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### **Testimony before the U.S.-China Economic and Security Review Commission**

“China’s Expanding Interests in Latin America: Development, Leverage, Coercion, and Crime”

Eleven years ago, the U.S. House of Representatives held a hearing titled “*China’s Influence in the Western Hemisphere.*”<sup>1</sup> At the time, the chairman warned that China’s growing economic, political, and military presence in the region posed serious challenges to the United States. Yet an official from the administration of George W. Bush downplayed the concern, arguing that the United States had been, and would remain, the region’s preferred long-term partner.<sup>2</sup>

Today, that assessment appears far less certain.

China is now the second-largest trading partner of Latin America and the Caribbean (LAC), after the United States, and has been South America’s largest trading partner since 2015.<sup>3</sup> Trade between China and the region has surged over the past two decades, rising from roughly \$18 billion in 2002 to more than \$500 billion in 2022.<sup>4</sup> Beijing’s economic engagement is broad and increasingly institutionalized, including cooperation with the Community of Latin American and Caribbean States (CELAC), of which the United States is not a member. According to Red-ALC data, China has financed more than 678 projects in LAC since 2000, representing over \$203 billion in investment and generating more than 700,000 jobs.<sup>5</sup> Brazil, Peru, Mexico, and Argentina receive the largest share of Chinese investment and account for roughly 76 percent of China’s trade with the region.<sup>6</sup> Overall, about 79 percent of Chinese investment flows to South America, 16 percent to Mexico, and only 5 percent to Central America and the Caribbean.<sup>7</sup>

China’s development agenda in LAC is embedded within broader global frameworks such as the Belt and Road Initiative and the Global Development Initiative. These initiatives form part of Beijing’s wider foreign policy strategy to expand South–South cooperation and reshape elements

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<sup>1</sup> House Committee on International Relations, Subcommittee on the Western Hemisphere, April 06, 2005, Hearing titled “China’s Influence in the Western Hemisphere,” [https://commdocs.house.gov/committees/intlrel/hfa20404.000/hfa20404\\_0.htm](https://commdocs.house.gov/committees/intlrel/hfa20404.000/hfa20404_0.htm)

<sup>2</sup> Ibid

<sup>3</sup> Rebecca Nadin, Elena Kiryakova, Karen Jackson, “China’s economic footprint in Latin America and the Caribbean,” March 03, 2026, <https://odi.org/en/publications/chinas-economic-footprint-in-lac/>

<sup>4</sup> Diana Roy, “China’s Growing Influence in Latin America,” Council on Foreign Relations, June 06, 2025, <https://www.cfr.org/backgrounders/china-influence-latin-america-argentina-brazil-venezuela-security-energy-bri>

<sup>5</sup> Enrique Dussel Peters, “Monitor of Chinese Infrastructure in Latin America and the Caribbean 2024,” Red Alc Monitor, July 22, 2024, [https://docs.redalc-china.org/monitor/images/pdfs/menuprincipal/Dussel\\_Peters\\_Monitor\\_Infraestructura\\_2024\\_ENG.pdf](https://docs.redalc-china.org/monitor/images/pdfs/menuprincipal/Dussel_Peters_Monitor_Infraestructura_2024_ENG.pdf)

<sup>6</sup> Elena Kiryakova, “How deep is China’s Economic Footprint in Latin America and the Caribbean? What the data shows,” March 16, 2026, ODI Global, <https://odi.org/en/insights/how-deep-is-chinas-economic-footprint-in-lac/>

<sup>7</sup> Ibid

of the U.S.-led international system. More than half of the region's countries, 22 of 33, have joined the Belt and Road Initiative.<sup>8</sup>

At the same time, China's economic strategy in the region has shifted. Instead of focusing primarily on large infrastructure projects, it increasingly targets sectors such as renewable energy, emerging technologies, and critical minerals. Financing models have also evolved, with Chinese policy banks playing a smaller role and more projects relying on syndicated or multilateral funding. These adjustments coincide with new global initiatives, such as the Global Development Initiative, that aim to provide a broader framework for China's international development approach.

Taken together, these efforts have created a durable architecture of Chinese influence in the Americas. The challenge now is how LAC governments can engage China while preserving their sovereignty and security. For the United States, the appropriate response is not to attempt to exclude China from the region, an unrealistic goal, but to engage from a position of confidence. Policies based primarily on pressure or confrontation risk weakening the United States' own strategic standing.

Instead, Washington should pursue a coherent regional strategy that emphasizes economic opportunity, resilience, sovereignty, and stronger people-to-people ties. Achieving this will require a sustained bipartisan commitment, backed by congressional resources and coordinated through a dedicated White House mechanism to ensure strategic continuity. A winning strategy recognizes that a LAC that is economically resilient and free to make its own sovereign choices is the winning formula. The region does not want to be passive bystanders in the U.S.-China rivalry, nor should we seek to constrain their choices but instead the U.S. should engage the region on its own terms. Ultimately, a prosperous and resilient LAC, capable of making independent choices, will strengthen both the region and the long-term U.S. interests.

### **China's 2025 Latin America and the Caribbean Policy Paper**

China's engagement has evolved over time. It began with the 2008 China–LAC Policy Paper following the global financial crisis, expanded with the extension of the Belt and Road Initiative to the region, and deepened through the institutionalized dialogue mechanism between China and CELAC.<sup>9</sup> More recently, as globalization becomes increasingly fragmented, Beijing released a third China–LAC Policy Paper in December 2025, outlining the next phase of engagement.<sup>10</sup>

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<sup>8</sup> Rebecca Nadin, Elena Kiryakova, Karen Jackson, "China's economic footprint in Latin America and the Caribbean," March 03, 2026, <https://odi.org/en/publications/chinas-economic-footprint-in-lac/>

<sup>9</sup> Xinhua. "China's Policy Paper on Latin America and the Caribbean," November 6, 2008.

[https://www.chinadaily.com.cn/china/2008-](https://www.chinadaily.com.cn/china/2008-11/06/content_7179488_2.htm#:~:text=cornerstone%20of%20China%27s%20independent%20foreign,America%20and%20the%20Caribbean%20are.)

[11/06/content\\_7179488\\_2.htm#:~:text=cornerstone%20of%20China%27s%20independent%20foreign,America%20and%20the%20Caribbean%20are.](https://www.chinadaily.com.cn/china/2008-11/06/content_7179488_2.htm#:~:text=cornerstone%20of%20China%27s%20independent%20foreign,America%20and%20the%20Caribbean%20are.)

<sup>10</sup> Xinhua. Full text: China's Policy Paper on Latin America and the Caribbean, December 10, 2026,

[https://english.www.gov.cn/news/202512/10/content\\_WS693962c3c6d00ca5f9a08069.html](https://english.www.gov.cn/news/202512/10/content_WS693962c3c6d00ca5f9a08069.html)

In 2025, two major developments shaped China’s strategy toward Latin America and the Caribbean. Like the first policy paper issued during the global financial crisis, the 2025 document frames the international environment as undergoing “changes unseen in a century” and a significant shift in the global balance of power. Consistent with China’s broader diplomatic narrative, it portrays the Global South, where China positions itself as a leading actor, as gaining momentum and playing a growing role in global development. The paper also contains indirect criticism of U.S. policies, opposing “unilateral bullying,” defending global supply-chain stability, and rejecting attempts at economic “decoupling.” In May, China and the Community of Latin American and Caribbean States (CELAC) released the 2025–2027 Joint Action Plan, built around five pillars: solidarity, development, civilization, peace, and people-to-people connectivity. Later that year, in December, Beijing published its third policy paper on LAC relations.<sup>11</sup>

As in earlier policy papers, the document begins by reaffirming the One-China principle, but it adds a new emphasis: Beijing expresses appreciation that most LAC countries oppose “Taiwan independence.” This reflects the continued importance of limiting diplomatic recognition of Taiwan in the region.

The largest and most detailed section focuses on development, outlining 17 areas of cooperation. These include implementing the Global Development Initiative; expanding high-quality cooperation under the Belt and Road Initiative; and strengthening collaboration in trade, finance, energy and resources, infrastructure, manufacturing, agriculture, science and technology, aerospace, maritime affairs, customs coordination, business partnerships, environmental protection and climate action, development assistance, taxation, and market regulation. The prominence of this section highlights the central role of economic cooperation in China–LAC relations. Notably, the term “development assistance” appears for the first time, replacing the earlier focus on “economic and technical assistance.”

Within this framework, China prioritizes cooperation in advanced technologies such as information technology, artificial intelligence, aviation and aerospace, biomedicine, and semiconductor development. The policy paper also highlights the expansion of the BeiDou Navigation Satellite System, China’s alternative to the U.S. GPS network, reflecting Beijing’s efforts to shape global technology standards and deepen space collaboration in the region.

Maritime cooperation includes support for logistics infrastructure linked to China’s Antarctic research missions. This aligns with Beijing’s growing strategic interest in maritime routes near the Strait of Magellan and its broader ambitions in polar governance and satellite-based

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<sup>11</sup> Xinhua. “China’s Policy Paper on Latin America and the Caribbean,” November 6, 2008.

[https://www.chinadaily.com.cn/china/2008-](https://www.chinadaily.com.cn/china/2008-11/06/content_7179488_2.htm#:~:text=cornerstone%20of%20China%27s%20independent%20foreign,America%20and%20the%20Caribbean%20are.)

[11/06/content\\_7179488\\_2.htm#:~:text=cornerstone%20of%20China%27s%20independent%20foreign,America%20and%20the%20Caribbean%20are.](https://www.chinadaily.com.cn/china/2008-11/06/content_7179488_2.htm#:~:text=cornerstone%20of%20China%27s%20independent%20foreign,America%20and%20the%20Caribbean%20are.)

observation.<sup>12</sup> Overall, the 23-page policy paper demonstrates how China–LAC relations have become increasingly institutionalized, expanding across a wide range of economic, technological, and strategic domains.

### **The new Global Initiatives**

Both the 2025 policy paper and the China–CELAC Action Plan place Latin America within Xi Jinping’s broader set of global initiatives: the Global Development Initiative (GDI), the Global Security Initiative (GSI), the Global Civilization Initiative (GCI), and the Global Governance Initiative, alongside “high-quality” cooperation under the Belt and Road Initiative.<sup>13</sup> Together, these initiatives outline Beijing’s vision for a shifting global order and present an alternative to the U.S.-led “rules-based” system. Xi first introduced the GDI at the United Nations in 2021 as a framework to help revive progress toward the Sustainable Development Goals.

China’s 2025 GDI Progress Report notes alignment between the initiative and cooperation with the Community of Latin American and Caribbean States (CELAC), but it does not identify specific projects or participating countries in the region. This suggests that the initiative’s footprint in Latin America remains limited, though it is an area to watch. Beyond development cooperation, the GDI also promotes principles central to China’s diplomatic narrative, including the One-China policy, noninterference in domestic affairs, opposition to Western interpretations of democracy and human rights, and resistance to unilateral sanctions or geopolitical “bloc confrontation.” In international forums such as the United Nations and the World Trade Organization, China has also mobilized a “Friends of GDI” coalition to present itself as a spokesperson for the developing world.<sup>14</sup>

The four global initiatives are designed to reinforce one another and collectively advance China’s governance model. The GSI, proposed in 2022 and later detailed in a concept paper, provides a framework for security, law enforcement, and defense cooperation and has been linked to mechanisms such as the China–Latin America High-Level Defense Forum.<sup>15</sup> The GCI, launched in 2023, promotes a state-centered approach to cultural and political values, challenging the universality of liberal norms such as human rights and democracy.<sup>16</sup> Finally, the

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<sup>12</sup> DeLaine Mayer, “Retreat at the Bottom of the World: US Polar Policy’s Arctic Surge and Antarctic Drawdown,” March 16, 2026, Modern War Institute, <https://mwi.westpoint.edu/retreat-at-the-bottom-of-the-world-us-polar-policys-arctic-surge-and-antarctic-drawdown/>

<sup>13</sup> CHINA – CELAC JOINT ACTION PLAN FOR COOPERATION IN KEY AREAS (2025–2027) (English–Chinese), <https://projectfinance.com.cn/china-celac-joint-action-plan-for-cooperation-in-key-areas%EF%BC%882025–2027%EF%BC%89/2025/05/16/>

<sup>14</sup> Center for International Knowledge on Development, “Progress Report on the Global Development Initiative,” 2023, <https://no.china-embassy.gov.cn/eng/lcibt/lcwj/202401/P020240112016449761416.pdf>

<sup>15</sup> The Inter-American Dialogue, “China’s Global Security Initiative in Latin America,” August 05, 2025, <https://thediologue.org/analysis/chinas-global-security-initiative-in-latin-america>

<sup>16</sup> Michael Schuman, Jonathan Fulton, Tuvia Gering, “How Beijing’s Newest Global Initiatives Seek to Remake the World Order,” Atlantic Council, June 21, 2023,

Global Governance Initiative, announced in 2025, serves as the overarching framework, emphasizing reforms to international institutions, expanding the influence of the Global South, and promoting what Beijing describes as “true multilateralism.”<sup>17</sup> Together, these initiatives illustrate how China is embedding its engagement with Latin America within a broader effort to shape global governance.

### **Discourse Power**

The People-to-People Connectivity pillar of China’s 2025 Policy Paper emphasizes subnational and community-level engagement. Beijing invests in local government forums, friendship associations, tourism dialogues, sports exchanges, and media partnerships to shape perceptions. China maintains at least 47 content-sharing agreements with LAC news outlets, offers 500 training programs for CELAC scholars and journalists, and sponsors film and television translations.<sup>18</sup> China’s programs integrate narratives promoting its governance model even in technical or cultural training.<sup>19</sup>

The Solidarity pillar underscores party-to-party ties, inviting 300 members of CELAC political parties annually to China. This reinforces the Chinese Communist Party’s central role in foreign policy, builds cross-party relationships, and hedges against political volatility in democratic LAC states. By fostering connections beyond incumbent governments, China strengthens its influence and resilience in the region.

### **The Recalibration - “Small but Beautiful”**

Beginning around 2019, China started recalibrating the Belt and Road Initiative, shifting toward what officials describe as “small but beautiful” and “high-quality” projects, sometimes referred to as BRI 2.0.<sup>20</sup> At a 2021 BRI symposium, Xi Jinping emphasized that future overseas cooperation should prioritize targeted, efficient projects in sectors critical to the 21st century.<sup>21</sup>

This adjustment reflects more than a decade of criticism surrounding earlier BRI projects, including concerns about environmental impacts, local opposition, debt sustainability, and security risks. It also coincides with tighter financial conditions in China. As a result, Beijing has gradually shifted away from large-scale infrastructure toward smaller, more focused investments

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<sup>17</sup> Ibid

<sup>18</sup> Center for Latin American & Latino Studies, “Chinese Content Sharing Agreements with Latin American and Caribbean Media,” American University, <https://www.american.edu/centers/latin-american-latino-studies/upload/chinese-content-sharing-agreements-with-lac.pdf>

<sup>19</sup> Niva Yau, “A Global South with Chinese characteristics,” Atlantic Council, June 13, 2024, <https://www.atlanticcouncil.org/in-depth-research-reports/report/a-global-south-with-chinese-characteristics/>

<sup>20</sup> Parks, B. C., Malik, A. A., Escobar, B., Zhang, S., Fedorochko, R., Solomon, K., Wang, F., Vlasto, L., Walsh, K. & Goodman, S. 2023. Belt and Road Reboot: Beijing’s Bid to De-Risk Its Global Infrastructure Initiative. Williamsburg, VA: AidData at William & Mary

<sup>21</sup> Xinhua, “Xi Urges Continuous efforts to promote high-quality BRI development,” [http://en.cidca.gov.cn/2021-11/21/c\\_685270.htm](http://en.cidca.gov.cn/2021-11/21/c_685270.htm)

in areas such as renewable energy, power transmission, electric-vehicle supply chains, and data centers.

These sectors align closely with China's broader economic priorities, particularly energy security and supply-chain resilience, supporting the view that the BRI increasingly functions as an extension of China's commercial and industrial policy. Domestic economic pressures, including slower growth, rising local debt, and a fragile real-estate sector, have also encouraged Beijing to be more selective about overseas investments, especially in high-risk environments such as Venezuela or Cuba.<sup>22</sup> Chinese investment in Latin America, therefore, is not disappearing; it is evolving toward smaller, more strategic projects aligned with China's long-term economic and technological priorities.

This recalibration is global, but its effects are particularly visible in Latin America and the Caribbean (LAC). At a meeting with the Community of Latin American and Caribbean States (CELAC), China announced plans for 300 "small but beautiful" local development projects and 300 technical training opportunities.<sup>23</sup>

According to the China Overseas Foreign Direct Investment Monitor for LAC, Chinese foreign direct investment reached \$8.7 billion in 2023, roughly 10 percent of total FDI flowing into the region.<sup>24</sup> The shift in strategy has brought greater selectivity, with stronger emphasis on commercial viability, risk reduction, and smaller-scale projects. As part of this approach, Beijing also announced a \$9 billion credit line to support infrastructure, poverty reduction, and digital transformation across the region.<sup>25</sup> Chinese state media, including People's Daily, has highlighted examples such as technology partnerships with agricultural seed companies in Costa Rica.<sup>26</sup>

### *Syndication and Multilateralization*

This shift is part of a broader move toward syndication and multilateral financing within the Belt and Road Initiative.<sup>27</sup> By around 2021, roughly half of China's non-emergency overseas lending

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<sup>22</sup> Parks, B. C., Malik, A. A., Escobar, B., Zhang, S., Fedorochko, R., Solomon, K., Wang, F., Vlasto, L., Walsh, K. & Goodman, S. 2023. Belt and Road Reboot: Beijing's Bid to De-Risk Its Global Infrastructure Initiative. Williamsburg, VA: AidData at William & Mary

<sup>23</sup> Leland Lazarus, "How China is Seeking Dominance in Latin America," *America's Quarterly*, June 10, 2025, <https://americasquarterly.org/article/how-china-is-seeking-dominance-in-latin-america/>

<sup>24</sup> Enrique Dussel Peters, March 17, 2025, "Monitor of Chinese OFDI in Latin America and the Caribbean 2025", [https://docs.redalci-china.org/monitor/images/pdfs/menuprincipal/DusselPeters\\_MonitorOFDI\\_2025\\_Eng.pdf](https://docs.redalci-china.org/monitor/images/pdfs/menuprincipal/DusselPeters_MonitorOFDI_2025_Eng.pdf)

<sup>25</sup> Eduardo Baptista, Joe Cash, Liz Lee, "China offers Latin America and the Caribbean billions in bid to rival US influence, March 13, 2025, <https://www.reuters.com/world/china-latin-america-trade-exceeded-500-billion-2024-2025-05-13/>

<sup>26</sup> FAO, "FAO Costa Rica and China join forces to promote agricultural digitization in rural areas," <https://www.fao.org/in-action/south-south-digital-transformation-innovation/news/news-detail/fao-costa-rica-and-china-join-forces-to-promote-agricultural-digitization-in-rural-areas/en>

<sup>27</sup> Ibid

involved syndicated loans, and more than 80 percent of these deals included Western commercial banks or multilateral institutions.<sup>28</sup> In syndicated lending, multiple lenders pool capital and share credit risk under a common contractual framework.

Notably, Chinese lenders have often allowed Western institutions to act as lead arrangers, effectively outsourcing aspects of risk management and due diligence.<sup>29</sup> Because these arrangements typically follow Western financial standards, they can introduce stronger environmental, social, and governance (ESG) safeguards into Chinese-backed projects. Research by AidData suggests that syndicated lending has, in many cases, raised project standards.<sup>30</sup>

This trend also reflects growing cooperation with multilateral development banks. China has increasingly co-financed projects with institutions such as the Inter-American Development Bank. Through a \$2 billion trust fund at the bank, the China Co-Financing Fund for Latin America and the Caribbean, Beijing can support projects while delegating design, implementation, and ESG oversight to multilateral partners.<sup>31</sup> The emphasis on regional organizations in China–LAC policy papers reflects this broader shift toward more multilateralized development financing.<sup>32</sup>

### **China’s Growing Technology Footprint**

In the technology sector, China has leveraged its early infrastructure investments to drive an “invisible infrastructure race” focused on AI-enabled ports and logistics corridors, reshaping digital connectivity in Latin America and the Caribbean.<sup>33</sup> Beijing has actively supported tech startups and venture ecosystems in areas such as big data, cloud computing, the Internet of Things, smart cities, AI, and spectrum management. By 2025, over half of LAC countries had signed technology cooperation agreements with China.<sup>34</sup>

Chinese tech giants, including Huawei, ZTE, Alibaba, Tencent, Hikvision, and Dahua, have a strong presence across the region.<sup>35</sup> Huawei generates nearly \$5 billion in annual sales in LAC,

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<sup>28</sup> Ibid

<sup>29</sup> Parks, B. C., Malik, A. A., Escobar, B., Zhang, S., Fedorochko, R., Solomon, K., Wang, F., Vlasto, L., Walsh, K. & Goodman, S. 2023. Belt and Road Reboot: Beijing’s Bid to De-Risk Its Global Infrastructure Initiative. Williamsburg, VA: AidData at William & Mary

<sup>30</sup> Parks, B. C., Malik, A. A., Escobar, B., Zhang, S., Fedorochko, R., Solomon, K., Wang, F., Vlasto, L., Walsh, K. & Goodman, S. 2023. Belt and Road Reboot: Beijing’s Bid to De-Risk Its Global Infrastructure Initiative. Williamsburg, VA: AidData at William & Mary

<sup>31</sup> Ibid

<sup>32</sup> Ibid

<sup>33</sup> Justus Nam, “China’s Invisible Empire In The Global South,” March 16, 2026, <https://newsanalytics.in/chinas-invisible-empire-in-the-global-south/>

<sup>34</sup> Margaret Myers, “China’s New Playbook for Latin America,” October 14, 2025, <https://americasquarterly.org/article/chinas-new-playbook-in-latin-america/>

<sup>35</sup> Evan Ellis, June 30, 2022, “China’s Digital Advance in Latin America”, <https://revanellis.com/chinas-digital-advance-in-latin-america>

while ZTE dominates telecom infrastructure, Alibaba and Tencent lead in cloud services and digital payments, and Huawei Marine Networks constructs undersea fiber cables.<sup>36</sup> ByteDance is reportedly helping establish a Brazilian data center to localize processing, while ride-sharing and fintech firms such as Didi Chuxing and Ant Group operate across multiple countries, providing AI-driven credit scoring and mobility solutions.<sup>37</sup> Chinese private firms like Didi, BAI Capital, and Tencent have also invested heavily in e-commerce, fintech, and AI startups, alongside undersea cable projects.<sup>38</sup> These cables carry the majority of international data traffic, and Chinese companies have built or upgraded several, including Brazil-Africa (SACS/SAIL), Patagonia (Chile), and Caribbean networks. While these projects enhance regional connectivity, they raise strategic concerns, U.S. officials worry that Chinese control of cable infrastructure could enable surveillance or disruption during a possible contingency with China.<sup>39</sup>

Due to the Chinese national security law, the possibility of Chinese telecom companies managing infrastructure in strategically positioned countries, such as Cuba, Panama, or areas near U.S. military installations, raises alarms about espionage, surveillance, and potential cyber disruption in a U.S.–China conflict. U.S. defense analysts highlight the dual-use nature of digital infrastructure: a Chinese-built 5G network may boost connectivity in peacetime but could be leveraged for intelligence collection or sabotaged during a crisis. Undersea cables pose comparable risks, as they can be intercepted—a vulnerability recognized since the Cold War. From a U.S. security standpoint, each Huawei-built cable or data hub in Latin America and the Caribbean represents a potential weak point open to Chinese exploitation.

Critics also warn of digital neocolonialism. Chinese infrastructure projects can entrench long-term influence and strengthen authoritarian governments. In Ecuador, a Chinese-built surveillance network financed through loans was reportedly used to monitor political opponents.<sup>40</sup> In Venezuela, ZTE helped implement the “fatherland card” smart ID system, enabling extensive government tracking of citizens.<sup>41</sup> Heavy-handed U.S. pressure can backfire, fueling resentment in Latin America and the Caribbean and sometimes pushing countries closer

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<sup>36</sup> D’Sola Alvarado, Parsifal. “Huawei’s Expansion in Latin America and the Caribbean: Views from the Region.” Special Report. U.S. Institute of Peace, April 2024.

<sup>37</sup> Reuters, “Brazil to begin construction on TikTok data center in six months, minister says,” October 10, 2025, <https://www.reuters.com/sustainability/climate-energy/brazil-begin-construction-tiktok-data-center-six-months-minister-says-2025-10-10/>

<sup>38</sup> Spinetto, Juan Pablo. “China Is Quietly Sparking Latin America’s Startup Race.” *Bloomberg News*, November 4, 2025. <https://www.bloomberg.com/opinion/articles/2025-11-04/china-is-quietly-heating-up-latin-america-s-startup-race?embedded-checkout=true&leadSource=uverify%20wall>.

<sup>39</sup> Daniel Runde, Erin L. Murphy, and Thomas Bryja, “Safeguarding Subsea Cables: Protecting Cyber Infrastructure amid Great Power Competition,” August 16, 2024, <https://www.csis.org/analysis/safeguarding-subsea-cables-protecting-cyber-infrastructure-amid-great-power-competition>

<sup>40</sup> Charles Rollet, “Ecuador’s All-Seeing Eye Is Made in China,” August 09, 2018, *Foreign Policy Magazine*, <https://foreignpolicy.com/2018/08/09/ecuadors-all-seeing-eye-is-made-in-china/>

<sup>41</sup> Reuters, “Venezuelan ID, created with China’s ZTE, tracks citizen behavior,” November 14, 2018, <https://www.reuters.com/investigates/special-report/venezuela-zte/>

to China out of defiance. In 2020, for example, Washington urged Brazil to bar Huawei from its 5G auction, but Brazilian officials resisted what they saw as interference in a sovereign decision. In the end, Brazil allowed Huawei to participate, reflecting a pragmatic cost-benefit calculation rather than ideological alignment.<sup>42</sup> Some loans are repaid with commodities, such as oil, reinforcing dependence on China for technology while exporting raw materials. While China frames itself as a pragmatic partner, these arrangements can limit Latin American technological sovereignty.

### **The Lithium Triangle**

China is aggressively pursuing critical minerals in South America. The Lithium Triangle, home to over half of the world's known lithium reserves, is vital for electric-vehicle batteries and renewable energy storage, making it central to China's green-tech supply chain strategy. By 2024, Latin America and the Caribbean (LAC) supplied nearly all of China's lithium carbonate imports, roughly 98% of the total.<sup>43</sup>

Over the past two decades, Chinese firms, both state-owned and private, have become major players in the region's mining sector, targeting minerals essential to China's high-tech and industrial economy, especially lithium and copper. Many of these projects are integrated into China's Belt and Road Initiative (BRI) or bilateral agreements, which often bundle resource investments with infrastructure such as roads, rail links, and ports. Notable examples include COSCO's investment in Peru's Chancay mega-port and proposed transport improvements from Las Bambas to coastal terminals, facilitating mineral exports while linking Beijing, companies, and host governments in mutually reinforcing arrangements.<sup>44</sup>

Chinese mining projects are increasingly facing environmental and social resistance. Across Chile, Argentina, Ecuador, and Peru, Indigenous and local communities have protested what they perceive as extractive neo-colonialism threatening water, land, and livelihoods.<sup>45</sup> In Chile, Bolivia, Ecuador, and Peru, Chinese-backed lithium, copper, and gold operations have faced legal challenges, road blockades, and demands for stricter environmental protections.<sup>46</sup> NGOs

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<sup>42</sup> Reuters, March 18, 2019, "U.S. warns Brazil about Huawei and 5G in talks -senior U.S. official," <https://finance.yahoo.com/news/u-warns-brazil-huawei-5g-205205022.html>

<sup>43</sup> Margaret Myers, "China's New Playbook for Latin America," October 14, 2025, <https://americasquarterly.org/article/chinas-new-playbook-in-latin-america/>

<sup>44</sup> AidData, "Chancay port opens as China's gateway to South America," November 14, 2024, <https://www.aiddata.org/blog/chancay-port-opens-as-chinas-gateway-to-south-america>

<sup>45</sup> Maxwell Radwin, "Chinese investment continues to hurt Latin American ecosystems, report says," February 28, 2023, <https://news.mongabay.com/2023/02/chinese-investment-plagues-latin-american-ecosystems-report-says/>

<sup>46</sup> Ibid

report multiple cases across nine countries of environmental or human-rights violations linked to Chinese projects, reflecting regulatory gaps and local grievances.<sup>47</sup>

Chinese officials emphasize sovereignty, mutual benefit, and development, contrasting their approach with Western companies. In practice, however, Chinese firms have received pushback from Latin America's robust civil activism. Some Chinese firms have begun enhancing community engagement, transparency, and environmental standards to secure a "social license" to operate, though gaps remain.<sup>48</sup> Competition over lithium and copper could provide LAC countries leverage to diversify partnerships, but also risks turning strategic resources into arenas of geopolitical pressure.

### **Maritime – "Friendly Ports"**

From Beijing's perspective, Latin America and the Caribbean (LAC) is both a key source of commodities, oil, minerals, and soy, and a growing destination for Chinese investment. Since the late 2000s, the region has been integrated into China's "far seas" maritime strategy. Many LAC countries face major infrastructure gaps, especially in ports, making Chinese-financed projects attractive for modernizing facilities, boosting trade, and improving logistics. A CSIS report identified 37 port projects tied to Chinese companies in LAC.<sup>49</sup> For example, the port of Kingston, Jamaica sits at the crossroads of vital Caribbean shipping routes, including U.S. commerce passing through the Panama Canal and the Mona Passage.<sup>50</sup>

Chinese port investments, however, raise strategic and governance concerns. Analysts warn some facilities could serve intelligence, military, or political purposes. Other critiques focus on corruption and opaque financing, sometimes labeled "corrosive capital", where state-backed firms leverage large investments or non-transparent deals to influence local officials.

Chinese involvement and company relationship with the state varies. Some ports are majority-owned and operated by firms like China Merchants Port Holdings or COSCO; others involve construction contracts, Chinese policy-bank financing, or partial investments without operational control. The level of Chinese-state control might impact the risk level of port risks to U.S. interests. Globally, Chinese companies now invest in or operate over 100 ports, while the U.S. has only a few.

LAC perspectives differ. Smaller Caribbean and Central American nations, often with few financing alternatives, tend to emphasize the economic benefits of Chinese port projects,

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<sup>47</sup> Ibid and Quiliconi, Cintia, and Pablo Rodríguez Vasco. "Chinese Mining and Indigenous Resistance in Ecuador." Washington, DC: Carnegie Endowment for International Peace, September 20, 2021. <https://carnegieendowment.org/research/2021/09/chinese-mining-and-indigenous-resistance-in-ecuador>.

<sup>48</sup>

<sup>49</sup> Henry Ziemer, Jaehyun Han, and Aidan Powers-Riggs, CSIS, "No Safe Harbor", June 26, 2025, <https://features.csis.org/no-safe-harbor-china-ports/>

<sup>50</sup> Ibid

including trade, logistics, and tourism improvements. For many governments, these investments are less a strategic concern and more a vital opportunity for development.

### **Climate Change and Energy**

A core focus of China's "high-quality" BRI is green development and economic cooperation. For many Caribbean nations, climate change is existential, and development support is critical to adapt to sea-level rise and extreme weather.<sup>51</sup> China addresses this through programs like the Zero Carbon Island initiative and the China-Caribbean Development Center.<sup>52</sup> Its energy cooperation has shifted from fossil fuels and raw materials to renewables, with clean energy investment rising 50% between 2015–2019 and 2020–2024.<sup>53</sup> For middle-income countries, China's financing helps scale energy solutions rather than starting from scratch.

China is also driving electric vehicle (EV) adoption in LAC. Since 2022, EV sales have more than doubled annually, with China supplying over 80% of electric buses and 60% of EVs in key markets like Brazil, Mexico, Costa Rica, and Colombia.<sup>54</sup> This has reinforced China's reputation as a reliable climate partner, particularly as U.S. engagement has declined following Paris Accord withdrawals and foreign aid cuts. With Brazil hosting COP30 in 2025, China's presence was prominent, highlighting the U.S.'s absence in shaping the region's green agenda.

### **Education**

China's education diplomacy in LAC is multifaceted, including 44 Confucius Institutes, scholarship programs, research support, and educational partnerships at both national and local levels.<sup>55</sup> These initiatives serve multiple purposes: improving China's regional understanding, boosting its public image, and developing human capital in strategic sectors like minerals, biotechnology, ICT, and space. Attracting LAC students also enhances Chinese universities' global rankings and strengthens China's role in the international knowledge economy.<sup>56</sup>

### **Going LAC Local**

One important evolution of China's development model both globally but also in LAC is that after decades of experience Chinese firms have become better at adapting to specific local

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<sup>51</sup> China Global South Project, "China Emerges as Top Development Partner for Small Island States, ODI Survey Finds," January 29, 2026, <https://chinaglobalsouth.com/analysis/china-development-sids-climate-aid-shift/>

<sup>52</sup> Margaret Myers, Yifang Wang, and Aleem Mahabir, Interamerican Dialogue, "A Review of Chinese Climate Assistance in the Caribbean," <https://thedialogue.org/wp-content/uploads/2025/07/A-Review-of-Chinese-Climate-Assistance-in-the-Caribbean-PubVer.pdf>

<sup>53</sup> Elena Kiryakova, "How deep is China's Economic Footprint in Latin America and the Caribbean? What the data shows," March 16, 2026, ODI Global, <https://odi.org/en/insights/how-deep-is-chinas-economic-footprint-in-lac/>

<sup>54</sup> Bloomberg NEF, December 19, 2024, "Latin America's EVs Get a Big Boost From Chinese Carmakers," <https://about.bnef.com/insights/clean-energy/latin-americas-evs-get-a-big-boost-from-chinese-carmakers/>

<sup>55</sup> Margaret Myers, March 15, 2024, "China's Education Diplomacy in Latin America," <https://www.wilsoncenter.org/blog-post/chinas-education-diplomacy-latin-america>

<sup>56</sup> Ibid

conditions. Specific issues when it comes to labor conditions, subcontracting networks and relations with clients all depend on the respective countries. Even when they are the same Chinese company, they tailor their tactics to the specific country and in some cases to the subnational level. While some firms can develop a “turnkey” given the deep extensive network these Chinese firms have and the dominance Chinese companies have in many of these sectors (mining, infrastructure, technology for example), it largely depends on the country and the specific contract accepted by the LAC host country, which in some cases require the transfer of technology or training as a condition.<sup>57</sup> This takes the form of engaging at the municipal and local level to make it more successful for deal-making of projects and adapt to local idiosyncrasies, regulations and networks.

### **Regional Comparisons**

While LAC is a priority for China, it is still an ocean apart as opposed to its neighbors in East Asia, South Asia, Central Asia, and Europe, all of which share a border with China. Compared with other regions, LAC historically received less Chinese financing between 2000 and 2017, with South Asia leading in investment.<sup>58</sup> Except for the Middle East, in most cases LAC received the least amount of investment compared to other regions. Notably, among the top 10 BRI funding recipients, Brazil is the only country not officially part of the initiative. Of the 20 low and middle-income economies outside the BRI, half are in LAC, likely reflecting the influence of the United States in the region.<sup>59</sup>

### **Renminbi-denominated Development**

China is using its lending in LAC to advance de-dollarization and expand influence over the region’s financial system. In 2023, BOCOM-BBM, one of Brazil’s oldest banks and controlled by the Bank of Communications of China since 2021, joined the China International Payment System (CIPS).<sup>60</sup> China UnionPay is leveraging investments in local fintech firms to strengthen its regional presence. Analysts warn that opaque lending practices and renminbi-denominated loans, particularly to debt-distressed countries, could allow China to exert financial pressure while promoting the internationalization of the renminbi and challenging the U.S. dollar’s dominance.

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<sup>57</sup> Enrique Dussel Peters, October 2019, “Latin America’s Socioeconomic Relationship With China: Is Development Still Possible?”, <https://docs.dusselpeters.com/322.pdf>

<sup>58</sup> Parks, B. C., Escobar, B., Walsh, K., Zhang, S., Fedorochko, R., Vlasto, L., Sickell, J., Miao, S., Bury, E., Zimmerman, J., Custer, S., Dreher, A., Franz, L., Fuchs, A., Horn, S., Malik, A. A., Reinhart, C. M., Strange, A., Tierney, M. J., & Trebesch, C. 2025. *Tracking Loans and Grants from China to Low-, Middle-, and High-Income Countries: An Application of AidData’s TUFF 4.0 Methodology*. Williamsburg, VA: AidData at William & Mary.

<sup>59</sup> Albright, Z., Telias, D., & Long, T. (2026). Latin American small states in the Belt and Road Initiative: Narrating status amidst US-China tensions. *Cambridge Review of International Affairs*, 1–27. <https://doi.org/10.1080/09557571.2026.2637109>

<sup>60</sup> Maria Zuppello, January 13, 2026, Dialogo America, “China’s Penetration into the Latin American Financial System,” <https://dialogo-americas.com/articles/chinas-penetration-into-the-latin-american-financial-system/>

## **“Friend to all, satellite of none.”**

At the height of the Cold War, when Barbados joined the United Nations, Prime Minister Errol Barrow declared: “We will be friends of all, satellites of none,” signaling that small states need not automatically side with great powers. Decades later, Prime Minister Mia Mottley invoked the same principle when asked about U.S.-China rivalry, reflecting a broader sentiment across the Global South.

As the U.S. deepens its security footprint in LAC while China expands its economic presence, countries in the region will face pressure from both sides, seeking to hedge and navigate an increasingly fragmented geopolitical landscape. As an African proverb warns, “When the elephants fight, the grass suffers”, a risk that resonates for smaller and mid-sized LAC states.

The region is far from uniform. Larger economies such as Argentina, Brazil, and Mexico have greater leverage to hedge, while smaller states may become more dependent on Chinese financing. Some countries are already exercising agency: Brazil, for instance, emphasizes domestic-led infrastructure through public-private partnerships and robust labor institutions, and participates in BRICS while declining BRI membership. Moving forward, LAC nations will need to balance security cooperation with the U.S. and growing economic reliance on China, diversify trade and investment, and navigate China-Taiwan diplomatic pressures. In this evolving environment, economic development, sovereignty, and security are increasingly interconnected.

## **The Donroe Doctrine**

Six days after the U.S. released its National Security Strategy, China published its 2025 Policy Paper, timed either by chance or design. The U.S. strategy frames the Western Hemisphere as its “preeminent” theater, linking alliances and aid to countering external influence over ports, infrastructure, and strategic assets. It emphasizes security and economic objectives delivered through “low-cost” assistance and urges expedited approvals and licensing, casting regional countries’ choices as a binary: align with U.S. values or risk influence from abroad (read: China). This approach, branded as the “Trump Corollary” or “Donroe Doctrine,” reflects a revival of the Monroe Doctrine. Early actions, including the Venezuelan military operation and threats to Panama over Chinese canal investments, underscore the assertive posture. While the Administration’s emphasis on economic security is sound, our reciprocal trade agreements are asymmetric and reek of protectionism at the expense of our partners in the region.

However, the Donroe Doctrine risks undermining U.S. credibility in the region. Its heavy-handedness reinforces perceptions of U.S. paternalism, feeds China’s narrative of American imperialism, and casts Washington as security-focused but economically tone-deaf, misaligned with the priorities of many LAC nations. While ideologically aligned leaders such as Bukele and Milei may temporarily advance U.S. objectives, broader regional reactions, Brazil, Mexico, and Colombia publicly condemned U.S. actions, suggest a pyrrhic victory. Former Ecuadorian Foreign Minister in an interview said that these policies could reshape regional security and

foreign policy doctrines while unifying the left-leaning opposition across the region against the U.S.<sup>61</sup>

China, by contrast, projects itself as a stable, reliable partner. Its governance model is portrayed as enduring and insulated from political polarization, while U.S. engagement appears episodic. U.S. initiatives, Americas Crece under the first Trump, the Americas Partnership for Economic Prosperity under Biden, shift with each administration, often misaligned with regional development priorities.

China has countered with a consistent framework through the Belt and Road Initiative and its four Global Initiatives—Development, Security, Civilization, and Governance—alongside a five-pillar agenda for LAC: solidarity, development, civilization, peace, and people-to-people ties. This long-term approach reinforces China’s narrative of stability and predictability.

To remain competitive, the U.S. needs a durable, bipartisan strategy in Latin America and the Caribbean that transcends administration cycles. It must go beyond narrow security concerns—drugs, migration, great-power competition and address the region’s economic priorities: job creation, inclusive growth, robust social services, and climate resilience.

### **Recommendations:**

- **The United States needs to articulate a positive and long-term economic vision to Latin America and the Caribbean that is built upon partnership not dominance; for sovereignty, inclusiveness and freedom not in exclusion to anyone country; and build an institutional framework for sustainable and inclusive economic engagement with the region.**
  - Congress needs to build a bipartisan coalition and be in the driver’s seat to ensure implementation and oversight given the long-term strategic horizons and political and financial investments necessary to make it sustainable and possible.
  - The U.S. needs should prioritize key areas for U.S. market competitiveness in LAC and align economic statecraft tools with supporting the sectors of the 21<sup>st</sup> century including renewable energy, data centers, AI, and other emerging technologies, and critical mineral supply chains.
  - This will include a diplomatic strategy to bring partners and allies such as the European Union, the United Kingdom, Japan, and Korea to make contributions to these LAC economic priorities. A separate policy will also align multilateral institutions such as regional bodies and global development banks, as well as the United Nations, G-20, the World Trade Organization, and standard-setting bodies.

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<sup>61</sup> Daniel Cholakian, “How is Latin America Responding to the Donroe Doctrine?” February 11, 2026, <https://nacla.org/how-is-latin-america-responding-to-the-donroe-doctrine/>

- The U.S. should formalize and institutionalize various Cabinet-level/Ministerial tracks to implement the new economic vision, which would create action-forcing mechanisms.
- **A few principles are important to keep in mind:**
  - **Shared Interests Not China.** LAC countries want the U.S. to engage them on the basis of shared interests not just about China. Countries will instinctively want to hedge, especially when they are not given an alternative, so identifying areas of shared values and principles will be a much better successful route.
  - **Don't securitize everything.** Yes – there are security risks with dual use development projects. However, the U.S. has a long history of using defense and intelligence service for actions in Latin America that have undermined trust and relationships, there is a real risk an over securitized response will elicit backlash and not achieve the results necessary. Leverage civilian institutions such as the State, Commerce, and Treasury to achieve positive economic security interests.
  - **Give our partners options, don't force them to choose.** Don't publicly criticize China-LAC commercial, political and diplomatic engagements. Many Latin America and the Caribbean countries understand the risks associated with engaging with China. Lecturing or scolding them comes off as patronizing, condescending, and is counterproductive. China's messaging works, in part, because they put skin in the game with tangible economic alternatives, and because while they criticize "bullying" and "hegemonic regional blocs" they never mention the U.S. It puts emphasis on the actions as opposed to the actor.
  - **Triage and ruthlessly prioritize.** Acknowledge that the U.S. will not succeed in decoupling Latin America from China and China's economic might means it's in a lot of sectors including strategic ones. If everything is about China, then nothing is really about the U.S., Latin America, and the Caribbean. Identify key areas of strategic economic competition and focus on those, not everything. Leadership requires deprioritizing things that are not important. This also includes programmatic prioritization, while there's tension with making our programs too-China focused, we need to prioritize implementers and programs that target (anti-corruption, investigative media etc) as vectors of foreign influence.
- **The White House should establish a new LAC economic statecraft unit to help implement and provide strategic and political prioritization, budget support, coordination and encourage speed in delivery timelines of key economic projects.**
  - This would bring coordination to the State Department foreign assistance accounts, Commerce, Treasury, the Development Finance Corporation, Ex-Im Bank, U.S. Trade Development Authority, the Office of Strategic Capital and the new Economic Defense Unit that desperately needs it. This would also ideally help bridge our trade portfolio with the rest of our economic and national security tools.

- This office will also be able to leverage the U.S. Trade Representative Offices' Reciprocal Trade Agreement's concessions around third-country provisions to build upon existing economic and reciprocal trade commitments.
- This will include a robust Congressional strategy to maintain bipartisan support for the initiative and make them co-equal partners in the oversight of it.
- This needs to be a White-level position to allow it to break through development silos and create a real coordinated and integrated approach to positive economic and national security tools.
- The speed and delivery issue is a real one and similar to the debates around domestic permitting reform, Congress should examine how to improve the process for getting aid delivered faster.
- Success will require the country and Embassy-level creating a coordinated and integrated economic-deal team that puts State Economic, Treasury, Commerce, and all other USG entities coordinated on commercial priorities for the country.
- The U.S. should expand the number of DFC officers in the field and increase the funding for the Commercial Foreign Service and Treasury attaches posted at Embassies.
- For priority LAC countries, the U.S. Ambassador should have discretionary emergency economic support funds to give him leverage.
- **The United States needs to fully fund a LAC resilience initiative that is focused on key pillars of supporting our LAC partners' sovereignty and security. The Resilience Initiative should include:**
  - **Media:** A robust regional LAC media program that supports a media ecosystem in the region by training investigative journalists, independent communications regulatory authorities and institutions that would help adopt standards and local regulations around foreign content sharing agreements. We need to also encourage local U.S. businesses to support local media institutions as this is often a financial as well as a governance challenge.
  - **Forced Labor:** Support civil society focused on advocacy in LAC around building import labor laws (national, local, and regulatory level), as well as focused on building enforcement mechanisms and institutional checks.
  - **Anti-corruption reforms:** Prioritize technical assistance for government anti-corruption reforms including transparency and procurement regulatory reforms to ensure U.S. businesses can fairly compete with Chinese firms for infrastructure, mining, and technology projects.
  - **Digital authoritarianism:** Elevate cybersecurity training programs for civil society/implementers to work with LAC ministries to reduce cyber threats and expose vulnerabilities that could expose data, grind operations to a halt, and jeopardize national security.

- **The United States should establish and fund an ambitious LAC strategic people-to-people investment campaign which should include:**
  - **Education:** Investment in educational public-private partnerships in key sectors to ensure the U.S. invests in knowledge capital and can leverage them for human capital in U.S. companies investing in the region and sectors of the 21<sup>st</sup> century.
  - **Cultural exchanges:** Support the Fulbright, International Visitors Leadership Program, Peace Corps and other programs that leverage our deep immigration and community ties to the Americas.
  - **Public Diplomacy:** Chart an aggressive public diplomacy campaign to leverage every tool the U.S. government to strategically deepen and build LAC public support for the U.S.
  - **China expertise:** Support think tanks in the region that cultivate local expertise around China-LAC issues to foster debate and understanding of this evolving relationship.
  - **Inter-Parliamentary Track:** As opposed to building party to party linkages, the U.S. should leverage parliamentary to parliamentary exchanges to build political resilience and built a sustainable U.S. partnership with the LAC region that cuts across ideological lines.
- **The United States should establish a comprehensive LAC sovereignty assistance package that focuses on the following initiatives:**
  - **Investment Screening:** The U.S. should establish a list of LAC priority countries depending on where they are on this development path and resource investment screening trainings and legal reforms to our LAC partners. This should include institutional checks to ensure enforcement and training specific to dual-use type-of-economic programs we know foreign actors are using.
  - **Inclusive economic trade:** The U.S. needs to set up an agile LAC program that will help companies and LAC governments, including municipalities and local governments, establish regulations and contract negotiations that ensure economic transfer of expertise and technology, local workforce rules, strong environmental, social, and governance safeguard protections as well as robust oversight of them and other standards ecosystems to ensure LAC countries are benefiting from Chinese investment.
  - **Negative Lists and Data Collection:** The U.S. should create a database of LAC-based PRC companies that includes evidence of security concerns, labor violations, privacy concerns, aggressive economic tactics employed by said PRC companies and senior leadership. This database would help establish common trends of grey-zone tactics used by these companies as well as help our LAC partners and U.S. companies have all the necessary information to evaluate risk in partnering with them. The U.S. should prioritize downgrading any classifications in order to ensure information sharing with our LAC partners.