMEs support and growth (Arrighi, 2009; Jiang et al., 2014; Liu, 2008), besides other macro-economic policies. The Chinese economic model relies on inclusive economic development, which implies poverty alleviation, technology innovation, and environmental protection, among other goals. This program has been theorized, designed and applied to the Chinese economy to improve people's well-being based on scientific development and sustainable methods. From a theoretical perspective, the Chinese government has been able to find a suitable balance between dialectic materialism and modern management in social affairs, thus succeeding in their economic goals under an updated ideological framework defined as socialism with Chinese characteristics. In the last decade, this conceptual structure has been applied through domestic and international policies.

Regarding small economic units, government efforts aiming at social inclusion via MSMEs' growth not only create enterprise capabilities, but also represent an ideological position (Chen, 2006). Around the world, many liberal nations tend to favour large companies, thus increasing the economic gap between rich and poor as well as concentrating on resources instead of distributing them. In China, the ideological perspective is completely different. MSMEs are considered by policy-makers and receive enough support for sustainable development in the long-run. In other words, to prioritize MSMEs' growth and development represents an ideological position and technical method to promote social inclusion and people's well-being, and this is, after all, a matter of political decision.



### 3.- MSMEs IN CHINA'S ECONOMY: EMPLOYMENT, REGIONAL DEVELOPMENT, INNOVATION AND GOVERNMENT SUPPORT

#### 3.1 MSMEs Employment and social inclusion

Employment is a dynamic and essential macroeconomic variable that explains the relationship between employer and employee regulating the provision of paid labor. Together with social protection, this variable represents an essential element for people's well-being. Based on the natural unemployment rate, a proportion between 2% and 5% should be considered normal. China has an unemployment rate of 4.8%, thus it can be defined as a healthy economy with full employment (World Bank, 2021). Since the Reform and Opening Up, the Chinese government worked on macroeconomic policies to keep employment within this rate, a challenging task if we keep in mind that China's labor force is estimated to be around 792 million, more than any country in the world (World Bank, 2021)

Regarding economic units, China has about 48 million MSMEs, without considering micro enterprises. Around 79.4% of the employment in China depends on MSMEs' economic dynamism (Ministry of Industry and Information Technology, 2021), showing the importance of these units in terms of entrepreneurship opportunities and labor market contribution. In the world, MSMEs contribution to the total employment is around 60% and 70% (ONU 2018). Regarding Latin America, MSMEs effect on employment represents a rate of 61% (CEPAL 2019). In this regard, MSMEs are essential to Chinese social development due to their high demand of workforce across the country.

### 3.2 Regional development

The geographic differences in economic development have been extensively studied by previous research (Ballas et al., 2018; MacKinnon et al., 2019). Since in market economies resources are accumulated by companies that a priori operate within a certain area, work and capital tend to be geographically concentrated according to regional competitive advantages. Production costs can be reduced when enterprises are able to get land (e.g. raw materials), labor (e.g. population), and capital (e.g. savings and credit). In relative terms, labor and financial resources are plentiful in urban areas in addition to infrastructure facilities such as transportation, logistics and R&D hubs. Most Chinese (large) companies' headquarters and factories are located in coastal areas such as Guangzhou, Jiangsu, Zhejiang, Shanghai, and Beijing (National Bureau of Statistics, 2015). Although economic reasons behind this trend are well known, a concentration of economic resources in China's eastern territory creates a gap in regional development, particularly in western regions (Jia et al., 2020).

Following this tendency, MSMEs are also aggregated in the eastern regions (58%), such as Jiangsu, Shandong and Zhejiang, among other provinces. However, around 42% of MSMEs are distributed in western regions. In addition, if we consider micro enterprises, the geographical distribution of MSMEs located in eastern and western regions may become even. From a geographic perspective, these companies are more homogeneously distributed than large companies, thus contributing to economic development and social inclusion (e.g. employment, innovation, dynamism, etc.). By providing better conditions for local MSMEs, China's government aims to set a regional balance to reduce the development

gap between Eastern and western regions, thus offering fair conditions for social and economic equality.

### 3.3 Innovation

The role of MSMEs in technological innovation has been partially omitted by previous research (Love and Roper, 2015). In fact, many theoretical models focus on large enterprises' capabilities to develop innovation and technology, because they have financial resources and higher R&D investment (Ferraris et al., 2017; Rodrigues et al., 2020). However, the last decade has shown an opposite trend. Some MSMEs called *high tech* start-ups operate on innovative sectors such as IT, big data, cloud internet, robotics and pharmaceutical industry (Spender et al., 2017). Although these companies compete against large corporations and tend to have limited resources, their ratio R&D-to-assets may be higher in relative terms. In addition, some studies demonstrated that start-ups may become international in early stages (Neubert, 2018). Despite their limitations in terms of financial access, lack of qualified human resources, and other resources, MSMEs enjoy huge advantages for technological and management innovation due to: their (1) economic dynamism and geographic distribution; (2) greater internal flexibility, and (3) response capabilities.

In China, most technological achievements and innovations rely on MSMEs entrepreneurship. Only among small and medium enterprises, patent applications and new products represent 70% of the total (China's Intellectual Property Office, 2021). If we include micro-enterprises, the innovation rate among MSMEs might represent three-fourths of Chinese technological achievements. Overall, we can see that MSMEs not only explain national innovation, but also

contribute to employment and the regional economy. MSMEs are essential actors in the national economy, and they have been supported by local institutions with research reports, policies, laws, credits and other public instruments. After all, their importance to social and economic development has been fully understood and considered since the Reform and Opening Up (Chen, 2006).

### 3.4 CHINESE GOVERNMENT SUPPORT TO MSMEs

At the beginning of post-revolutionary China, MSMEs were considered to boost economic development and individual entrepreneurship. First adopted in rural China during the preliminary stages of the reform, the *Household Responsibility System* allowed peasants to use part of their lands to develop family-based enterprises, thus holding personal responsibility for enterprise profits and losses. Although the means of production continued in public hands, this system came to replace collective farming, and production became the responsibility of households. According to recent studies (Sun and Chen, 2020), the *Household Responsibility System* not only triggered the Reform in China's hinterland, thus making the economy more robust and dynamic, but also improved individuals' health, education, and employment outcomes.

During the new century, government support for MSMEs became more technical (e.g. macroeconomic tools, promotion laws) to enhance business opportunities and allow them to go global. Adopted at the 28th Meeting of the Standing Committee of the 9th National People's Congress on June 2003, the *SME Promotion Law* builds the groundwork for small and medium enterprises' support. This law allowed different property regimes while satisfying social needs and creating

employment as well as fulfilling industrial development policies. The article 1 of this law clearly defined Chinese government priorities regarding small and medium enterprises:

“This law is enacted to improve the business environment for small and medium-sized enterprises, promoting their sound development, creating more job opportunities in both urban and rural areas, and giving play to the important role of such enterprises in national economic and social development”.

Besides law-based support, public academic institutions reported MSMEs' situation during the last decade. For example, China's MSMEs Finance Report (2015) released by academics of the Central University of Finance and Economics, provided a clear account of these companies' financial context. This report explains that market regulation aimed to provide financial services for MSMEs (i.e. commercial banks usually restrict credit services and facilities to *long tail customers*). China's financial system reform increased the allocation of resources to private enterprises by improving the credit information market and building a multi-level capital market. In addition, the economic and social changes aroused by new information technologies (e.g. big data in commercial banks) also contributed to MSMEs' financial development, thus improving business opportunities and chances of survival. During the last forty years, the Chinese government supported MSMEs through economic policies, promotion laws, research and financial reforms. In the future, we can expect more institutional support on MSMEs incentives and business environment.

### 3.5 Internationalization of Chinese MSMEs

In the last twenty years, previous literature on Chinese MSMEs was plentiful (Table 3). These works focused on enterprise performance, organization, and survival capabilities in domestic (Zhang & Merchant, 2020; Zhu et al., 2012) and host markets (Kang et al., 2021; Yan et al., 2020; Zhang et al., 2016). Most English-written articles about Chinese MSMEs aimed to explain what factors explain internationalization success or failure, as well as the internal (Hsu et al., 2013; Lu et al., 2010; Yang et al., 2012) or external factors that may affect enterprise performance in foreign markets (Ko et al., 2021; Li et al., 2019; Yan et al., 2020). Chinese scholars' interest in researching MSMEs operations abroad increased during the late reform period due to the central government policies to promote foreign investment and international trade (Hanle et al., 2022). Many of these articles demonstrated the role of social networks and government support in enhancing Chinese MSMEs profits in foreign markets (Sun et al., 2021; Zhang et al., 2016).

An institutional method to support MSMEs is to provide them tools to operate internationally. The Chinese government aimed to create MSMEs' international capabilities since the 2000s, when companies were encouraged to expand business abroad. For instance, the Go Out Policy (1999) –also called Going Global Strategy- encouraged Chinese investment abroad (Alon et al. 2014; Peng, 2005). Regarding trade, China joined the World Trade Organization (WTO) in 2003, and helped local business expansion, especially through the China Council for the Promotion of International Trade (CCPIT). Although overseas investment was mainly done by State-Owned Enterprises, Chinese enterprises were able to exploit trade opportunities in foreign markets. By 2013, when Xi Jinping

launched the Belt and Road Initiative, MSMEs international experience was mature enough to foster business in distant regions such as Latin America and the Caribbean.

**Table 3.** Literature review on Chinese MSMEs.

Journal	Article
Asia-Pacific Journal of Management	Chen, Li & Zhang (2022) Yang, Li, Stanley, Kellermanns & Li (2020) Deng, Hofman & Newman (2013) Zhu, Wittmann & Peng (2012) Tang and Tang (2012) Wu & Leung (2005) Chen (1999)
International Business Review	Kang, Scott-Kennel, Battisti & Deakins (2021) Yan, Hu & Liu (2020) Zhang & Merchant (2020) Zhang, Ma, Wang, Li & Huo (2016) Ren, Eisingerich & Tsai (2015)
Journal of International Business Studies	Lu, Zhou, Bruton & Li (2009) Zhou, Wu & Luo (2007) Chen & Chen (1998)
Journal of World Business	Ko, Chen, Chen, Wu & Liu (2021) Sun, Maksimov, Wang & Luo (2021) Li, Liu & Qian (2019) Hsu, Chen & Cheng (2013)

Source: Own elaboration.

The logic behind institutional efforts to promote MSMEs' outward expansion were explored by previous research. MSMEs' internationalization represents the highest stage in business competitive capabilities (Falahat et al. 2020), while increasing operations abroad contributes the economic development (Ruzzier et al., 2006). Among possible benefits for the company and the national economy, we can mention some of them. First, fostering international business may create more jobs at home and abroad. Second, global operations have a positive impact on enterprise efficiency and productivity. Third, MSMEs' internationalization usually reduces production costs, either improving efficiency or finding cheaper suppliers abroad. Fourth, global competition may increase companies' organizational learning and tech-

nological innovation. Fifth, MSMEs exports provide foreign currencies, a valuable resource for international payment and local monetary policies. Sixth, domestic markets' seasonality can be solved by doing business abroad. Overall, MSMEs' internationalization provides all kinds of business competitive advantages, and may have positive outcomes regarding China's economic development.

#### 4 CHINESE MSMEs AND LATIN AMERICAN MARKETS

##### 4.1 Brief history of Sino-Latin American economic relations

Despite our recent interest in Chinese MSMEs operations in Latin America under the Belt and Road Initiative, exchanges between regions have a long history. The economic relations between China and Latin America can be tracked to the XVI century, in the trade routes between Acapulco (Mexico) and Manila (Philippines). Chinese products and people arrived to Manila and finally were embarked to Acapulco. Economic and cultural exchanges also reached other regions in the Spanish dominions, e.g. South America. The Nao of China or Manila Galleons –as the trade route was known- operated for 250 years until the Spanish rule in Latin America started its collapse (Bonialian, 2018; Zottele, 2019).

Between the XIX and half of the XX century, economic exchanges between China and Latin America were limited, often mediated by English trade companies. With the foundation of the People's Republic of China in 1949, friendly exchanges with Latin America became more fluent, despite US government attempts to undermine these relations. After establishing diplomatic relations with Cuba in the 60s, twelve other countries followed this trend in the 70s, including Mexico, Argentina and Brazil. During the Reform and Ope-



ning Up, Latin American countries with diplomatic relations increased to 19, while other nations considered establishing exchanges years later. During this period, economic and trade relations flourished, with a total import and export value rising from US\$1.26 billion in 1979 to US\$8.37 billion in 1997 (National Bureau of Statistics, 2021). In addition, most Latin American countries supported China's entry into the World Trade Organization (WTO) in 2001.

By the end of the first decade of the 2000s, the economic exchanges between China and Latin America reached new milestones in cooperation (e.g. trade, investment, science and technology). During ten years, commercial exchanges grew at an average rate of 31%, reaching US\$180 billion in 2010 (Inter-American Development Bank, 2010). In particular, Chinese companies' investment in Latin America started during this period, especially promoted through the Go Out policy. Additionally, science and technology cooperation was promoted by think tanks, research centers, universities, and other public institutions, resulting in many bilateral agreements (China Daily, 5/9/22).

Nevertheless, these achievements were modest compared with the following decade. In 2013, Xi Jinping established the Belt and Road Initiative (BRI) to boost economic, cultural, educative and scientific cooperation between China and the world. The BRI includes two geographically different projects. On the one hand, the Silk Road Economic Belt aims to develop overland and railway routes to western regions in Central Asia and Europe. On the other hand, the 21st Century Maritime Silk Road represents Indo-Pacific trade routes to South East Asia, Africa, and Latin America as a natural extension. Since the beginning of the BRI, many Latin American and Caribbean countries became members.

Trade and investment between both regions tripled those in the previous decade, reaching a trade value of US\$450 billion in 2020, while Chinese companies FDI in Latin America amounted roughly US\$17 billion, mainly in South America (Council of Foreign Relations, 2022).

#### 4.2 Sino-Latin American economic relations: Today snapshot

The economic relations between China and Latin America, particularly in terms of trade, can be defined as complementary. Latin America mainly exports raw materials such as soybeans, copper, petroleum, lithium, oil and other resources to build industrial infrastructure. On the contrary, China's exports to Latin America include products with higher added value, e.g. machinery and technology manufactures (World Bank Data, 2022). However, some experts warned about these trade patterns, because they may undermine local industries with cheaper Chinese products and drive countries to fall into the resource curse (Smith and Waldner, 2021). Despite critical perspectives, other studies explained that Latin American countries should understand their current capabilities and find ways to improve their industrial base through technological and knowledge acquisition (Zhang and Shen, 2021). In fact, the Belt and Road Initiative works as a platform to promote win-win cooperation in terms of economic development and social inclusion.

Regarding financial activities, foreign direct investment (FDI) and government loans played a major role. China's FDI in Latin America has a significant presence in many industries and sectors, especially in oil, mining, energy, infrastructure and agriculture (World Bank Data, 2022). Since 2010, Chinese companies have invested an average of US\$10 billion per year in Latin American countries (CEPAL, 2014). This region

still has insufficient investment and better infrastructure than other possible markets, making Latin America a highly competitive target for FDI. In addition, Chinese government loans are among the region's top lenders. The China Development Bank and Export and Import Bank of China have loaned more than US\$137 billion to Latin American governments, often used to build infrastructure facilities. Among the countries in the region, Venezuela is the largest borrower, taking loans worth US\$62 billion since 2007 (Council of Foreign Relations, 2022).

Latin America is attractive to Chinese companies due to several reasons. This region has a vast territory with rich natural resources, even qualified and well-educated population in capital cities. Latin American markets have a potential consumption capacity, and have developed economic integration during the last decades (e.g. MERCOSUR, UNASUR, Andean Community, CARICOM, CACM, Pacific Alliance, etc.). Most Latin American countries have looked for heterodox trade partners behind traditional ones, either due to American withdrawal from their backyard (The Diplomat, 04/01/18) or government ideological differences with neighbours in the global north (Americas Quarterly, 18/07/22). In addition, the trade conflict between the United States and China resulted in Chinese multinational companies choosing new markets to diversify their supply chains, especially in Mexico and Brazil. Some Latin American countries have signed free-trade bilateral agreements with China (Chile, Costa Rica, Peru), while other countries such as Ecuador, Uruguay, Panama, Colombia and Nicaragua may follow (South China Morning Post, 28/08/2022). In most countries in the region, China became the first or second trade partner, even replacing the United States as a leading market.

Regarding investment opportunities, the Latin American region cannot be ignored. Besides people's qualifications and consumption capacity, infrastructure and development rates are higher than African or Central Asian countries (United Nations, 2021). Greenfield investment -parent companies creating subsidiaries in the host country and building operations from the ground- can be easier to promote when the local environment is friendly and require fewer transaction costs. Generally speaking, Latin American regions lack of religious or ethnic conflicts; and it is the only continent without nuclear weapons. In this stable and business-friendly environment, Chinese MSMEs may be able to launch their ventures as greenfield investments or foreign companies' acquisitions without much concern about local risks. Nevertheless, Chinese MSMEs operations in Latin America may face some difficulties due to insufficient capabilities and knowledge.

#### 4.3 Chinese MSMEs engagement in Latin America

Previous literature focused on MSMEs' internationalization, particularly enterprise difficulties and drivers in the internationalization process. According to different theoretical frameworks, these issues are explained from diverse perspectives. The resource-based view (RBV) focuses on resources and capabilities that firms deploy in their international expansion. Many studies highlighted that MSMEs' expansion to other markets (e.g. Latin America) not only depends on their resources (e.g. capital, labor, product quality, etc.) but also relies on organizational knowledge (Fornes and Cardoza, 2018; He et al., 2018). For example, some companies may have international experience, thus understanding foreign cultures and markets. These companies may suffer fewer liabilities of foreignness which usually result from a lack of knowledge regarding the host country (Fornes and Cardoza,

2018). In addition, MSMEs depend on networking capabilities with intermediary agents during the first stages of the expansion and connections with local companies (Bai et al., 2020; Billore and Billore, 2020; He et al., 2020). The role of technological innovation has been important in MSMEs' internationalization (Bagheri et al., 2018), and previous studies have confirmed the effect of internet capabilities on Chinese companies' marketing and export performance (Jean and Kim, 2019). Finally, some studies confirmed that behavioral and firm constitution factors may affect Chinese MSMEs' international entrepreneurship orientation, for instance, enterprise leadership style (Li et al., 2021) and family ownership (Yang et al., 2018), increasing or reducing foreign expansion, respectively.

Despite internal factors affecting international business, Latin American markets could be an opportunity for Chinese MSMEs, especially if they can comprehend the regional environment in terms of economic, cultural, geographic, and administrative differences. As mentioned, this region has resources, infrastructure, education, and consumption capacity, making it appealing for trade or investment. Actually, Chinese MSMEs are accelerating their commercial relationships with Latin America and the Caribbean even under highly uncertain international environments (e.g. COVID-19 pandemic, geopolitical conflicts, etc.) characterized by business interruptions and travel bans. For example, bilateral trade between China and Latin America was about US\$450 billion in 2021, a sharp increase compared with the previous year, which dropped to US\$315 billion (WTO, 2022). Overall, Latin American consumption capacity regarding Chinese products was slightly affected, showing consumers' loyalty and market strengths.

Chinese MSMEs' engagement in Latin America and economic complementarities may bring additional outcomes. Shared knowledge and technology transference may strengthen friendly relations between both regions, reinforcing long-term and sustainable cooperation. On the one hand, Chinese companies are technologically advanced, and they have government support. Latin American companies, in turn, are important assets for the global value chain. Chinese and Latin American MSMEs can learn from each other by working together in business projects, thus creating a reciprocal synergy that may result in cost reduction, technology transference, and overall efficiency. Plenty of research analyzed the role of mutual organizational learning during international operations, particularly during joint ventures (Nippa and Reuer, 2019) and acquisitions (Cuypers et al., 2016). In other words, Chinese companies' operations in Latin America may result in joint benefits and bilateral advantages.

#### 4.4 MSMEs exports in Latin America

Previous literature has analyzed the process of internationalization, particularly MSMEs' entry mode in foreign markets. Several frameworks explained this process according to foreign expansion drivers or enterprise characteristics. For instance, the Uppsala model (Johnson and Vahlne, 1977), the international new ventures perspective (Chetty and Campbell-Hunt, 2004), the network theory (Lu et al., 2010), and the resource-based view (Naidu and Prasad, 1994). In addition, previous research identified key internal (e.g. human capital, resource poverty, product quality, manager capability, etc.) and external barriers (e.g. currency and transactional risks, government policies, socio-cultural obstacles, market conditions, etc.) affecting the market entry. Besides the multiple factors affecting business internationalization, scholars

recognize three basic ways to expand MSMEs operations abroad: Foreign direct investment, contractual cooperation agreements (e.g. licensing and franchising), and exports (Chetty and Agndal, 2007).

According to the literature, MSMEs' internationalization usually starts by selling products or services abroad (i.e. exports). Due to their size and lack of resources, MSMEs may suffer more barriers in making foreign investments (compared to large private corporations or state-owned enterprises). Most Chinese FDI in Latin America was made by state-owned companies in strategic sectors such as minerals, oil, energy, and infrastructure. In addition, many Chinese MSMEs used to supply large manufacturers with cheap components, thus not involving themselves in foreign direct sales or marketing. Therefore, several MSMEs operate as original equipment manufacturer or original design manufacturer (Su et al., 2020) without providing much added value during the production process. Despite these limitations, many Chinese MSMEs explored foreign markets by selling their products and services abroad. Their business model usually targets crowded and competitive markets, though sometimes they look for market gaps and specialization, a model known as Niche Strategy (Su et al. 2020).

Regarding Chinese products and services, some economic sectors might be more profitable. In general, MSMEs' business concentrated in manufactures, machinery, transports equipment and chemicals. Latin American countries with relatively strong industries and large territories, such as Argentina, Brazil and Mexico, buy electrical and non-electrical machinery, chemicals, metals, manufactures and transport equipment. On the contrary, countries with relatively undeveloped industries, for example, Peru, Chile, Bolivia, Costa

Rica, Cuba, and Panama, have a more diversified demand, including clothing, leather, footwear, and daily products made abroad (Table 4). In addition, Latin American imports depend on the national economy, including industrial strengths and market suppliers. For instance, Mexico's textile industry is relatively strong compared to other countries in the region, and Colombia may have higher loyalty to traditional suppliers (e.g. USA). Therefore, Chinese MSMEs must pay attention to national characteristics and make business intelligence before choosing markets (Cheng et al. 2020).

In relative terms, Chinese MSMEs add more value to their products than those from Latin America. As mentioned, many Chinese firms specialize in sectors and industries involving a complex value chain, technical knowledge, and innovation. Alternatively, some Latin American firms tend to export raw materials and products with low added value, e.g. cereals, vegetable oil, petroleum, timber, and other agricultural products. Despite unfavorable trade conditions for developing countries, Latin American MSMEs should learn to cooperate with their Chinese counterparts and look for business opportunities, knowledge, and technology transference. By considering this approach, we believe that Chinese MSMEs' internationalization towards Latin American markets may create unique opportunities to produce value and improve people's economic conditions.



**Table 4.** Latin American countries' imports from China by type of product (% of total 2017-2021)

	AR	BO	BR	CH	CO	CR	CU	EC	MX	PA	PE	VE
Minerals and metals	8.0	16.2	10.7	14.1	11.9	19.0	12.5	18.4	6.8	27.2	15.5	25.1
Chemicals	15.2	11.7	15.0	8.6	11.3	9.4	10.6	10.8	5.6	8.4	9.3	6.6
Textiles	5.6	5.6	7.6	5.1	9.3	5.4	4.3	5.5	3.5	6.2	7.8	3.0
Clothing	2.0	0.6	3.1	9.7	2.8	5.9	1.3	1.9	1.6	5.3	4.9	2.7
Leather, etc.	1.8	5.4	1.7	4.6	4.1	6.1	5.4	3.9	2.0	4.7	4.7	5.6
Non-electrical machinery	19.8	20.7	14.2	14.6	17.6	13.4	19.6	16.7	23.5	17.9	15.1	20.1
Electrical machinery	31.3	14.4	29.5	24.9	28.3	21.2	20.8	20.7	39.6	12.6	25.3	16.7
Transport equipment	6.3	14.3	9.1	6.6	4.0	4.9	13.6	11.0	4.8	3.1	6.5	10.8
Manufactures	7.8	8.2	5.6	6.3	7.7	7.4	6.0	7.7	9.9	7.4	7.5	5.8
Other	2.2	2.9	3.5	5.5	3.0	7.3	5.9	3.4	4.7	7.2	3.4	3.6

Note: AR: Argentina; BO: Bolivia; BR: Brasil; CH: Chile; CO: Colombia; CR: Costa Rica; CU: Cuba; EC: Ecuador; MX: México; PA: Panamá; PE: Perú; VE: Venezuela.

Source: Own elaboration with data from the World Trade Organization (2022).

## 5. THE BELT AND ROAD INITIATIVE: A PLATFORM FOR MSMEs INTERNATIONALIZATION IN LAC

The Belt and Road Initiative is a key framework to promote MSMEs' internationalization (Huang, 2016). This project is a worldwide infrastructure development strategy launched in 2013 by president Xi Jinping, covering more than 147 countries. Initially, the vast collection of infrastructure and investment mainly focused on highways, railroads and energy across Central Asia, the Middle East, and Europe (i.e. *Silk Road Economic Belt*). Additionally, maritime routes are considered across South East Asia, South Asia and the western coast of Africa (i.e. *21st Century Maritime Silk Road*). In this last project, Latin America was included as a natural extension and strategic region for trade and investment development, and until now, 21 LAC countries have joined this project (*Table 5 and Graph 1*). Overall, the Belt and Road Initiative aims to: “(1) promote the connectivity across the countries, (2) set up all-dimensional, multi-tiered

and composite connectivity networks, and (3) realize diversified, independent, balanced and sustainable development that follows a high-standard, people-centered and sustainable approach” (United Nations, 2022).

According to the World Bank, the Belt and Road Initiative increased trade flows between members by 4.1%, reduced the cost of global trade between 1.1% and 2.2%, and increased Pacific Rim countries’ GDP to roughly 3.9% (World Bank, 2022). In addition, estimations consider that the world GDP may increase to US\$7.1 trillion per annum by 2040 and the benefits will be able to spread across the member nations through infrastructure that boost exchanges and reduce trade barriers (CEBR, 2019). Until March 2022, several countries signed the Memorandum of Understanding with China, while many other countries may join in the following years. Currently, members are located across all the continents and regions: Sub-Saharan Africa (43), Europe (18), Central Asia (17), East Asia and Pacific (25), Middle East and North Africa (18), South East Asia (6), and Latin America and Caribbean (21). In the Latin American region, BRI members represent 60% of the total, a considerable share if we consider this region was highly influenced by the United States during the second half of the XX century.

**Table 5.** LAC countries signature of BRI’s memorandum of understanding (MoU)

Country	Date	Country	Date
Panama	11/2017	El Salvador	11/2018
Trinidad y Tobago	05/2018	República Dominicana	11/2018
Suriname	05/2018	Chile	11/2018
Antigua y Barbuda	06/2018	Cuba	11/2018
Bolivia	06/2018	Ecuador	12/2018
Dominica	07/2018	Barbados	02/2019
Guyana	07/2018	Jamaica	04/2019
Uruguay	08/2018	Perú	04/2019
Costa Rica	09/2018	Nicaragua	01/2022
Venezuela	09/2018	Argentina	02/2022
Grenada	09/2018		

Source: Own elaboration with data from Belt and Road Initiative official website (2022).

Despite Chinese MSMEs' relative weakness compared to large SOEs' financial and political resources, these companies still enjoy the benefits of the BRI during their internationalization process. For example, increased productivity, lower costs faced by producers and consumers, shorter shipping time, increased cross-border trade, and increased economic growth. First, the Belt and Road Initiative creates considerable economic growth that can be reinvested in R&D, improving technical and managerial productivity (Huang, 2016; Jiang et al., 2021). Second, transportation infrastructure reduces the cost of shipping while innovation dampens production costs, reducing the final price (Li et al., 2021). Third, better transportation facilities may reduce shipping time and make MSMEs' international sales more dynamic and competitive (Wang et al., 2020). Fourth, increased border trade may improve commercial procedures such as customs and trade legislation, thus making them more efficient and dynamic.

*Graph 1. Latin American BRI members by March 2023.*



*Source: Own elaboration with data from [www.eng.yi-daiyilu.gov.cn](http://www.eng.yi-daiyilu.gov.cn)*

Finally, increased economic growth for China has all kinds of benefits, not only for MSMEs but also for Chinese people as a whole, since economic growth is the first condition for economic development and people's well-being.

Another opportunity for Chinese MSMEs' internationalization is the Digital Silk Road. Announced in 2015 as an integral part of the BRI, this infrastructure project aims to improve global telecommunication networks, AI capabilities, cloud computing, surveillance technologies, mobile payment systems and e-commerce (Nature, 30/01/18). The Digital Silk Road also provides support to Chinese exporters, where MSMEs may become specially benefited (Guo, 2018; He, 2022; Shen, 2018). When aiming to target geographically distant markets such as those in Latin America, MSMEs can make full use of e-commerce platforms. E-commerce and mobile payment are relatively well-developed in Latin America, with some local corporations controlling a considerable proportion of the market (e.g. *Mercado Libre*, Forbes 16/12/21). In this regard, it represents a great opportunity for e-commerce cooperation between Chinese and Latin American companies, since some Chinese e-payment methods were quite successful in foreign markets, e.g. WeChat Pay in Malaysia and Indonesia, and other instruments such as Alipay and Digital Yuan may expand their operations abroad in the near future. In addition, the COVID-19 pandemic undermined global trade by imposing travel bans that still affect international business between China and the world. However, through B2B or B2C e-commerce platforms, Chinese MSMEs may overcome some of these problems to keep in contact with Latin American customers and suppliers.

Overall, the Belt and Road Initiative is the best institutional framework that Chinese MSMEs ever had to operate in

Latin American markets, and improve international business opportunities. As previously said, this project has a considerable presence in Latin America and the Caribbean region, and brings all kinds of benefits to MSMEs' sales and trade flows. Additionally, the Digital Silk Road provides assistance and technologies to Chinese MSMEs in their internationalization process, thus giving them good chances to succeed. We expect both Chinese and Latin American MSMEs will seize this opportunity to enhance cooperation and develop sustainable business projects.

## 6.- CONCLUSION AND FURTHER RESEARCH

Some research has underestimated the role of MSMEs in economic development and social inclusion. Academicians mainly focused on large companies (particularly those listed on stock markets) not only because it may be easier for them to get quantitative data, but also due to a dominant liberal ideology in business research that trivializes people's well-being. In China, business research widely explained MSMEs' role in the economy, which in fact represents a considerable proportion in terms of economic units (i.e. 99.7% of the total enterprises), national employment (i.e. 79.4% of the total employment), regional development (i.e. homogeneous distribution across the country), and contribution to technology innovation (70% of the total patents and intellectual property) (China's Intellectual Property Office, 2021; Ministry of Industry and Information Technology, 2021). By capitalizing previous experiences regarding planned economy, the Chinese government closed the gap between theory and praxis through careful study, detailed strategies, and policy-making to promote MSMEs' growth in a scientific manner. These policies had positive effects on economic development with

social inclusion as well as speeding the MSMEs internationalization process.

In this context, Latin American markets became essential to Chinese MSMEs due to a long history of friendship and cooperation between both regions as well as market competitive advantages in terms of resources, human qualifications, and modest infrastructure development. As partners in Latin American markets, Chinese companies contributed to local value chains through synergies with domestic institutions, enterprises, and governments, thus making MSMEs more competitive at home and abroad. In the last twenty years, Chinese MSMEs developed valuable relations in Latin American and the Caribbean region by increasing trade, fostering investment, boosting domestic employment, transferring technology, promoting ecological projects and economic digitalization, and overall making China the first commercial and financial partner in many Latin American countries.

Despite some evidence about Chinese MSMEs' competitive advantages in Latin American markets and their role in economic development, our work suffers methodological limitations. The deductive method seems insufficient to determine the effect of MSMEs since our work neither analyzed quantitative data nor proved our hypotheses with statistical models. We hope future research will assume the task of analyzing these relations with the state-of-art in quantitative methods, thus providing a more suitable research design. In addition, there are some literature gaps that future research may focus on. For example:

- The cultural barriers that Chinese MSMEs might suffer while dealing with Latin American customers, intermediaries, suppliers and governments;

- The corporate and financial resources that may facilitate (or undermine) business projects in Latin America and the Caribbean;
- The role of home and host country institutions in Chinese MSMEs internationalization as well as the Belt and Road Initiative in Latin American markets;
- The geo-economic diversity in the LAC region, and cooperation between Chinese and local MSMEs.

By addressing these research gaps, academicians and practitioners may get some understanding about Chinese MSMEs' strengths and weaknesses in the LAC region, taking a full account about cultural, resource-based, institutional, and geographical factors. In fact, the Belt and Road Initiative has been a key framework for MSMEs' internationalization, and the Latin American integration into the 21st Century Maritime Silk Road. This project created all kinds of opportunities for mutual understanding as well as economic benefits in terms of infrastructure, connectivity, and shared knowledge. Overall, scholars' main contribution to the Belt and Road Initiative should focus on the possible issues that MSMEs may face during their expansion, win-win cooperation among regions, and economic development gaps between countries. In other words, social inclusion and people's well-being is the final goal in our efforts to build a Sino-Latin American community with a shared future.

## REFERENCES

- Abor, J., Quartey, P. (2010). Issues in SME development in Ghana and South Africa. *International Research Journal of Finance and Economics*, 39 (1), 218-228.
- Adelman, I., (2000). Fifty years of economic development: What have we learned?. *Economics*, 28 (7).

- Alon, I., Wang, H., Shen, J., Zhang, W., (2014). Chinese state-owned enterprises go global. *Journal of Business Strategy*. 35 (6), 3-18.
- Americas Quarterly (18/07/2022). "Latin America's second pink tide looks very different from the first". <https://www.americasquarterly.org/article/latin-americas-second-pink-tide-looks-very-different-from-the-first/>
- Arrighi, G. (2009). *Adam Smith in Beijing: Lineages of the 20st Century*. Verso: London.
- Bagheri, M., Mitchelmore, S., Bamiatzi, V. & Nikolopoulos, K. (2018). Internationalization orientation of SMEs: The mediation role of technological innovation. *Journal of International Management*. 25 (1), 121-139.
- Bai, W., Johnson, M., Oliveira, L. y Ratajczak-Mrozek, M. (2021). The role of business and social networks in the effectual internationalization: Insights from emerging market SME. *Journal of Business Research*. 129 (1), 96-109.
- Ballas, D., Dorling, D., Hennig, B. (2018). Analysing the regional geography of poverty, austerity, and inequality in Europe: A human cartographic perspective. In Turok et al. *Transitions in regional economic development*. Routledge.
- Billore, S., Billore, G. (2019). Internationalization of SMEs and market orientation: A study of customer knowledge, networks and cultural knowledge. *European Business Review*. 32 (1), 69-85.
- Bonialian, M. (2018). Una relación olvidada y desconocida: La ruta de la Seda china en América Latina durante los tiempos coloniales. In Guo, C., Mera, C., *La Franja y la Ruta y America Latina: Nuevas oportunidades y desafíos*. China Intercontinental Press: Beijing.
- Buckley, P. J., Cross, A., Tan, H., Liu, X. y Voss, H. (2010). Historic and emerging trends in Chinese outward direct investment. In Buckley, P. J. *Foreign direct investment, China and world economy*. Palgrave Macmillan: London.



- CEPAL (2014). Chinese foreign direct investment in Latin America and the Caribbean. Division de Desarrollo Economico. ECLAC.
- Chen, J. (2006). Development of Chinese small and medium-sized enterprises. *Journal of Small Business and Enterprise*. 13 (2), 140-147.
- Cheng, C., Zhong, H. & Cao, L. (2020). Facilitating speed of internationalization: The roles of business intelligence and organizational agility. *Journal of Business Research*. 110 (1), 95-103.
- Chetty, S. & Agndal, H. (2007). Social capital and its influence on changes in internationalization mode among small and medium-sized enterprises. *Journal of International Marketing*. 15 (1), 1-29.
- Chetty, S. y Campbell-Hunt, C. (2004). A strategic approach to internationalization: A traditional versus a “born global” approach. *Journal of International Marketing*. 12 (1), 57-81.
- China Daily (5/9/22). “Sci-Tech cooperation hailed with Latin America”. <https://www.chinadaily.com.cn/a/202209/05/WS63154cd1a310fd2b29e75e29.html>
- China Intellectual Property Office (2021). <https://baijiahao.baidu.com/s?id=1697467700767508814andwfr=spiderandfor=pc>
- Council of Foreign Relations (12/04/22). “China’s growing influence in Latin America”. <https://www.cfr.org/background/china-influence-latin-america-argentina-brazil-venezuela-security-energy-bri>
- Cuypers, I.R.P., Cuypers, Y. & Martin, X. (2016). When the target may know better: Effects of experience and information asymmetries on value from mergers and acquisitions. *Strategic Management Journal*. 38 (3), 609-625.
- The Economist (10/9/2009). “China’s struggling small firms: Small fish in a big pond”. <https://www.economist.com/business/2009/09/10/small-fish-in-a-big-pond>

- Falahat, M., Ramayah, T., Soto-Acosta, P. & Lee, Y. (2020). SMEs internationalization: The role of product innovation, market intelligence, pricing and marketing communication capabilities as drivers of SMEs' international performance. *Technological forecasting and social change*. 152 (1), 1-7.
- Ferraris, A., Santoro, G. & Bresciani, S. (2017). Open innovation in multinational companies subsidiaries: The role of internal and external knowledge. *European Journal of International Management*. 11 (4), 452-468.
- Forbes (16/12/21). "Want to own the Amazon of Latin America? Check out Mercado Libre". <https://www.forbes.com/sites/michaelcannivet/2021/12/16/want-to-own-the-amazon-of-latin-america-checkout-mercadolibre/?sh=6d99246f7026>
- Forcadell, F. J. & Aracil, E. (2019). Can multinational companies foster institutional change and sustainable development in emerging countries? A case study. *Business Strategy and Development*. 2 (2), 91-105.
- Fornes, G. & Cardoza, G. (2018). Internationalization of Chinese SMEs: The perception of disadvantages of foreignness. *Emerging Markets Finance and Trade*. 55(9), 1-20.
- Geek Wire (15/01/2019). "Satellogic strikes Chinese deal to launch 90 satellites for earth-watching network". <https://www.geekwire.com/2019/satellogic-strikes-chinese-deal-launch-90-satellites-earth-watching-constellation/>
- Gorroigos Simon, F.J., González-Cruz, T. & Contreras-Pacheco, O. (2016). Policies to enhance social development through the promotion of SME and social entrepreneurship: A study in the Colombian construction industry. *Entrepreneurship and Regional Development*. 29 (1-2).
- Guo, H. (30/01/18) "Steps to the Digital Silk Road". *Nature*. <https://www.nature.com/articles/d41586-018-01303-y>
- Hanle, F., Cambre, B. & Weil, S. (2021). A systematic review on the internationalization of Chinese SME: Thematic expansion, new impulses and potential avenues for future research.

- Journal of Entrepreneurship in Emerging Economies*. 14 (6), 188-1228.
- He, C., Baranchenko, Y., Lin, Z., Szuucki, M. & Yukhanaev, A. (2020). From global mindset to international opportunities: The internationalization of Chinese SMEs. *Journal of Business Economics and Management*. 21 (4), 967-986.
- He, A. (2022). The Digital Silk Road and China's influence on standard setting. Centre for International Governance Innovation.
- Hsu, W.T., Chen, H.L. & Cheng, C. Y. (2013). Internationalization and firm performance of SMEs: The moderating effects of CEO attributes. *Journal of World Business*, 48 (1), 1-12.
- Huang, Y. (2016). Understanding China's Belt and Road initiative: Motivation, framework and assessment. *China Economic Review*. 40 (1), 314-321.
- Inter-American Development Bank (2010). Ten years after the take-off: Taking stock of China-Latin America and the Caribbean economic relations. China-LAC Business Summit, Chengdu, October 21-22, 2010.
- Jaffee, D. (1998). *Levels of Socio-Economic Development Theory*. Greenwood Publishing Group: Santa Barbara.
- Jean, R., & Kim, D. (2019). Internet and SMEs internationalization: The role of platform and website. *Journal of International Management*. 26 (1), 1-14.
- Jia, J., Ma, G., Qin, G. & Wang, L. (2020). Place-based policies, state-led industrialization, and regional development: Evidence from China's Great Western Development Programme. *European Economic Review*. 123 (1).
- Jiang, J., Li, Z. & Lin, C. (2014). Financing difficulties of SMEs from its financing sources in China. *Journal of Service Science and Management*. 7 (3).
- Jiang, Q., Ma, X. & Wang, Y. (2021). How does the one belt one road initiative affect the green economic growth?. *Energy Economics*. 101 (1).

- Johnson, J. & Vahlne, J.E. (1977). Internationalization process of the firm: A model of knowledge development and increasing foreign market commitments. *Journal of International Business Studies*, 8 (1), 23-32.
- Kang, Y., Scott-Kennel, J., Battisti, M. & Deakins, D. (2021). Linking inward/outward FDI and exploitation/exploration strategies: Development of a framework for SMEs. *International Business Review*. 30 (3).
- Keynes, J.M. (1936). *The general theory of employment, interest, and money*. Macmillan: Cambridge.
- Ko, W.W., Chen, Y., Chen, C.H., Wu, M.S. & Liu, G. (2021). Proactive environmental strategy, foreign institutional pressures, and internationalization of Chinese SMEs. *Journal of World Business*. 56 (6).
- Kongolo, M. (2010). Job creation versus job shedding and the role of SMEs in economic development. *African Journal of Business Management*. 4 (11), 2288-2295.
- Li, X., Sohail, S., Majeed, M.T. & Ahmad, W. (2021). Green logistics, economic growth, and environmental quality: Evidence from one belt and road initiative economies. *Environmental Science and Pollution Research*. 28 (1), 30664-30674.
- Li, J., Liu, B. & Qian, G. (2019). The belt and road initiative, cultural friction and ethnicity: Their effects on the exports performance of SMEs in China. *Journal of World Business*. 54 (4), 350-359.
- Li, X., Wang, Y., Yang, M. & Tang, Y. (2021). Owner CEO Narcissism, international entrepreneurial orientation and post-entry speed of internationalization: An empirical study of exporting SMEs from China. *International Marketing Review*. Ahead-of-print.
- Liu, X. (2008). SME development in China: A policy perspective on SME industrial clustering. In Lim, H., (ed.), *SME in Asia and Globalization*, ERIA Research Project Report 2007-5, 37-68.

- Love, J.H. & Roper, S. (2015). SME innovation, exporting and growth: A review of existing evidence. *International small business journal: Researching entrepreneurship*. 33 (1).
- Lu, Y., Zhou, L., Bruton, G. & Li, W. (2010). Capabilities as a mediator linking resources and the international performance of entrepreneurial firms in an emerging economy. *Journal of International Business Studies*. 41 (3), 419-436.
- MacKinnon, D., Dawley, S., Pike, A. & Cumbers, A. (2019). Rethinking path creation: A geographical political economy approach. *Economic geography*. 95 (2), 113-135.
- Manzoor, F., Wei, L., Nurunnabi, M. & Subhan, Q.A. (2019). Role of SME in poverty alleviation in SAARC region via panel data analysis. *Sustainability*. 11 (22).
- Naidu, G.M. & Prasad, V.K. (1994). Predictors of export strategy and performance of small- and medium-sized firms. *Journal of Business Research*. 31 (2-3), 107-115.
- Nature (30/01/18). "Steps to the Digital Silk Road". <https://www.nature.com/articles/d41586-018-01303-y>
- Neubert, M. (2019). The impact of digitalization on the speed of internationalization of lean global start-ups. *Technology Innovation Management Review*. 8 (5), 44-54.
- Nippa, M. & Reuer, J.J. (2019). On the future of international joint venture research. *Journal of International Business Research*. 50 (1), 555-597.
- Peng, M.W. (2005). Perspectives – From China strategy to global strategy. *Asia Pacific Journal of Management*. 22 (1), 123-141.
- Rodrigues, R., Samagaio, A. & Felicio, T. (2020). Corporate governance and R&D investment by European listed companies. *Journal of Business Research*. 115 (1), 289-295.
- Ruzzier, M., Hisrich, R.D. & Antoncic, B. (2006). SME internationalization research: Past, present, and future. *Journal of small business and enterprise development*. 13 (4), 476-497.

- Shapiro, C. & Stiglitz, J. (1984). Equilibrium unemployment as a worker discipline device. *The American Economic Review*. 74 (3), 433-444.
- Shen, H. (2018). Building a Digital Silk Road? Situating the internet in China's Belt and Road Initiative. *International Journal of Communication*. 12 (1).
- South China Morning Post (28/08/22). "China slowly undercutting US influence in Latin America with 5 'new factor' trade deals". <https://www.scmp.com/economy/global-economy/article/3190316/china-slowly-undercutting-us-influence-latin-america-5-new>
- Spender, J.C., Corvello, V., Grimaldi, M. & Rippa, P. (2017). Startups and open innovation: A review of the literature. *European Journal of Innovation Management*. 20 (1), 4-30.
- Smith, B. & Waldner, D. (2021) .*Rethinking the resource curse*. Cambridge University Press: London.
- Sun, J., Maksimov, V., Wang, S.L. & Luo, Y. (2021). Developing compositional capability in emerging-market SMEs. *Journal of World Business*. 56 (3).
- Sun, S. & Chen, Q. (2020). Household responsibility system and China's agricultural growth revisited: Addressing endogenous institutional change. *Economics of transition and institutional change*. 28 (4), 537-558.
- Telam (13/07/22). "El INVAP acordó con empresas chinas para exportar reactores y producir radioisótopos". <https://www.telam.com.ar/notas/202207/598179-acuerdo--invap-empresas-chinas-radioisotopos-medicinales.html>
- The Diplomat (04/01/18). "As America withdraws from Latin America, China steps in". <https://thediplomat.com/2018/01/as-america-withdraws-from-latin-america-china-steps-in/>
- United Nations (15/10/1997). Agenda for Development. Resolution adopted by the General Assembly.
- United Nations (2022). Partnering for a brighter shared future. UN Department of Economic and Social Affairs.

- United Nations (2021). Human Development Report 2021-22: Uncertain times, unsettled Lives: Shaping our future in a transforming world. UN Development Programme. New York
- Van Tulder, R., Rodrigues, S. B., Mirza, H. & Smith, K. (2021). The UN's sustainable development goals: Can multinational enterprises lead the Decade of Action?. *Journal of International Business Policy*. 4 (1), 1-21.
- Wang, C., Lim, M.K., Zhang, X., Zhao, L. & Lee, P.T. (2020). Railway and road infrastructure in the Belt and Road initiative countries: Estimating the impact of transport infrastructure on economic growth. *Transportation Research Part A: Policy and Practice*. 134 (1), 288-307.
- World Trade Organization (19/11/2022). WTO Stats. <https://stats.wto.org/>
- Yan, H., Hu, X. & Liu, Y. (2020). The international market selection of Chinese SMEs: How institutional influence overrides psychic distance. 29 (4).
- Yang, X., Li, J., Stanley, L. J., Kellermanns, F. W., Li, X., 2018. How family firm characteristics affect internationalization of Chinese family SMEs. *Asia Pacific Journal of Management*. 37 (1), 417-448.
- Yang, G., Huang, X., Huang, J. & Chen, H. (2020). Assessment of the effects of infrastructure investment under the bel and road initiative. *China Economic Review*. 60 (1).
- Zafar, A. & Mustafa, S. (2017). SME and its role in economic and socio-economic development in Pakistan. *International Journal of Academic Research in Accounting, Finance and Management Sciences*. 6 (4), 1-16.
- Zhang, M. & Merchant, H. (2020). A causal analysis of the role of institutions and organizational proficiencies on the innovation capability of Chinese SMEs. *International Business Review*. 29 (2).
- Zhang, J. & Shen, G. (2021). China y América Latina: Una nueva cooperación en una nueva era. En Li, Y., Zottele,

A.C. *Un nuevo océano azul: Perspectivas para las PYMES de América Latina en la iniciativa de la Franja y la Ruta*. Bubok Publishing: Veracruz.

Zhang, X., Ma, X., Wang, Y., Li, X. & Huo, D. (2016). What drives the internationalization of Chinese SMEs? The joint effects of international entrepreneurship characteristics. Network ties, and firm ownership. *International Business Review*. 25 (2), 522-534.

Zhu, Y., Wittmann, X. & Peng, M. (2012). Institution-based barriers to innovation in SMEs in China. *Asia Pacific Journal of Management*. 29 (1), 1131-1142.

Zottele Allende, A.C. (1977). Instrumentos economicos e ideologia. *Dualismo*. 6 (2),

Zottele Allende, A.C. (2019). *Veracruz: De la Nao de China a la Franja y la Ruta*. Bubok Publishing: Veracruz.



Non Commercial 4.0 International License, which permits the use, adaption and sharing as long as you give appropriate credit to the original author(s) and the source. The images or other third party material in this article are included in the article's Creative Commons license, unless indicated otherwise in a credit line to the material. If materials are not included in the article's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

To view a copy of this license, visit <http://creativecommons.org/licenses/by-nc/4.0/>. © The Author(s) 2022.