

Testimony before the  
**US-China Economic and Security Review Commission**

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

Testimony by  
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Good morning Commissioners Hodges and Price, and distinguished members of the Commission. Thank you for the opportunity to appear before you to discuss China’s expanding footprint in Latin America.

My name is Parsifal D’Sola. I am the Founder and Executive Director of the Andrés Bello Foundation – China Latin America Research Center. My work focuses on Sino–Latin American relations, with a particular emphasis on Venezuela.

The views expressed in this testimony are my own and do not represent those of any institution with which I am currently or have previously been affiliated.

My remarks today draw on my research and professional experience examining China’s engagement in Latin America and the Caribbean, as well as on direct work related to Venezuela during periods of both political transition and crisis. The perspective I bring is grounded in a Latin American vantage point, focusing on how China’s engagement is experienced, interpreted, and negotiated from and by countries in region.

**I. Introduction: Venezuela as a Stress Test, not an Outlier**

The evolution of China’s engagement in Latin America is generally described in expansive terms: growing influence, deepening partnerships, and increasing strategic ambition. These characterizations capture important elements of China’s presence in the region, but they also risk overstating both its coherence, its reach, and its stability. At the same time, they obscure a parallel analytical problem in that “Latin America” itself is frequently treated as a coherent geopolitical space, when in reality it is a diverse and deeply fragmented set of countries with distinct political systems, institutional capacities, economic structures, and external alignments. As a result, both the characterization of China’s strategy and the framing of the region it engages tend to flatten complexity in ways that limit our understanding of China’s presence in the Americas.

Understanding how China actually operates in the region therefore requires moving beyond aggregate trends in two directions. First, it requires examining how China’s model of engagement performs under conditions of stress, rather than assuming that patterns observed during periods of expansion hold under politically unstable scenarios. Second, it requires grounding analysis in the specific structural realities of individual countries, where local

political incentives, institutional weaknesses, and economic conditions mediate—and often determine—the scope and effectiveness of Chinese engagement. If there is lesson you draw from this testimony is that Sino–Latin American relations are not defined by a uniform regional strategy, but by a series of interactions shaped at the national and subnational levels.

The trajectory of China–Venezuela relations provides a particularly revealing lens through which to examine these dynamics in practice. Over the past two decades, Venezuela was not simply one partner among many. During the 2000s and part of the 2010s, Caracas became one of Beijing’s most politically exposed and financially intensive relationships in the region, combining large-scale lending, energy cooperation, high-level political alignment, and sustained diplomatic engagement. At the same time, it became the site of overlapping crises: economic collapse, sovereign default, international sanctions, democratic erosion, and ultimately direct US military intervention. No other country in the region concentrates these dynamics.

For this reason, Venezuela should not be treated as a representative case of China’s engagement in the region. It is, instead, an extreme one. But it is precisely its position as an outlier that makes it analytically valuable. Venezuela does not show how China operates under normal conditions; it shows how China behaves when those conditions break down. It exposes the underlying logic of China’s engagement by placing it under conditions where trade-offs become unavoidable, costs become explicit, and the limits of influence are more clearly revealed.

This testimony uses the China–Venezuela relationship as a stress test to examine the broader dynamics of China’s engagement across the region. It argues that China’s approach—often interpreted as strategic, expansive, and increasingly assertive—is in practice more pragmatic, risk-sensitive, and dependent on local conditions than is commonly assumed. For over two decades, this model operated within a framework of what I describe as “cheap ambiguity,” in which countries in the region expanded ties with China without factoring in geopolitical dynamics, while China deepened its presence without fully incorporating the political and security consequences of that expansion into its strategic calculus.

The contemporary relevance of the Venezuela case extends beyond its analytical value. Despite the January 3 US military operation to ouster Nicolás Maduro, the underlying structures of political control associated with his government remain largely intact, with the existing power apparatus adapting rather than collapsing. At the same time, the post-intervention environment has introduced a heightened level of US involvement in shaping Venezuela’s future, particularly in areas such as energy, governance, and foreign relations. These conditions make Venezuela not only an analytical outlier, but also an active case through which the interaction between external power projection, domestic political structures, and international influence can be observed in real time.

Seen in this light, the Venezuela case brings into focus the limits of the prior framework of “cheap ambiguity.” It demonstrates that China’s influence in the region, while significant, does not translate into the ability, or willingness, to bear escalating political, financial, or security costs under conditions of systemic crisis and great-power confrontation. At the same time, it shows that the structural conditions that enabled China’s expansion—particularly its ability to provide large-scale financing, infrastructure development, its willingness to operate in higher-risk environments, and, in some cases, local institutional weaknesses and elite incentives—

remain largely intact. In this sense, China's continued expansion in the region is driven not only by what it offers, but by how that offering is mediated and reshaped by local conditions.

The implications extend beyond Venezuela. The case does not suggest that China's role in the region is diminishing, nor that countries are shifting decisively toward the United States. Rather, it points to a more complex reality, where China's presence is durable but bounded, and the framework that has governed its expansion is now under greater strain. Understanding where that framework holds—and where it breaks down—is essential for assessing the future trajectory of China's engagement in Latin America and for formulating effective policy responses grounded in the realities of the region rather than in abstract geopolitical assumptions.

## **II. The Model: How China Built Influence in the Region**

Before assessing the limits of China's engagement, it is necessary to understand how its presence in the region expanded and consolidated over the past two decades. This expansion was not the result of a single, centrally coordinated strategy applied uniformly across countries, but rather of a set of practices that, while guided by domestic and international policy frameworks—including industrial priorities and external economic expansion—adapted to diverse national contexts and local conditions.

At its core, China's engagement in the region has been largely anchored in economic complementarities. Rapid growth in China's industrial economy generated sustained demand for commodities, while countries across Latin America sought external partners to support growth, stabilize macroeconomic conditions, and finance infrastructure deficits. Trade expanded significantly, and China became a major commercial partner for economies in the region. This economic foundation created the basis upon which broader forms of engagement could develop.

A central component of this model has been the provision of large-scale financing, particularly for infrastructure and energy projects. In a region where infrastructure gaps have long constrained development, Chinese policy banks and state-owned enterprises offered capital at a scale and speed that few other actors were willing or able to match. The magnitude of these gaps is more than substantial. Latin America invests roughly 3 percent of its GDP in infrastructure, well below the levels required to sustain growth, and faces an estimated annual infrastructure deficit of around \$150 billion.<sup>1</sup> At the same time, weak physical integration continues to limit economic activity. Intra-regional trade accounts for only around 15–16 percent of total exports, compared to roughly 50 percent in East Asia.<sup>2</sup> In practical terms, this translates into fragmented national markets where transportation costs remain high and connectivity uneven, even within countries.

This was not uniform across countries. In some cases, such as Venezuela, financing was closely tied to resource-backed arrangements and political alignment. In others, including more institutionally stable economies, engagement took the form of commercially oriented investments and project-based financing. Across these variations, however, China's willingness

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<sup>1</sup> Wilson Center, "Latin America Must Prioritize Infrastructure to Spur Economic Growth," <https://www.wilsoncenter.org/article/latin-america-must-prioritize-infrastructure-spur-economic-growth>

<sup>2</sup> P. Morgan Private Bank, "The Future of Regional Integration: Can Latin America Thrive in a New Era?" <https://privatebank.jpmorgan.com/latam/en/insights/markets-and-investing/ideas-and-insights/the-future-of-regional-integration-can-latin-america-thrive-in-a-new-era>

to operate in higher-risk environments and to engage in sectors critical to connectivity and logistics expanded its reach beyond what traditional lenders and investors were prepared to undertake. In this context, Chinese participation was not only tolerated but often actively sought, as it addressed structural constraints that have long limited regional integration and economic development.

Using economic engagement as a steppingstone, China developed a dense network of institutional and political relationships that reinforced its presence. Mechanisms such as the China–CELAC Forum provided a multilateral framework to scale engagement at relatively low political cost, while bilateral relationships deepened through high-level visits, strategic partnerships, and sector-specific cooperation agreements. At the same time, engagement extended to subnational actors, state-owned enterprises, private firms, universities, media organizations, and political parties.

It is important to highlight that this expansion was neither entirely organic nor the product of a tightly coordinated, centrally directed strategy. In part, it reflected the natural consequences of growing trade and investment ties, which created demand for broader forms of interaction across political, academic, and commercial spheres. At the same time, Chinese authorities actively supported and, in some cases, promoted these linkages through state-backed initiatives, funding mechanisms, and diplomatic engagement. These interactions did not follow a single blueprint, nor were they uniformly coordinated across actors. However, taken together, they contributed to the gradual institutionalization of China's presence across multiple layers of society and governance.

It is worth highlighting that this model did not rely on direct political intervention or overt efforts to reshape domestic political systems. Chinese officials have consistently framed their engagement in terms of non-intervention and respect for sovereignty, emphasizing that domestic political outcomes are determined by national actors. In practice, this posture allowed China to operate across a wide range of political contexts, from consolidated democracies to more centralized or authoritarian systems, without requiring formal alignment or ideological convergence.

At the same time, the absence of overt political conditionality did not mean that China's presence was politically neutral in its effects. By providing financing, investment, and diplomatic engagement under conditions that differed from those of traditional Western partners, China became embedded in domestic political and economic dynamics in ways that were often shaped by local incentives and institutional constraints. In some cases, this facilitated development and diversification. In others, it reinforced existing governance challenges or created new forms of dependency and risk exposure.

Taken together, these elements produced a model of engagement that is flexible, scalable, and adaptable to different national contexts. It has allowed China to expand its presence across the region while deliberately maintaining a position of political and security detachment, framing its engagement as non-interventionist even as its activities became embedded in, and contributed to, domestic political and security outcomes. This posture is particularly consequential in a region that, despite its institutional weaknesses, remains predominantly democratic in orientation, where both governments and citizens continue to express a preference for democratic forms of governance. By treating political trajectories as entirely endogenous and external to its engagement, China effectively sidelines the political context in

which it operates. As a result, criticisms that its presence may contribute to democratic erosion are often dismissed as misunderstandings of its non-intervention principle or as politically motivated narratives promoted by Washington, rather than as reflections of the interaction between its activities and local conditions. At the same time, this model has rested on a set of assumptions—about stability, repayment, and the separation between economic engagement and political outcomes—that would prove increasingly difficult to sustain under conditions of systemic crisis.

### III. Why Venezuela Matters More Than Any Other Case

Venezuela is not simply one case among many in China’s engagement with Latin America. It is the country where that engagement reached its highest level of financial exposure, political alignment, and structural entanglement. Over the past two decades, no other relationship in the region combined these elements at comparable scale. Chinese policy banks extended tens of billions of dollars in credit—estimates range from roughly \$60 billion to over \$100 billion between 2000 and the late 2010s—making Venezuela the single largest recipient of Chinese financing worldwide. These flows were not marginal or episodic; they were foundational to the bilateral relationship and tied directly to long-term oil supply arrangements, infrastructure projects, and joint development funds.<sup>3</sup>

What distinguished Venezuela from other regional partners was not only the volume of financing, but the nature of the relationship itself. China’s engagement went beyond trade and investment into a deeper level of exposure that linked its financial position to the performance of a single, highly politicized state. Oil-backed lending mechanisms tied repayment to the operational capacity of *Petróleos de Venezuela* (PDVSA), Venezuela’s state-owned oil enterprise, while joint funds and state-to-state agreements embedded Chinese actors in sectors ranging from energy and mining to telecommunications and infrastructure. At the same time, the relationship was reinforced at the political level through hundreds of bilateral agreements and high-level coordination mechanisms, eventually culminating in its elevation to an “all-weather strategic partnership,” one of the highest designations in China’s diplomatic hierarchy.<sup>4</sup>

This combination of financial scale, political proximity, and sectoral penetration made Venezuela qualitatively different from countries such as Chile and Costa Rica, where China’s presence—while significant—has remained more diversified, commercially oriented, and less politically exposed. In Venezuela, China’s model was not simply applied; it was pushed to its outer limits. The country became the closest approximation in the region to a fully integrated economic and political partnership, one in which Chinese financing, commercial activity, and diplomatic engagement were all concentrated within a single centralized national system.

It is precisely this concentration that makes Venezuela analytically indispensable. The same features that once made it attractive also amplified the risks when the system began to deteriorate. As Venezuela entered into economic collapse, sovereign default, and institutional breakdown, China was not positioned as an external observer but as a deeply exposed actor whose interests were tied to the functioning of a state that was rapidly losing capacity.

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<sup>3</sup> Fundación Andrés Bello – Centro de Investigación Chino Latinoamericano, “Seguimiento de los fondos conjuntos China–Venezuela: Informe ejecutivo,” <https://www.fundacionandresbello.org/wp-content/uploads/2023/05/Informe-Ejecutivo-Seguimiento-Fondos-China-Venezuela.pdf>

<sup>4</sup> Ministry of Foreign Affairs of the People’s Republic of China, “Writing a New Chapter in Building a China-LAC Community with a Shared Future,” May 13, 2025, [https://www.fmprc.gov.cn/eng/xw/zyxw/202505/t20250513\\_11619919.html](https://www.fmprc.gov.cn/eng/xw/zyxw/202505/t20250513_11619919.html)

For this reason, Venezuela is not useful because it represents the region, but because it represents the upper bound of China's engagement within it. If China's approach in Latin America has structural limits, they are most likely to become visible where its exposure is greatest, its assumptions are most heavily tested, and the costs of miscalculation are highest. Venezuela is that case.

#### **i. From Strategic Opening to Strategic Liability**

China's deep engagement in Venezuela did not emerge in a vacuum, nor was it driven primarily by abstract strategic design from Beijing. It was enabled—and in many ways invited—by a specific set of local political and economic conditions that made Venezuela uniquely attractive at a particular moment. Chief among these was the foreign policy orientation of the Hugo Chávez government. Beginning in the mid-2000s, Venezuela actively sought to position itself as a regional political force, using petro-diplomacy and political influence to expand its reach across Latin America. In doing so, it opened space for external actors willing to engage beyond the constraints that had traditionally defined the region's relationship with the United States.

China stepped into that opening. The relationship that developed was not simply transactional. Venezuela became a platform through which Beijing could expand its economic and political presence in a region historically aligned with Washington. The financial arrangements between both countries were not only about securing energy flows. They provided China with a privileged position in the Venezuelan economy and, more broadly, with a foothold in regional dynamics that extended beyond the bilateral relationship.

This model depended on a set of assumptions rooted in Venezuela's domestic conditions at the time: high oil prices, expectations of sustained production, and, critically, the continued leadership of Hugo Chávez and the concentration of political authority around his figure, which enabled centralized decision-making and long-term commitments of state resources. Chávez's personalist and highly centralized style of governance made it possible to structure large-scale, state-to-state agreements with limited internal opposition or oversight. As long as these conditions held, the relationship appeared mutually beneficial. Venezuela did not simply gain access to financing—its oil revenues at the time far exceeded the scale of Chinese lending. What it gained was geopolitical leverage. China provided diplomatic backing, international legitimacy, and a strategic counterweight that allowed Chávez to advance an explicitly anti-US regional project. In this sense, Chinese financing functioned less as a source of capital than as an instrument that enabled Venezuela's broader ambition to construct a sphere of aligned governments and dilute US influence in the hemisphere. This political dimension was not incidental to the relationship—it was central to its logic.

Those same conditions, however, also contained the seeds of the relationship's deterioration. What began to unravel first was not the financial structure of the relationship, but the political role Venezuela had come to play in the region. As oil revenues declined, domestic mismanagement deepened, and institutional capacity eroded, Venezuela lost its ability to project influence beyond its borders. Petro-diplomacy faded, regional alliances weakened, and the country shifted from being a source of political leverage to a source of instability. In that context, the strategic logic that had underpinned China's engagement began to collapse. The oil-for-loans structure, which had initially been designed to mitigate repayment risks, became increasingly exposed as production declined sharply and repayment flows became unreliable.

What had once tied Chinese financing to a politically influential partner instead tied it to the deteriorating capacity of a state that could no longer sustain either its economic commitments or its regional role.

China's response to this shift was gradual but decisive. New lending slowed and eventually stopped by the mid-2010s, even as existing obligations were renegotiated and repayment mechanisms adjusted. Chinese firms scaled back their exposure, and engagement became increasingly selective. The relationship did not end, but its character changed. Venezuela was no longer treated as a platform for expansion, but as a problem to be managed.

At the same time, China did not disengage politically. Diplomatic support continued, high-level engagement persisted, and the bilateral relationship was even elevated symbolically in later years. This dual posture—economic retrenchment combined with rhetorical and diplomatic continuity—reflects a broader feature of China's approach. Beijing adjusted its level of exposure in response to changing conditions, but it did so without publicly redefining the nature of the relationship.

By the time of the January 3 events, this transformation was already complete. Venezuela had ceased to function as a strategic opening and had become a strategic liability.

## ii. **Non-Intervention in Practice: Detachment and Embeddedness**

China's engagement in Venezuela is formally grounded in the principle of non-intervention, which Beijing presents as a cornerstone of its foreign policy. In operational terms, this position has been consistent. China did not attempt to shape leadership outcomes, did not condition its engagement on political reforms, and did not intervene directly in Venezuela's internal conflicts as the country's crisis deepened.

But non-intervention did not mean detachment.

China's presence became embedded in sectors central to the functioning of the Venezuelan state during a period of accelerating institutional collapse and democratic erosion. Chinese technology and services were incorporated into systems of social control, most notably through platforms associated with the *Carnet de la Patria* (Homeland Card), a government-issued identification system used to manage access to social benefits and monitor citizen behavior. Chinese-origin security equipment, including armored vehicles and crowd-control assets, was deployed during episodes of internal unrest. Financial arrangements and commercial engagement helped sustain state capacity under conditions of economic contraction and international sanctions. At the diplomatic level, China provided consistent political backing, shielding Venezuela from deeper isolation and reinforcing the regime's external legitimacy.

None of this implies that China caused Venezuela's authoritarian trajectory. That trajectory was driven by domestic decisions. But it does mean that China's engagement was not external to it. China operated within—and became part of—the institutional and political environment through which that trajectory unfolded.

This is the core tension in China's model. By defining its role as non-interventionist, China treats political and security outcomes as entirely endogenous, effectively placing them outside

the scope of its own responsibility. In practice, however, its activities interact with and shape the context in which those outcomes are produced. The result is a model that allows for deep involvement without corresponding ownership of consequences.

In a region that remains broadly oriented toward democratic governance, this posture has practical implications. It sidelines the political context in which engagement takes place and narrows the space for acknowledging how external actors may contribute—indirectly but materially—to processes of democratic erosion. As a result, criticism of China’s role is frequently dismissed not on empirical grounds, but as a mischaracterization of its stated principle of non-intervention or as politically motivated narratives promoted by Washington.

Venezuela makes this contradiction difficult to ignore. It shows that China’s model enables sustained engagement in deteriorating political environments while maintaining a formal position of detachment from the outcomes that follow. Under stable conditions, this distinction is not only manageable—it can be beneficial. For many countries in the region, China’s approach has provided space to diversify external relations and reduce dependence on the United States. As institutional conditions weaken, however, this separation becomes harder to sustain. China’s engagement does not drive political deterioration, but it can interact with and reinforce it, becoming a contributing factor in environments where democratic institutions are already under strain.

### **iii. January 3: Not a Failure, a Clarification**

The removal of Nicolás Maduro on January 3, 2026 is often framed as a test of China’s commitment to its partners in the region. Under that interpretation, Beijing’s limited response is taken as evidence of either strategic restraint or declining influence. Both readings miss the more important point. The events of January 3 did not reveal a failure of China’s approach—they clarified its boundaries.

China’s reaction was consistent with the logic that had governed its engagement in Venezuela for years. It condemned the use of force, reiterated its support for principles of sovereignty and non-intervention, and avoided any form of material escalation.<sup>5</sup> There was no attempt to counter the operation directly, no signaling of military involvement, and no effort to mobilize a broader coalition in response. This was not an improvised response to an unexpected crisis. It was a continuation of a model that had never been designed to operate under conditions of direct geopolitical confrontation.

Two factors explain this outcome. The first is structural. Latin America does not occupy the same position in China’s strategic hierarchy as regions closer to its core security interests. Beijing has developed significant economic and political ties in the hemisphere, but it has not built the capabilities—or the institutional commitments—required to project hard power in a way that could meaningfully alter outcomes in moments of coercive escalation. When the situation in Venezuela crossed that threshold, China’s available instruments were limited to diplomatic signaling and the management of existing interests.

The second is relational. By the time of Maduro’s removal, Venezuela no longer represented a strategic asset worth defending at higher cost. As outlined above, China had already

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<sup>5</sup> Parsifal D’Sola Alvarado, “¿Cómo reaccionó China realmente a la captura de Nicolás Maduro?” Fundación Andrés Bello – Centro de Investigación Chino Latinoamericano, January 15, 2026, <https://www.fundacionandresbello.org/editoriales/como-reacciono-china-realmente-a-la-captura-de-nicolas-maduro/>

recalibrated its engagement, reducing exposure and managing a relationship that had become increasingly burdensome. In that context, escalation would not have protected a core interest; it would have deepened China's involvement in a deteriorating environment with limited prospects for return. The absence of a stronger response was therefore not simply a matter of capability, but of choice.

This episode highlights a critical distinction between presence and leverage. Over the course of two decades, China had become deeply embedded in Venezuela's economy and political networks. Yet that embeddedness did not translate into the ability to shape outcomes when the nature of the contest shifted from economic engagement to coercive intervention. The tools that had enabled China's expansion—financing, infrastructure, and diplomatic alignment—proved insufficient in a context defined by hard power and rapid escalation.

More broadly, January 3 exposed a structural asymmetry that had long been obscured. For years, countries in the region were able to deepen economic ties with China while relying, implicitly or explicitly, on the United States as the ultimate guarantor of security. This arrangement allowed China to expand its presence without assuming the risks associated with enforcing order, and allowed regional actors to benefit from both relationships without fully confronting the trade-offs between them. The events in Venezuela disrupted that equilibrium. They demonstrated that, in moments of acute crisis, the capacity to shape outcomes remains unevenly distributed.

This does not imply that China's role in the region is diminishing, nor that the United States has reestablished uncontested dominance. What it does show is that China's model has limits that become visible when economic engagement collides with security dynamics. Venezuela is the clearest case in which those limits have been exposed—not because it is representative, but because it is where the assumptions underlying China's approach were tested most directly.

#### **iv. Regional Meaning: The End of Cheap Ambiguity**

The implications of the Venezuelan case extend beyond the country itself. What it reveals is the growing strain on a framework that, for more than a decade, allowed both China and Latin American countries to expand their engagement without fully confronting its geopolitical implications.

That framework can be understood as a form of "cheap ambiguity." For much of the 2000s and 2010s, countries across the region were able to deepen economic ties with China—through trade, investment, and financing—while maintaining security relationships, formal or informal, with the United States. This arrangement minimized immediate trade-offs. Governments could diversify their external partnerships, access new sources of capital and infrastructure development, and pursue greater strategic autonomy, all without incurring significant geopolitical costs. At the same time, however, underlying security challenges across the hemisphere—including migration pressures, the expansion of irregular armed groups, and the growth of drug trafficking networks—were intensifying and increasingly interconnected, affecting large parts of the region, including the United States. To be clear, these dynamics were not driven by China's presence, but they formed part of the broader context within which this period of relative geopolitical flexibility unfolded.

China, for its part, also benefited from this ambiguity. It was able to expand its presence rapidly across the region without assuming the risks traditionally associated with great-power competition. Its engagement remained concentrated in economic and institutional domains, while the broader security environment continued to be shaped primarily by the United States. This allowed Beijing to operate at scale while maintaining a posture of non-intervention and limiting its exposure to political and security contingencies.

Venezuela demonstrates both the strengths and the limits of this arrangement. Under conditions of relative stability, the model functioned effectively. It enabled sustained engagement, created mutual benefits, and allowed political differences to be managed or deferred. But as conditions deteriorated, the underlying assumptions that sustained this ambiguity began to erode. The separation between economic engagement and political or security outcomes became increasingly difficult to maintain, and the absence of clearly defined roles and responsibilities among external actors became more consequential.

The events of January 3 accelerated this shift. The US intervention did not create the structural asymmetry in the region, but it made it explicit. It demonstrated that, in moments of acute crisis, the capacity to shape outcomes remains unevenly distributed, and that the implicit division of roles that had characterized the previous period cannot be taken for granted. For countries in the region, this introduces a more complex set of choices. The ability to compartmentalize economic and security relationships—to engage China economically while operating within a security environment deeply intertwined with the United States—may become more difficult to sustain as geopolitical competition intensifies.

At the same time, the conditions that enabled China's expansion in the first place remain largely unchanged. The region continues to face significant infrastructure gaps, limited access to long-term financing, and persistent institutional constraints. China continues to offer capabilities that address these needs, particularly in infrastructure development and in operating in higher-risk environments where other actors are less present. It is also increasingly active in sectors linked to the energy transition—including critical minerals, renewable energy, and associated value chains—where US engagement has been more limited or selective. For many countries, engagement with China will therefore remain not only attractive, but, in some cases, necessary.

The result is not a clear realignment, but a more constrained environment. China's presence in the region will remain durable, but its expansion will take place under conditions of greater scrutiny, higher perceived risk, and more explicit geopolitical trade-offs. The era of cheap ambiguity—of expanding engagement without fully confronting its implications—is not over, but it is under increasing pressure.

#### **IV. The Region Remains Asymmetrical: China's Room for Maneuver**

The Venezuelan case clarifies an important limit in China's engagement in Latin America, but it does not fundamentally alter the broader structure within which that engagement takes place. The region remains asymmetrical. The United States retains a unique position as the primary security actor in the hemisphere, with capabilities and geographic proximity that no external power can replicate. China, by contrast, operates from a position of distance, without the military infrastructure, legally bounded institutional networks, or escalation capacity

required to compete directly in that domain. The events of January 3 brought the unevenness to light.

But this structural asymmetry does not determine outcomes on its own. Latin American countries are not passive terrain within a great-power competition. Their governments actively shape the terms of engagement with both China and the United States, responding to domestic constraints, political incentives, and long-standing preferences for autonomy in foreign policy. The expansion of China's presence in the region over the past two decades was not imposed—it was enabled by local demand for financing, infrastructure, and diversification of external partnerships.

This is the context in which China's strategy operates. Beijing's objective has not been to displace the United States across all dimensions of influence, but to expand its room for maneuver within the constraints imposed by that structural reality. It does so by engaging where the United States is less present, less consistent, or less willing to assume costs—particularly in infrastructure development, long-term financing, and higher-risk environments. At the same time, regional governments have used that engagement to pursue their own objectives, balancing relationships, hedging against dependence, and expanding their margin of maneuver in an increasingly multipolar environment.

The events surrounding Venezuela do not negate this dynamic, but they do complicate it. The regional response to the removal of Nicolás Maduro should not be interpreted as a broader realignment toward the United States. The conditional tolerance for US intervention did not emerge from renewed confidence in US leadership or from ideological alignment with Washington. It emerged from exhaustion. Venezuela had become a source of regional destabilization—through mass migration, organized crime, and economic spillovers—and the costs of inaction had become too high for governments across the political spectrum. Even countries traditionally resistant to US intervention reached a point where the status quo was no longer sustainable.

This distinction matters. The current moment reflects a narrow convergence of interests, not a structural shift in regional preferences. If that distinction is misread, the consequences could be significant. The United States has already signaled a more assertive posture toward the region, including a renewed emphasis on limiting external influence and reasserting primacy in the hemisphere. But a more coercive or exclusionary approach risks colliding with the same local dynamics that enabled China's expansion in the first place.

Those dynamics remain firmly in place. The region continues to face infrastructure deficits, financing gaps, and a persistent need to import technology that China is well-positioned to address. At the same time, historical sensitivities toward US intervention and a preference for diversified external relations remain deeply embedded in regional political cultures. If US policy is perceived as prioritizing control or exclusion over partnership and development, it is likely to generate resistance rather than alignment.

The broader lesson is not that China's influence will recede, nor that the United States can easily reassert uncontested dominance. It is that the space for external engagement in Latin America is shaped as much by regional agency as by great-power competition. China's presence has grown because it offers something that many countries value. It will continue to

do so where those conditions persist. The question is not whether that engagement can be reversed, but how it will evolve in a more constrained and contested environment.

## **V. Implications for US Policy**

The central risk for US policy in Latin America is not China's growing presence in isolation, but the misdiagnosis of how and why that presence has expanded. Framing the region primarily as a theater of strategic competition risks obscuring the underlying conditions that have enabled China's engagement in the first place. China did not displace the United States in Latin America; it entered where demand existed and where US engagement was limited, inconsistent, or conditioned in ways that left gaps unaddressed.

This distinction matters because policies designed to counter China without addressing those underlying conditions are unlikely to succeed. Efforts to limit Chinese influence through pressure, exclusion, or zero-sum framing may generate short-term alignment in specific cases, but they do not resolve the structural drivers of engagement. Countries in the region will continue to seek financing, infrastructure development, and diversified partnerships. These needs are not limited to engagement with either the United States or China. Other actors—including the European Union, Japan, South Korea, India, Australia, and ASEAN economies—also play an important and, in many cases, growing role. From a regional perspective, this diversification is not a problem to be managed, but an objective to be pursued. If these needs are not met through one channel, they will be pursued through others.

The events in Venezuela have created what appears to be a strategic opening for the United States, but it is a narrow and potentially misleading one. The regional tolerance for US intervention in this case did not reflect a broader shift in attitudes toward US leadership. It reflected a convergence of circumstances in which the costs of inaction had become unsustainable. Treating this moment as evidence of renewed regional alignment would risk overestimating the durability of that convergence and underestimating the persistence of underlying skepticism toward US power.

That risk is compounded by the possibility of prioritizing short-term stability over long-term political outcomes. Removing a destabilizing authoritarian figure is not equivalent to resolving the conditions that enabled his consolidation of power. If the post-Maduro environment in Venezuela evolves toward a stable but non-democratic arrangement, it will reinforce long-standing perceptions that US interventions are driven by expediency rather than by a consistent commitment to democratic governance. In a region where historical experience continues to shape interpretations of US actions, that perception would likely endure and could undermine the strategic advantages created by the intervention itself.

At the same time, efforts to reduce China's role in the region through direct pressure are likely to encounter limits. China's presence is not solely the result of state-driven strategy; it is sustained by demand from countries that view engagement as economically beneficial and politically useful. Attempting to displace that presence without offering viable alternatives risks reinforcing the very dynamics that facilitated its expansion. A more effective approach would focus less on exclusion and more on addressing the structural factors—particularly in infrastructure, financing, and institutional capacity—that shape the region's external partnerships.

At the same time, US policymakers should not overlook a structural advantage that no external actor—including China—can replicate. The United States is not simply another external power in Latin America. It is part of a dense network of cultural, social, and institutional ties that bind the hemisphere together. These include deep people-to-people connections, large diasporas, shared cultural spaces, and longstanding institutional relationships, particularly in areas such as military cooperation, education, and commerce. Institutions such as US Southern Command maintain decades-long partnerships with regional armed forces, built through joint training, operational coordination, and professional exchanges that have created familiarity and interoperability across the hemisphere. These relationships are not episodic—they are sustained over time and reinforced across generations.

This form of connectivity operates at a level that is difficult to quantify but highly consequential. It is reflected in migration flows, business networks, cultural exchange, and everyday interactions that shape perceptions across societies. It is also reflected in moments that fall outside formal diplomacy but nonetheless reveal the depth of hemispheric ties. The fact that a Venezuelan national can appear before this Commission to provide testimony on a matter of US policy speaks to a level of openness and integration that extends beyond traditional state-to-state relations. These are two-way relationships, sustained not only by governments, but by societies.

China's engagement in the region, while increasingly significant in economic and development terms, does not operate in this same space. As the Venezuelan case illustrates, China's ties can be deep in specific sectors—finance, infrastructure, energy—but they do not generate the same kind of embedded, cross-cutting relationships that characterize US engagement in the hemisphere. This distinction does not diminish China's importance, but it does highlight a fundamental difference in how influence is constructed and sustained over time. These are advantages that cannot be rapidly constructed, but they can be gradually eroded if US policy fails to align with the expectations and political realities of the region.

The broader lesson is therefore not simply about how to respond to China, but about how to engage the region more effectively. Neither China nor the United States can shape outcomes in Latin America independently of local conditions. Policies that overestimate control, rely excessively on coercion, or ignore the region's demand for autonomy and diversification are unlikely to produce durable results. The Venezuelan case underscores that short-term coercive gains do not ensure durable strategic results. Removing a destabilizing authoritarian addresses an immediate problem, but it does not resolve the deeper political and institutional conditions that produced it. Ignoring that distinction risks undermining precisely the strategic advantage that recent events appear to have created for the United States.