Chinese enterprises eye Latin American Internet market

By Wang Hailin from People’s Daily

Chinese businesses have increased their efforts to explore the Latin American Internet market in recent years. Industry insiders believe that a potential increase in consumers brought by Latin America’s population dividend, the growing coverage of networks, the popularization of social media, as well as its lagging technological innovation offers Chinese enterprises golden opportunities.

The GSMA, the international association of mobile service providers, estimated that the number of people across Latin America using their mobile devices to access the Internet is set to grow by 50 percent by the end of the decade.

China proposed a new mode of production capacity cooperation dubbed "three times three" last May, calling on China and Latin America to construct three passages for logistics, electric power and information, launch sound interaction among the three entities of the private sector, society and the government, as well as expand three financing channels including funding, credit loans and insurance.

Collaboration on information technology is rightly part of this mode. With advanced telecommunication equipment, search engine technologies and e-commerce management systems, Chinese enterprises have advantages in the booming Internet economy on the Latin American continent by engaging in the latter’s information industry and network construction.

“Global Web Index” data showed that with 110 million smart phone users as well as a potential market value of 250 billion dollars, Brazil is now the world’s second fastest growing Internet market. In addition, Brazilians top the list for the amount of time spent using mobile Internet.

China’s Internet companies have stretched their coverage to this huge market. The Internet search provider Baidu, for instance, launched the Portuguese version of its search engine in Brazil in 2014, while internet tycoon Tencent has tested the waters there with messaging service WeChat. Qihoo 360, another industry leader, also invested a cloud-based online security company in this Latin American country and launched a series of antivirus products.

Huawei, Chinese telecommunication giant, has already grown into a big partner of major local operators after it accessed to Brazilian market as early as 1996. The firm is now the biggest network equipment provider in Brazil with a 40-plus-percent market share.

Besides the network construction, Chinese companies also extended their share in cross-border e-commerce industry. AliExpress, the global sales platform of Alibaba, is an example.
According to data released by Brazilian Institute of Public Opinion and Statistics (IBOPE), AliExpress has grown into the biggest global sales platform in Brazil, with its orders well ahead of second-placed B2W group, an old local brand.

Amanda, a junior studying in Federal University of Rio de Janeiro, told the People’s Daily that she bought cosmetics and accessories via AliExpress as the latter provides cost-effective products. El País, a mainstream newspaper in Argentina, even commented that about 80 percent of the online shopping packages delivered by local postal offices are from China.

Back in 2014, by applying Chinese technology, experience and capital, Baidu founded Latin America’s first business community for online-to-offline (O2O) companies, the Brazil O2O Association by teaming up with over 80 local business leaders.

This September, the internet search giant set up Brazil’s first internet investment fund called Easterly Ventures. The São Paulo-headquartered venture, as the first investment fund established by a Chinese internet company in Brazil, will provide and fund technology for local traffic and industry expertise for Brazilian startups.

“We hope to learn from China’s successful experience as e-commerce is a new thing for many Latin American countries,” said Marcos Pueyrredon, president of the Latin American Institute for Electronic Commerce.