



**CEU - CEFAS**

*Center for Studies, Training  
and Social Analysis*

# China's influence in Latin America

REPORT 01 | CEU-CEFAS

April of 2023

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# Table of Contents

Executive summary.....	7
Economic perspective.....	9
Socio-cultural perspective.....	19
China and its influence on the media.....	26
Geostrategic and political perspective.....	27
Annex.....	33



# Executive summary

With growing economic exchange, and in the absence of a clear policy for Latin America on the part of the United States, Spain and the rest of Europe, **China is increasing its political and cultural influence in the region, becoming an alternative role model to the West** in an increasingly contingent world.

- China's great economic development over the last 25 years has made the Asian power a **major consumer of raw materials** –from Latin America to a large extent. China receives 14% of all Latin American exports, including a third of the oil and mining material produced there.
- Since 2000, trade between China and Latin America has grown at six times the rate of trade with the United States and the European Union. China has overtaken the European Union as Latin America's **second largest trading partner** and, with the exception of Mexico, has been the main partner since 2018.
- **China's dependence on Latin American imports** is very high: 74% of soybeans, 68% of copper, 43% of meat, 22% of iron and 10% of oil purchased by China come from Latin America.
- To ensure access to raw materials, **the Chinese government has taken control of part of the Latin American supply chains**, acquiring mining rights and agricultural marketing companies in producer countries.
- Moreover, China has become the region's largest sovereign creditor and the **main source of financing** for some governments, such as Venezuela, Ecuador and Argentina, through loans repaid or secured with raw materials.
- Unlike Western financial institutions, Beijing **does not attach heavy financial, democratic or environmental requirements** to its loans, in some cases even including clauses on political or technological alignment with China.
- Although direct investment by the United States and the European Union in Latin American companies and new projects is still higher than that of China, the Asian giant has increased its direct investment to a

greater extent than the others in the last decade, allocating the equivalent of 3% of regional GDP to replace Western investment in the **control of strategic assets such as electricity, ports and basic infrastructures**.

- Since 2008, China's foreign policy has sought to add to its economic preponderance a **greater political and cultural influence** in the region, considered the “backyard” of the United States. Thus, China has evolved from a situation of ‘cold politics and hot economics’ to one of ‘hot politics and hot economics’ with respect to Latin America.
- In addition to China having signed **strategic partnerships with major governments**, twenty countries have already joined a cornerstone of the country's diplomacy, the “Belt Road Initiative”, and three Latin American states have joined the Beijing-based Asian Infrastructure Investment Bank. At present, there are only three Latin American states with a population of more than one million that recognise Taiwan.
- The Chinese government has promoted **cultural, scientific, technological and tourist exchanges**, expanding its network of Confucius Institutes in 40 countries and drawing on the descendants of Chinese immigrants who have been integrated in some cities for generations. In Peru, for example, they account for 8% of the population.
- Similarly, the Chinese government has **promoted collaboration with the main Latin American media groups**, has created content in Spanish in the main Chinese media, and has fostered exchange centres and forums for disseminating its culture and the “Chinese miracle” in the region with political leaders, diplomats and communicators.
- Although Latin American societies still consider the United States and Europe as the main democratic references, **people's opinion of China in the region has improved significantly** in the last decade, increasing the positive perception of the Asian power.
- The **pandemic** provided China with an opportunity to increase its influence and project its power by increasing direct aid and scientific and technological cooperation through “COVID diplomacy”, spreading Chinese health products and technology across the continent.
- An example of the EU's lack of commitment to Latin America is the failure of the **Mercosur-EU free trade agreement**. After more than twenty years of negotiations, the two blocs reached a preliminary agreement in 2019. However, the final texts have neither been concluded, nor signed, nor ratified, and therefore have not entered into force.

The United States and Europe have retreated from their historical positions as the Latin American community's main partners, making it easier for the region's enormous economic dependence on China to become a vector of political and social influence. The challenges presented by the new strategic configuration invite **reflection on the role that Western powers wish to play** in a region with which we share history, culture, language and ties that go beyond trade relations.

# Economic perspective

The economic relationship between Latin America and China began at the time of the Spanish Empire, when trade in Chinese silk, tea and porcelain began in exchange for Spanish-American silver across the Pacific Ocean. During the 16<sup>th</sup>, 17<sup>th</sup> and 18<sup>th</sup> centuries, Mexican, Peruvian and Brazilian ports became intermediate stops on the shipping route between Europe, mainly Spain and Portugal, the Americas and Asia, with Manila and Macao being the most important destinations. After the secession of the Spanish American territories, the commercial relationship between Latin America and China continued as a result of the flow of Chinese emigrants to the new republics. Although the great wars of the 20<sup>th</sup> century and the Chinese revolution interrupted trade links between the two regions, China's economic development since the last quarter of the 20<sup>th</sup> century onwards has made the Asian power a **major consumer of raw materials** from Latin America.

In the first decade of the 21<sup>st</sup> century, China's foreign policy objectives in Latin America strengthened its position in the region. In 2008, the first strategic document or 'white paper' published by the Chinese government on its foreign policy in Latin America and the Caribbean<sup>1</sup> prioritised the expansion of "common" (i.e. Chinese) interests in the region, through greater political interaction and cultural and economic exchange. Fourteen lines of economic action were set out, including increased trade, increased Chinese investment in raw materials, infrastructure and energy, and Chinese support for public debt reduction for Latin American governments.

Since the beginning of the century, **bilateral trade between the two regions has increased 36-fold**. Since the signing of a strategic alliance between China and Brazil, numerous other cooperation agreements have been signed, such as the alliance with the Economic Commission for Latin America and the Caribbean (ECLAC) or the China-Community of Latin American and Caribbean States (CELAC) Forum. In 2018,

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1 "China's Policy Paper On Latin America And The Caribbean", 2008, Ministry of Foreign Affairs of the People's Republic of China.



China invited Latin American nations to join its Belt Road Initiative, a cornerstone of its economic diplomacy, launched in 2013 and to which twenty countries<sup>2</sup> in the region have already adhered.

Since 2021, Argentina, Chile and Peru have become full members, and three other countries are moving towards membership, of the Beijing-based Asian Infrastructure Investment Bank, which in 2020 had already made its first investment in the South American region.

Currently, with 430 billion dollars in trade, China has overtaken the European Union as the second largest trading partner of Latin American states, after the United States, and is the region's largest sovereign creditor<sup>3</sup>. In addition, Chinese investment in infrastructure in the region exceeds the joint action of the World Bank and the Inter-American Development Bank in the region, exceeding 100 billion dollars, adding together the 200 energy and transport –port, airport and railway, etc.– projects, financed through loans to states and direct investment by Chinese companies. Similarly, Chinese investment in Latin America in all productive sectors has reached 300 billion dollars in the 2000-2022 period.

## Trade between China and Latin America

The availability of natural resources has been key to China's rapid economic development, as it does not have enough raw materials in its own territory to sustain its demographic and economic dimensions. Since the turn of the century, the acquisition of soybeans, oil, iron, raw copper and refined copper from Latin America has been at the heart of China's growing economic influence in the region.

Bilateral trade in goods between Latin America and China has increased considerably: from \$12 billion in 2000 to \$430 billion in 2021. In contrast, Latin America's goods trade with the European Union, on the one hand, and with the United States, on the other, has doubled in the same period of time in both cases, with goods trade amounting to \$895 billion in 2021. And, although the United States remains the region's main trading partner, its economic leadership relies especially on its relationship with Mexico. Thus, **if trade with the Aztec country is excluded<sup>4</sup>, the volume of trade between China and Latin America has been higher than the figure for trade between the region and the United States** since 2018, currently being 42% higher.

The relative weight of the Chinese-Latin American trade relationship is, in general terms, asymmetrical, since the Latin American market is not among the main destinations for Chinese exports, while China's dependence on Latin American raw materials is more significant. Only exports to Mexico and Brazil exceed the threshold of 1% of total Chinese exports while, for example, Brazil is among the top 10 exporters

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2 Panama, Antigua and Barbuda, Bolivia, Chile, Costa Rica, Cuba, Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guyana, Peru, Suriname, Trinidad and Tobago, Uruguay, Venezuela, Barbados, Jamaica and Argentina.

3 Guzmán, J., "China's Latin American Power Play", January 16th 2023, Foreign Affairs.

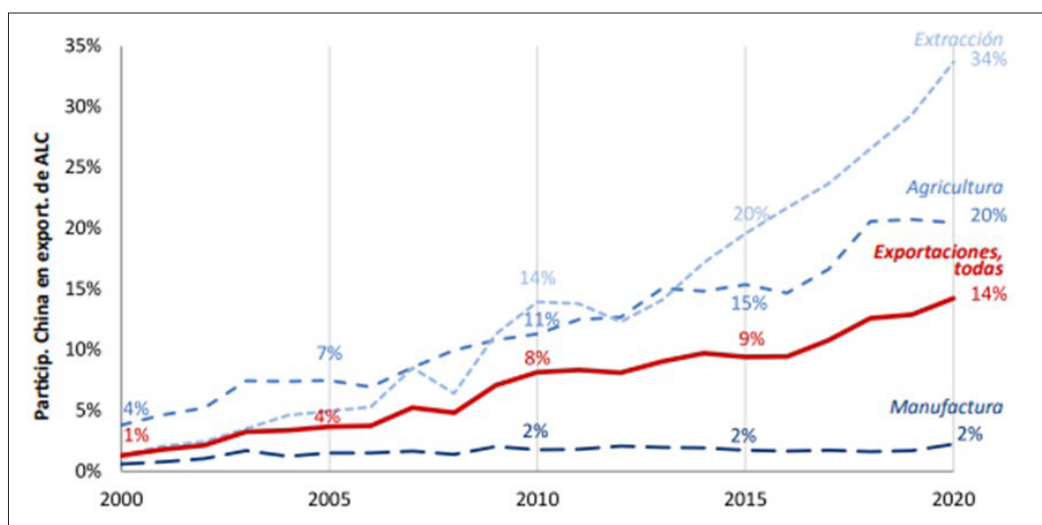
4 Reuters, "Under Biden, China has widened trade lead in much of Latin America", June 8<sup>th</sup> 2022.

to China, mainly for soybeans. However, the future growth of Chinese exports of value-added products to the region, based on the expansion of the ‘Belt Road Initiative’ and the emphasis on the ‘Digital Silk Road’, is expected to transform the trade relationship with a greater presence of Chinese technology in the region.

Currently, Latin American countries export 3.6 per cent of their GDP to China, while they import goods from China equivalent to 4.8 per cent of their GDP, with a negative trade balance of 1.2 per cent of GDP<sup>5</sup>. Although China has always enjoyed a trade surplus vis-à-vis Latin America, the magnitude of this surplus has increased recently due to the higher growth of its exports during the COVID-19 pandemic.

Agricultural and extractive products (mining and oil) are at the forefront of Latin American exports: China receives 14% of all Latin American exports of goods, accounting for 34% of extractive resources and 20% of agricultural goods exported by the region, following an upward trend over the last two decades.

China’s share of Latin American exports by sector



Source: “China-Latin America and the Caribbean Economic Bulletin”, Edition 2022, Global Development Policy Center, Boston University.  
 Note: “LAC” stands for Latin America and the Caribbean

Between 2000 and 2021, Chinese oil consumption doubled to 10.5-11 million barrels per day. The rapid increase, driven by China’s growing fleet of vehicles, caused Latin America to be **China’s fastest growing source of oil supply** in two decades<sup>6</sup>, with Venezuela, Brazil and Colombia being the main producers. Foreign direct investment by Chinese state-owned enterprises and loans with repayment in barrels of oil were the two supply guarantee mechanisms for the Asian power. The main Chinese state-owned oil companies –CNPC, CNOOC, Sinopec and Sinochem– implemented more than twenty projects in the region to secure

5 Source: World Trade Organisation and International Monetary Fund.

6 Rocha, F. and Bielschowsky, R., “China’s quest for natural resources in Latin America”, CEPAL Magazine, no. 126, December 2018.

Latin American oil supplies. In doing so, they acquired rights over oilfields from existing companies or bought these companies outright. Thus, in 2018, it was estimated<sup>7</sup> that 50% of Chinese imports of Latin American oil, which at the time exceeded 800,000 barrels per day, were directly controlled by Chinese companies operating in the region. Meanwhile, loans with barrels of oil as collateral tend to secure a larger quantity of crude oil than the one which is necessary to repay the total amount owed, thus contractually binding the region to larger quantities of oil sales to China or to the countries China stipulates.

Metallic minerals also play a major role in the trade relationship with China. In 2021, Chinese imports of iron ore mined in Latin America accounted for 22% of its total imports. China's dependence on Latin American copper was even higher, accounting for **68% of total copper ore imports**<sup>8</sup>. Although China's share of exports of other metals such as silver, zinc, lead, molybdenum and tungsten is quite high, in the cases of iron and copper, as with oil, China does not have sufficient reserves in its territory to meet the high demand for extractive materials generated by its economy. The importance for China of Latin American copper –mainly Chilean and Peruvian– is significant, since in addition to being the largest direct source of supply, another portion of the copper extracted in the region ends up in China after having been refined in third countries. It is estimated that China currently controls the equivalent of 70 per cent of the copper reserves in Latin America<sup>9</sup>. In order to gain access to both iron and copper, several Chinese companies, mostly state-owned, made 16 investments in the mining sector up to 2015, mainly in Peru.

The rise in Chinese demand for **soybeans** for food use has greatly increased Chinese imports, which in 2021 were 7.5 times higher than in 2000 and accounted for **74% of total Chinese imports** of the oilseed. China buys three times as much soya from Latin America as it does from the United States, despite the easing of trade tensions between the two powers with the arrival of Joe Biden to the White House. China has opted mainly for the acquisition of soybean trading companies already established in the region in order to control the logistics and distribution side of the production chain, without the need to directly acquire the crops, whose purchase is restricted to foreigners in Brazil and Argentina, the main producers of the oilseed. In general, the companies controlled by Chinese interests offer, through money or inputs, the advance purchase of the crop from producers, ensuring their access to the raw material and causing them to lose their independence.

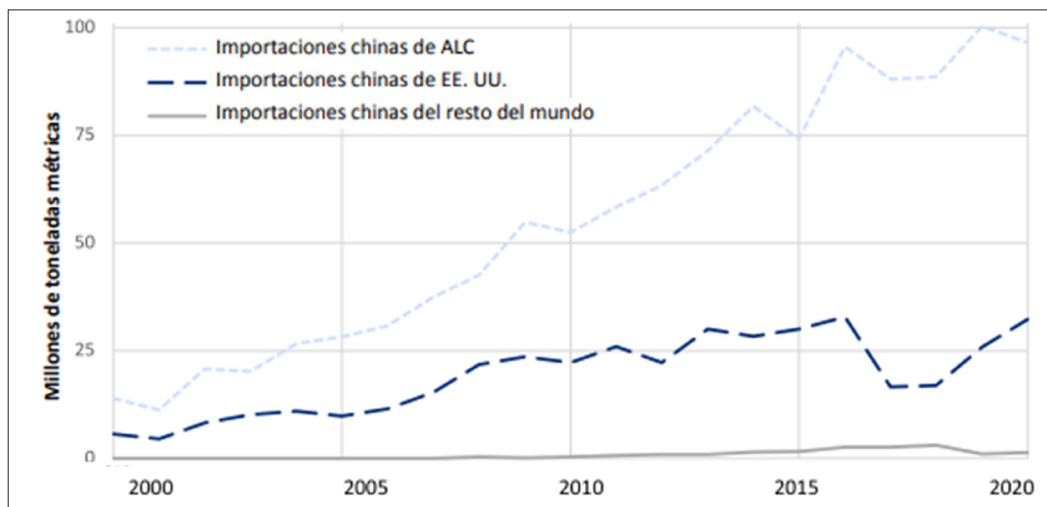
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7 Idem.

8 "2020: A point of Inflection in the China-Latin America Relationship?"; Global Development Policy Center, Boston University, February 2021.

9 Rocha and Bielschowsky, 2018.

### Soybean imports in China, by source



Source: “China-Latin America and the Caribbean Economic Bulletin”, Edition 2022, Global Development Policy Center, Boston University.  
Note: “LAC” stands for Latin America and the Caribbean.

The export of pork and beef from Latin America also plays an important role in meeting China’s demand for food. Although in 2001 China imported more meat from the United States than from the rest of the Americas, by 2021, **43% of China’s beef and pork imports** came from Latin America, while only 9% came from the United States. In the case of beef, China’s dependence on Latin America is even greater, amounting to 77%.

### Beef and pork imports in China, by source



Source: “China-Latin America and the Caribbean Economic Bulletin”, Edition 2022, Global Development Policy Center, Boston University.  
Note: “LAC” stands for Latin America and the Caribbean.

Recently, other **raw materials linked to the development of renewable energy** are gaining prominence in bilateral trade relations: alumina and bauxite from the Caribbean, lithium from Argentina, Bolivia and Chile, and Ecuadorian balsa wood are essential materials for the construction of renewable facilities and

the storage of electrical energy. Chinese imports of these four materials have undergone very high growth since 2017, with the Asian giant accounting for 23%, in the case of alumina, and 88%, for balsa wood, of Latin American exports of these materials<sup>10</sup>. The Chinese government's decision to raise the target for renewable generation to 40% of installed capacity by 2030 and to establish a minimum quota of the same percentage for electric cars by the same year, suggests that demand for these materials will continue to grow exponentially. In the case of **lithium and balsa wood**, the Latin American region has the **largest reserves in the world**, which will establish its importance as a source of supply.

## Chinese investment in Latin America

### Direct investment

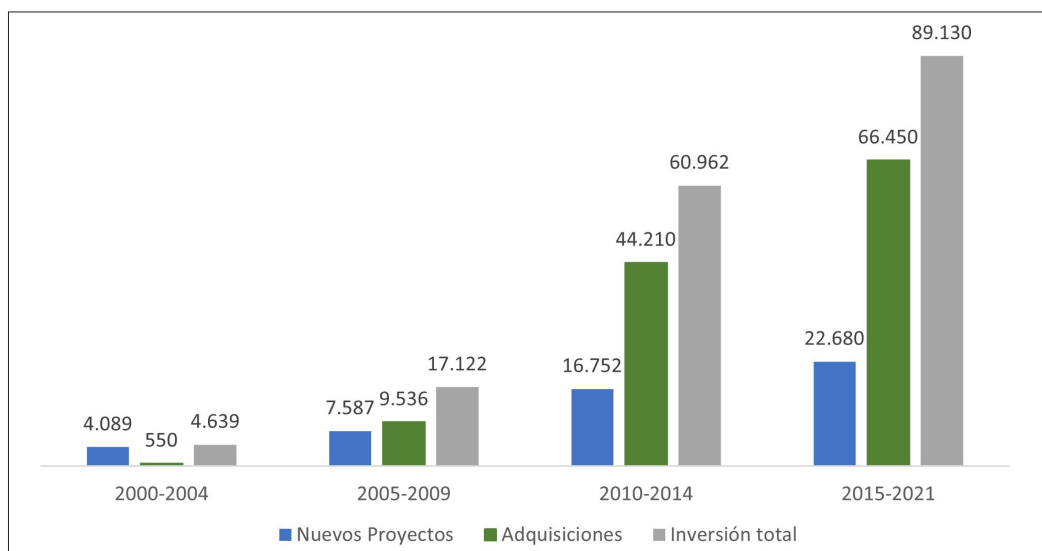
As we have seen in the discussion of goods trade, one of the instruments used by China to secure access to raw materials in Latin America has been direct investment, either in newly created projects or through the purchase of assets or companies already existing in the region from American or European sellers who were leaving the region.

Between 2000 and 2021, **305 Chinese investments were made in new projects** in Latin America, mobilising a total investment of 51 billion dollars and creating 344,000 new jobs. Although foreign direct investment came to a virtual standstill in 2020, activity recovered in 2021, continuing the upward trend. Moreover, in the same period, **219 Latin American asset purchase transactions** were carried out by Chinese counterparts. The total investment mobilised for company acquisitions amounted to 121 billion dollars, following the general growth pattern of Chinese investment, but gaining greater prominence with respect to new projects in the last five years. Seventy-six percent of purchases have been made by Chinese central government companies, particularly Sinopec, CNOOC, State Grid Corporation, China Three Gorges Corporation and China Minmetals Group.

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<sup>10</sup> "Economic Bulletin China-Latin America and the Caribbean", 2022 Edition, Global Development Policy Center, Boston University.

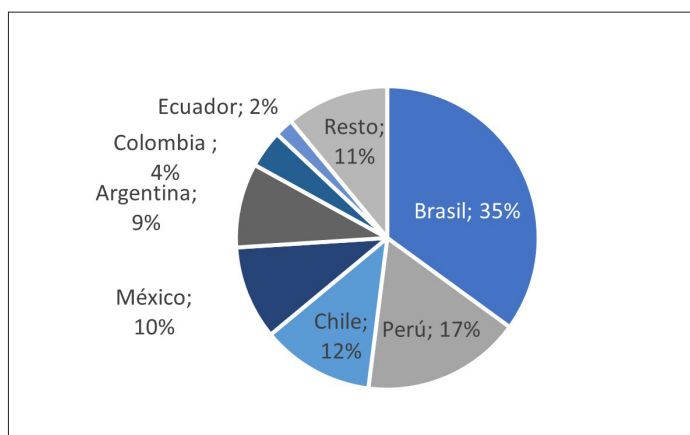
**Outward foreign direct investment (OFDI) from China to Latin America:**  
(Figures in millions of dollars)



**Note:** Compilation based on data from “Monitor of Chinese OFDI in Latin America and the Caribbean 2022”, May 2022, RED ALC-China.

Although **total foreign direct investment in Latin America (172 billion dollars)** from 2000 to 2021 represents barely 6% of the total received by the region in that period –the United States and the European Union account for more than 70%–, China is the investor that has gained the largest share in recent years. The main beneficiary of direct investment from China from 2000 to 2021 has been Brazil (35% of investment), followed by Peru (17%), Chile (12%), Mexico (10%) and Argentina (9%).

**Outward foreign direct investment (OFDI) from China to Latin America 2000-2021 by country**

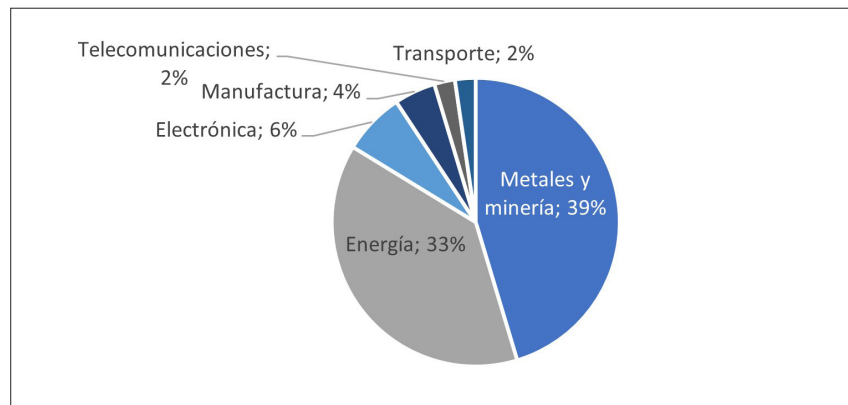


**Note:** Compilation based on data from “Monitor of Chinese OFDI in Latin America and the Caribbean 2022”, May 2022, RED ALC-China.

Until 2010, investment in projects linked to extraction accounted for 95 per cent of the total, but from 2015 onwards other sectors gained more weight as Chinese corporations, replacing, as we shall see, bilateral financing, took the lead in large-scale acquisitions of electricity companies in Brazil, Chile and Peru. In this way, there is now a balance between the importance of energy infrastructure projects and metals and mining. For example, in 2021, State Grid Corporation acquired 96% of Chile’s *Compañía*

*General de Electricidad de Chile* from Spain's *Naturgy* for 2.7 billion Euro and, in turn, *China Three Gorges Corporation* increased its stake in *Luz del Sur* (Peru) to 97%, paying 560 million dollars for 13.5%. Other sectors that have been growing in recent years are transport, with the purchase of airlines –Azul– and large container port terminals (in Paranaguá, Brazil, and Veracruz, Mexico), and technology, with investments by Chinese “big tech” companies in several dozen projects in 15 countries linked to artificial intelligence, internet, surveillance and telecommunications.

**Outward foreign direct investment (OFDI) from China to Latin America 2000-2021 by sector**



**Note:** Compilation based on data from “Monitor of Chinese OFDI in Latin America and the Caribbean 2022”, May 2022, RED ALC-China.

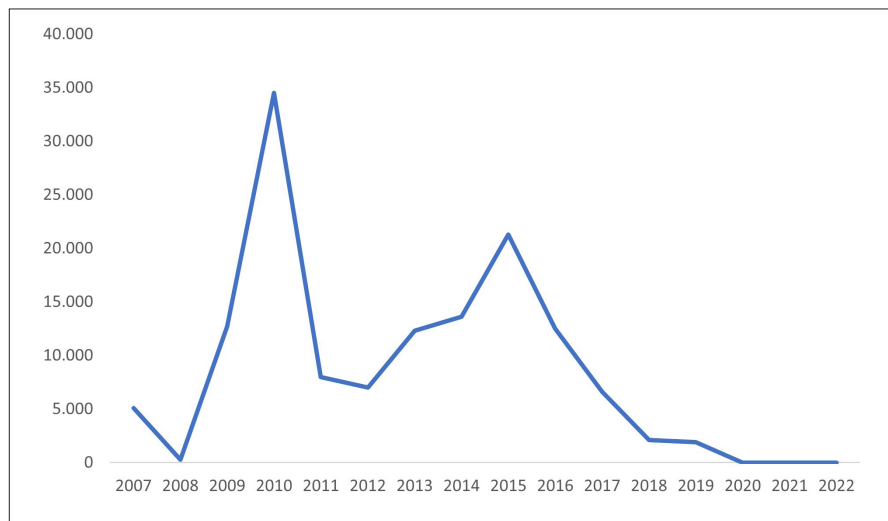
## Bilateral financing

China’s other major line of action has been bilateral state-to-state lending by two of the state-owned development finance banks: the China Development Bank (CDB) and the Export-Import Bank of China (Exim). According to the think tank The Inter-American Dialogue, since 2005, Chinese state-owned banks have made **105 loans to countries in the region for a total amount of \$126 billion**.

Bilateral financing activity peaked in 2010 and again in 2015, after which it began to decline, both in terms of lending and amount, coming to a complete standstill with the onset of the pandemic in 2020. In contrast to other international, state or multilateral financial institutions, Beijing did not include conditions linked to credit rating or social and local policy criteria for the execution of financing. **For Argentina, Ecuador and Venezuela, they have been the main alternative for accessing debt markets** when requirements regarding corruption, the country’s economic fundamentals or the limitation of excessive debt closed off other sources of financing. Chinese financial institutions covered their risks through preferential collection mechanisms and collateral guarantees linked to public revenues or the debtor’s natural resources, sometimes adding clauses on political alignment with the People’s Republic of China or reducing barriers to the implementation of 5G networks by Chinese companies.<sup>11</sup>

<sup>11</sup> Wintgens, S., “China’s footprint in Latin America”; European Union Institute for Security Studies, September 2022.

**New bilateral financing from China to Latin America 2000-2021**  
(Figures in millions of dollars)



**Note:** Compilation based on data from “China-Latin America Finance Databases” of The Inter-American Dialogue Monitor, 2023.

Energy infrastructure (75% of the total) and transport infrastructure (21%) accounted for most of the financing, which mainly benefited Venezuela (50% of the total), Brazil (24%), Ecuador (14%) and Argentina (13%). Today, according to central bank and World Bank data, Venezuela’s and Ecuador’s external debts to China exceed 5% of their GDP. In the latter case, Ecuador’s liabilities to China, which has acted in the last decade as the country’s last resort lender, are eight times larger than its debt to the next largest foreign creditor and, moreover, they mature in the next three years.

As a complement to state financing, following the region’s incorporation into the **Belt Road Initiative**, China’s five large government-controlled commercial banks signed 62 loan contracts with Latin American debtors, mainly Argentinian and Brazilian, for the financing of energy and transport infrastructure projects, notably ports and railway projects.

Finally, these contributions of Chinese money to the region’s development have also benefited Chinese companies, which on many occasions have been entrusted with the construction of the infrastructure to be developed. In total, the five main Chinese contractors, all of them state-owned, have carried out **assignments for more than 50% of the total** amount of funds provided by bilateral financing for the development of the projects<sup>12</sup>.

<sup>12</sup> “Monitor of Chinese infrastructure in Latin America and the Caribbean 2022”, September 2022, RED ALC-China.



Since the COVID-19 pandemic, the halt in the issue of new loans led to an increase in direct investments, mainly through company buyouts, as we have seen, accompanied by an increase in **direct aid and cooperation**. In this respect, health cooperation with some Latin American countries, especially Ecuador, Uruguay and Chile, was particularly important, in what was described as “mask diplomacy”, whereby the Asian power tried to compensate for historical shortcomings and alleged delays in US plans, while at the same time gaining political weight by offering loans for the purchase of Chinese vaccines and donations of health material to some governments.

# Socio-cultural perspective

The first arrival of Asian migrants to Latin America dates back to the 16<sup>th</sup> century aboard the Manila Galleon, which crossed the Pacific Ocean between the Philippines and the Viceroyalty of New Spain, today Mexico. However, the first major Chinese migrations took place in the 19<sup>th</sup> century to replace slave labour in activities such as agriculture, railways and mining.

The main countries to receive Chinese immigrants are Peru, Venezuela, Brazil, Panama, Argentina, Cuba and Mexico. It is difficult to know the exact number of descendants of these migrants due to shortcomings in the censuses of these countries. Their degree of integration also differs from country to country. A characteristic feature of these migrants is their capacity for entrepreneurship, which has allowed them to prosper in the countries where they have settled. Other qualities are their capacity to work and to create associations and groups, in order to maintain their culture and to support each other.

In **Peru**, there are **2.5 million**<sup>13</sup> Chinese descendants, which is approximately 8% of the population. This Chinese population is also the best integrated socially, culturally and economically. There are important Chinese associations such as the Peruvian-Chinese Association, the Peruvian-Chinese Cultural Institute, the Central Chinese Benevolent Society and the Peruvian-Chinese Chamber of Commerce, all of which demonstrate the influence of the Chinese community at all levels.

In **Venezuela**, the Chinese community is made up of approximately 400,000<sup>14</sup> people who have been arriving since the mid-19<sup>th</sup> century. However, the country's relationship with the Chinese government changed after Hugo Chávez came to power with the resulting international isolation of the country. Relations with the People's Republic of China, in addition to ideological affinity, have been a lifeline for the Venezuelan economy and a source of raw material supplies for the Asian giant.

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<sup>13</sup> 2,500,000 descendants, 8% of Peruvians in 2017 (Juan Carlos Cardenal, 2017).

<sup>14</sup> Martín (2017).

In **Brazil**, the arrival of the Chinese population dates back to colonial times, although immigration has also taken place at other times in the country's history. The majority of the population, of Chinese descent, estimated to be 250,000 people, is concentrated in the state of Sao Paulo. The population of Chinese origin, like that of the Japanese, has integrated smoothly into Brazilian society, a country well accustomed to integrating immigrants, who have been arriving for centuries.

Under President Luiz Inacio Lula da Silva, relations were strengthened and the People's Republic of China became one of Brazil's largest trading partners. The presence of communities of Chinese origin is also significant in other countries such as Panama, Argentina, Cuba and Mexico, where the population has been integrating well and prospering. The existence of these communities of Chinese origin with their culture, traditions, associations, etc., has facilitated China's entry in these countries at the political, economic and social levels, an opportunity that the Asian giant has successfully capitalised on. However, in the case of Cuba, this prosperity was cut short with the triumph of the revolution in 1959 and the expropriation of the Chinese community's assets.

## Confucius Institutes

China's influence on Brazilian universities has never been greater than it is today. In recent years, the country's main educational institutions have signed agreements and conventions with Chinese institutions at an ever-increasing rate. Much of this influence is exerted through the branches of the Confucius Institute around the world, whose stated aim is the propagation of Chinese culture and language.

In recent years, China has been expanding its **network of Confucius Institutes in more than 40 countries in Latin America**. Brazil has eleven Confucius Institutes. The one at UNESP (University of the State of São Paulo) was established in 2008 and is proud to have been voted "Confucius Institute of the Year" three times.

The main purpose of these institutes is to provide Chinese language classes and cultural programmes. However, they also play a role as disseminators of the regime's propaganda and a way of cultivating its soft power. The Chinese government knows that in order to disseminate core values, there must be key Chinese elements and 'logos' or cultural references. The country has come to terms with the fact that, for decades, external communication lacked clear Chinese values in Latin America. As a major channel for exporting soft power to Latin America, Confucius Institutes should not only disseminate the language and showcase the talents of volunteers and teachers, but also play a greater role in **disseminating traditional Chinese cultural values**. It is necessary to clarify that this kind of dissemination has nothing to do with indoctrination or forced acceptance by the audience, but rather letting the audience understand the value and thought of Chinese culture, because, according to Confucius, "only by understanding can one understand and then recognise". Nevertheless, the refinement and selection of core values should

be predominantly universal, such as Chinese filial piety and the spirit of unity between the old and the young (intergenerational understanding).

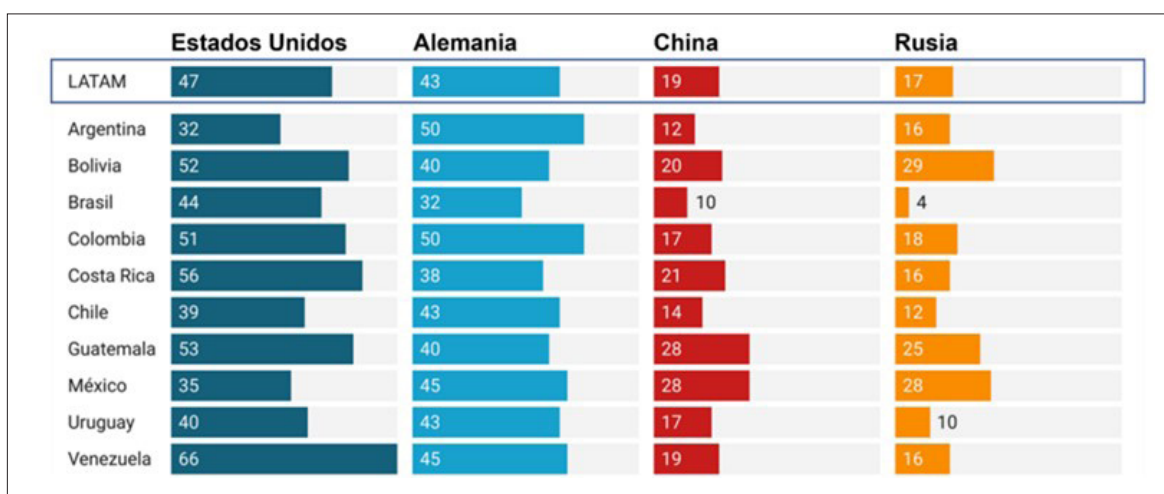
## The perception of China abroad

**Ties between the People's Republic of China and countries such as Venezuela, Brazil, Mexico and Argentina have served to replace US influence**, as well as to displace the US from the political, economic and social orbit that has prevailed since Latin American countries gained their independence. In recent years, China has been gaining ground primarily at the economic level, but also at the political and social levels. China's influence is viewed more benignly than that of the US, as the latter is perceived as a power that interferes with the internal politics of countries.

According to a Pew Research Center survey in 2019, **53% of Brazilians, 50% of Mexicans and 47% of Argentines had a positive view of China**. In some parts of Africa and Latin America, such as Nigeria and Argentina, they say that China's economic growth is positive for their countries, with 83% and 54% respectively holding this view. Today, in many emerging economies, more citizens say China's economic growth is good for their nation than they did five years ago. There have been double-digit percentage increases in Mexico, South Africa, the Philippines, Brazil, Nigeria and Argentina. It is also significant that the higher the level of perceived corruption in a country, as rated by Transparency International, the more positively they tend to view China in those nations. Nigerians, for example, score the worst on the corruption scale among the countries included in this survey. However, 70 per cent of Nigerians have a positive opinion of China.

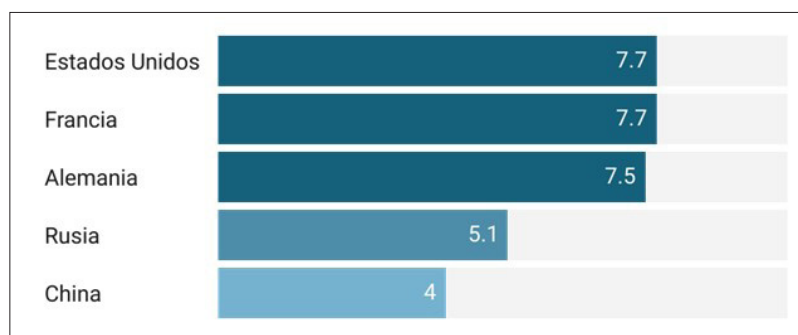
The Latinobarómetro conducted a survey in the second half of 2021, in a representative group of ten Latin American countries: Argentina, Brazil, Bolivia, Chile, Colombia, Costa Rica, Guatemala, Mexico, Uruguay and Venezuela, in order to find out the perceptions of these societies on certain issues. Among the questions that were asked, there are some that are of particular interest for our study:

Of which of the following countries do you have the best opinion? (%)



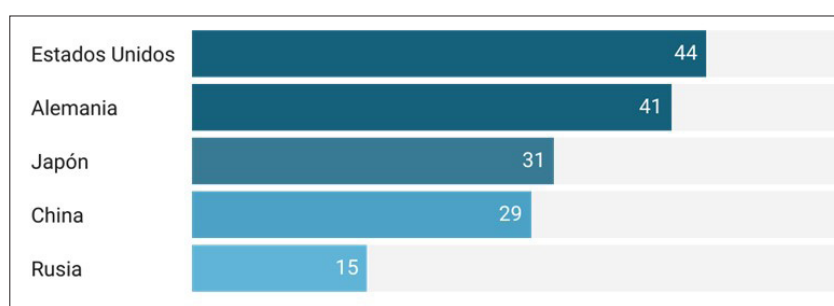
Here we can see that the average perception of the USA is much more positive than that of China and Russia, although it is not the same in all Latin American countries, with Argentina, Mexico and Chile showing lower levels than the average for the rest of the countries. In relation to democratic quality and the development model, it is clear that Latin American citizens prefer the USA and European countries to China and Russia.

Democratic quality



On a scale of 1 to 10, where 1 represents “not a democracy” and 10 represents “a full democracy”, **where would you rank each of the following countries?** (average)

Development model



With a view to the future, **which countries do you think would be the best development model for your country?**

As can be seen, both in terms of democratic quality and development model, Latin American countries look to the US and Europe rather than China. The United States continues to be taken as the benchmark for the political and economic model that Latin Americans want for their countries, despite the criticisms levelled against the North American giant from some quarters.

In recent years, China has been making many efforts to improve its image in Latin America from the economic, political and social points of view. However, its political system is not viewed positively by most of the region's countries, which see democracy as the best system of government for their interests vis-à-vis China's communist regime. It should be noted that most Latin American countries only consolidated their democracies from the 1980s onwards. Other aspects that affect the perception of the Asian power are the lack of respect for human rights and, in more recent years, the management of the pandemic with totalitarian practices of suppressing the freedom of movement of its citizens.

As we have seen, Chinese descendants in Latin America constitute significant minorities in some countries and reveal China's historical relationship with the region. This Chinese population, in some countries, is being used by the Asian authorities to project their influence and strengthen political, economic and social relations in these Latin American countries.

Even so, it is becoming increasingly evident that China's new influence in some countries is replacing the hegemony that the United States exercised in the region. The loss of US influence and the emergence of leftist regimes that feel comfortable with the Asian giant are a threat to democratic regimes and the market economy, which have been the guarantee for the region's development since the 1980s. At the 2022 Summit of the Americas, President Biden launched the Economic Prosperity Partnership of the Americas (EPPA) to improve relations with the country's South American neighbours.

Latin American societies continue to look to Europe and the US as points of reference, but these points of reference can become weakened if there is no clear and decisive support from the US and the EU for the preservation of democracy and the rule of law in these countries. An example of this is the failure of the **Mercosur-EU free trade agreement**. After more than twenty years of negotiations, the two blocs reached a preliminary agreement in 2019. However, the final texts have neither been completed, signed nor ratified, and therefore have not entered into force. If ratified, it would represent the largest trade agreement reached by both the EU and Mercosur in terms of citizens involved.

In the 2010s and until the COVID-19 pandemic, Latin America played a key role in the foreign policy of the three main Asian countries: China, Japan and Russia, the latter because of its enormous eastern

extension. Indeed, by 2015 there had already been official visits by Chinese President **Xi Jinping**, Japanese Prime Minister **Shinzo Abe** and Russian President **Vladimir Putin**, respectively.

The three countries have had two common objectives: trade and investment. **Former Chinese President Deng Xiaoping said in the 1980s that the 21<sup>st</sup> century would be “the Latin American century”**. However, in view of the dispute between Japan and Russia over the four northern islands, especially the escalating confrontation between China and Japan in the East China Sea, the leaders of China and Japan have visited the same area successively, leading foreign media to speculate that China and Japan have moved to the Western Hemisphere to engage in an offshore dispute.

It should be added that, while China is increasingly enjoying **considerable popularity in Latin America, it is doing so far less than in Africa**. This has led Chinese diplomacy to rethink new strategies for engaging with local culture, as they have realised that the lack of a policy of serious, active and in-depth study and understanding of Latin American society and culture may prove counterproductive in the long run. Thus, in the last ten years, relations between China and the region have advanced rapidly, and contacts between the two sides have also moved from “cold politics and hot economics” to “hot politics and hot economics”. Some of the improvements put forward by the Chinese government have been the following:

- 1. Encouraging cultural and artistic exchanges:** The Chinese government is willing to actively implement the cultural cooperation agreements and relevant implementation plans signed with Latin American countries, as well as to maintain regular exchanges between cultural authorities and intensify exchanges and cooperation between cultural and artistic institutions and professionals. With regard to cultural exchanges, China seeks to actively guide and promote various forms of cultural exchange activities in all sectors of society through the use of its embassies and consulates.
- 2. Conducting exchanges between the relevant sports authorities** of governments and the National Olympic Committee, to encourage the establishment of direct contacts between individual sports associations and to actively guide and promote the development of various forms of bilateral competitions.
- 3. China is willing to promote scientific and technological exchanges** with Latin American countries through the joint committee on bilateral scientific and technological cooperation and the high-level

coordination mechanism, as well as to strengthen cooperation in aerospace technology, bio-energy, resources and environment, marine technology and other fields of mutual interest.

4. Actively encouraging the promotion and application of China's **energy-saving technology**, digital healthcare, small hydropower and other advanced scientific and technological achievements in Latin America.
5. Conducting **technical training**, technical services and demonstrations. Using bilateral and multilateral cooperation mechanisms to promote cooperation and educational exchanges between China and Latin America. Promoting the signing of agreements for mutual recognition of academic degrees and increasing the number of government scholarships granted to Latin American countries.
6. China is willing to expand cooperation with Latin American countries in the field of **tourism** and enhance understanding and friendship between the two peoples. It will also actively promote Chinese tourist groups to travel to Latin American countries and welcomes citizens of Latin American countries to visit China.



# China and its influence on the media

China has two clear objectives with regard to the media: on the one hand, to disseminate to local audiences its own version of its nation and the country's political system, in what the regime considers a biased Western narrative; and, on the other, to build a friendly image that encourages support for its strategic objectives in Latin America in the political, economic, social and cultural spheres.

According to studies carried out by the Chinese Academy of Social Sciences, the media have perpetuated a very iconic and basic illusory image of Chinese culture (the most significant examples being the Spring Festival and the art of Kung Fu). This has prompted the Chinese government to ask the following question in recent years: are the messages sent by the Latin American media selective or are they truly representative?

Again, a Pew Research Center survey (2014) found significant data showing that the main component of China's soft power in Latin America was 'advancement in science and technology' (72%), rather than the 'dissemination of ideas and customs' as we imagined, or the influence of music, films and television.

Beijing is also trying to spread its influence through **media groups** targeting Spanish-speaking audiences in the region. The *Xinhua* and *People's Daily* newspapers produce daily content in Spanish and Portuguese, as does China Radio International (CRI). Meanwhile, China Central Television (CCTV) has a 24-hour Spanish CGTN channel, which is available online free of charge. Finally, the Chinese government has made numerous efforts to connect with Latin American journalists through the China-Latin America Media Exchange Centre. This centre is responsible for bringing journalists from all over Latin America to China to study and work<sup>15</sup>.

Through the China-CELAC forum (China-Community of Latin American and Caribbean States Forum), the Chinese government aims to promote the development of the China-Latin America and Caribbean Comprehensive Cooperation Association characterised by equality, mutual benefit and

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15 Barrios, R., 'China's state media in Latin America: profile and prospects', Asia Research Institute Blog, The University of Nottingham, 28 May 2018.

shared development. The forum brings together academics, political leaders, diplomats and journalists to promote the “Chinese miracle”.

China also takes advantage of less visible forms of party-to-party collaboration through the International Liaison Department (ILD) of the Chinese Communist Party. This institution engages with Latin American political parties with the aim of building long-term ideological relations.

# Geostrategic and political perspective

Since 2012, China has established successive partnerships with Brazil (2012), Peru (2013), Venezuela (2014), Argentina (2014), Mexico (2014), Chile (2016) and Ecuador (2016). It also created a comprehensive strategic partnership with Latin American countries such as Uruguay, Costa Rica and Bolivia. However, there have been constraints that have weakened the foundations of this political and strategic cooperation.

In China's view, Latin America needs a multipolar world. Prior to COVID-19, with Xi Jinping's visit to four Latin American countries, China was considered to have achieved successful results in terms of diplomatic relations. Some experts pointed out that the reason China is welcomed by these countries is the "benign process" of economic diversification.

**China, which makes no secret of its internal animosity towards the United States,** defends the idea that the latter has always considered Latin America as its own territory. However, the well-known commentator Qiu Lin wrote that the Latin American countries involved do not agree that China's entry into Latin America is a confrontation with the US, but that they hope to cooperate with China rather than rely too heavily on a powerful neighbour<sup>16</sup>. This statement has been bolstered by leaders such as former Argentinean president Cristina Fernández de Kirchner, who on several occasions has said that South Americans and residents of Caribbean countries need a multipolar world.

Tao Wenzhao, a well-known expert on international affairs<sup>17</sup>, stated that the development of China's relations with Latin American countries is based on promoting China's diplomacy in a comprehensive manner. The potential for economic cooperation between China and Latin American countries is huge and the fields of practical cooperation are highly complementary.

To this end, before the pandemic –although there is every indication that this will continue to be the pattern in the medium term–, China (read Xi Jinping's government) sought to strengthen economic cooperation with emerging countries. Many emerging countries, such as Brazil, Venezuela and BRICS countries such as Russia and South Africa, are resource exporters. China's economic development will continue to grow, as will the demand for energy, mining and agricultural resources discussed above. The economies of China and emerging countries are highly complementary, which helps further China's development.

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<sup>16</sup> In the medium think.china.com.cn, China's first online media platform for think tanks.

<sup>17</sup> Main researcher at the Institute for the American Studies of the Chinese Academy of Social Sciences – CASS.

China also seeks to build a new arena for international diplomacy. The United States is taking the lead in platforms such as the seven major industrial countries in order to occupy the power of international discourse. The role of emerging countries on the international stage is becoming increasingly important. For example, the BRICS countries account for 20% of global GDP and, over the past 10 years, have contributed 50% of global economic growth. China actively cooperates with emerging countries, which helps these countries to increase their diplomatic importance.

China's diplomatic strategy is still based on cooperation rather than confrontation and seeks to expand China's development scope. Therefore, the Asian giant not only hopes to reach out to emerging countries in South America, but also seeks to have a cooperative rather than confrontational relationship with the United States, although this also depends on US governments.

## A turning point: the Asia-Pacific Economic Cooperation Summit

At the 2016 Asia-Pacific Economic Cooperation Summit (APEC) in Lima, China once again demonstrated its image as an important country. Given that **under the Trump government, there was a tendency for the United States towards economic isolation**, and the United States has abandoned the promotion of the Trans-Pacific Partnership (TPP), many Latin American countries placed great expectations on China's role in multilateral international cooperation. This summit served as an opportunity for China to strengthen its influence in many South American countries and thus had a synergistic effect with regard to China's huge trade interests in South America.

From the point of view of China's global geopolitical design, South America has become an important area for China's foreign strategic cooperation. Significantly, in November 2016, the Venezuelan government declared that the China National Petroleum Corporation and PDVSA had reached an agreement worth \$2.2 billion to increase their joint venture's oil production. Venezuelan President Nicolas Maduro stated in a televised speech on the same day, "Thank you very much for all your support in 2014, 2015 and especially in 2016." President Maduro's gratitude reflects China's current embarrassing situation in South America: China has invested heavily in several South American countries, provided huge funding and invested many diplomatic resources, but these countries have successively fallen into economic crises, regime change and social unrest that have put China's huge commercial and diplomatic interests at risk. This means that South America, considered by China as one of the cornerstones of its foreign strategy, is falling into a political and economic quagmire caused by its internal turmoil.

In recent years, many South American countries that have received large amounts in loans and aid from China are facing severe economic and social crises. For example, China has successively provided nearly \$60 billion in funds to Venezuela in the form of loans secured by oil. In the case of Brazil, Premier Li

Keqiang visited the country in 2015 and the two countries signed a \$53 billion investment agreement. In 2015, China's investment in Latin America doubled from the previous year (\$29 billion), exceeding the combined investment of the World Bank and the Inter-American Development Bank in Latin America. Today, Brazil, Venezuela and other countries face economic depression and escalating social unrest. Many of China's major commercial interests and credit extensions in the local area face major risks from which they may not recover.

In international cooperation, regions that serve as footholds must have strategic interests such as Taiwan, the South China Sea and the "New Silk Road" that reflect China's strategic interests.

These are some of China's important strategic interests in Latin America:

- 1. Oil.** China can obtain large supplies of oil from Venezuela, Brazil and other countries. For China, whose dependence on foreign oil exceeds 60 per cent, a stable and secure oil supply is clearly of strategic importance. Just as the Middle East has always been of great importance to the United States, its status has only declined in recent years. However, with the sharp fall in international oil prices, stable oil supplies from Latin America are of no particular advantage. For a few years at least, this pattern will undergo no qualitative change.
- 2. The geopolitical relationship with Latin America.** This is a strategic interest. Latin America is traditionally considered the "backyard of the United States" and now that China has entered it on a large scale, its influence is growing. This means that geopolitical relations can become strategic interests, but the problem is that Latin America is still the "backyard of the United States" and will never become "the backyard of China".
- 3. Trade and markets.** As a major trading country, China values trade and export markets. However, as a market focused on developing countries, the sum of trade demands between China and many Latin American countries cannot compare with China-Europe, China-US, or even China-Japan and China-Korea trade. With the economies of Brazil and Venezuela in a compromised situation, so too is Latin American trade and its market influence. Therefore, trade and markets cannot become the strategic interests that China values.

From this point of view, China's strategic interests in Latin America seem to be clear and are reflected in both macro concepts and real interests. According to current domestic and international developments, it is necessary for China to objectively reassess its strategic interests in this region and provide rational analytical support for future decision-making.

## The 2019 report

The official report “**China’s Strategy towards Latin America in the New Era and its Influential Factors**”, written by Professor He Shuangrong from the Institute of Latin America, Chinese Academy of Social Sciences<sup>18</sup>, states that the “new era”, under the guidance of the concept of big country diplomacy with the peculiarities of Xi Jinping, China has begun to reposition and strategically deploy itself in Latin America from the perspective of global vision and interests.

China’s strategic objectives for Latin America are long-term. China knows that it must build and cultivate ties gradually through relentless and subtle efforts, and that strategic expectations should not be too high. The Chinese government has realised that the world is undergoing major changes (even before COVID-19) that have not been seen in a century, and the development of China’s relations with Latin America remains complex and profound.

## The “problem” of Human Rights in Latin America

According to the Journal of Latin American Studies of the Chinese Academy of Social Sciences<sup>19</sup>, Latin America is deeply influenced by Western cultural values. The report conveys that the region is committed to playing a key role in the formation of advanced concepts and international norms on human rights.

Large-scale human rights violations have occurred in Latin America. As a result, China has established a regional Latin American human rights protection mechanism with different local characteristics and a comprehensive system implemented nationwide.

Mechanisms have also been put in place to respond to human rights violations in the form of truth commissions and district courts. In this section, the Chinese government asks the following questions<sup>20</sup>:

1. Are international human rights discourse and standards dominated by the Western discourse suitable for developing countries?
2. Is it possible to interfere in the internal affairs of developing countries on humanitarian grounds or under the pretext of human rights?
3. Is this a choice based solely on considerations of the national interests of Western countries or is it an illusion?

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18 Number CLC: F125 Document code: A. Article number: 1002 - 6649 (2019) 06 - 0001 – 21.

19 Number CLC: D082, D998.2 Document code: A. Article number: 1002 - 6649 (2022) 02 - 0120 – 21.

20 Conclusions of the document.

# The purchase of security policy towards Latin America.

## Objective: isolate Taiwan

According to the Chinese government's roadmap in 2008, these were all good and transparent intentions:

1. China was willing to actively engage in **military exchanges**, defence dialogue and cooperation with Latin American countries, strengthening mutual visits and personnel exchanges between military and defence leaders, intensifying professional exchanges in military and personnel training, peacekeeping and other fields, expanding practical cooperation in non-traditional security fields, and continuing to provide assistance within their capabilities for the military build-up of Latin American countries.
2. China would continuously expand its **cooperation with Latin American countries in the judicial field**, especially in criminal, civil and extradition judicial assistance. It would also consolidate cooperation with judicial departments of relevant countries in information exchange, enforcement of sanctions and legal services; strengthen police cooperation with police and internal affairs departments to jointly combat transnational organised crime, including drug crimes and economic crimes; and strengthen intelligence information and technical exchanges, establishing bilateral and multilateral exchange systems, exchanging information on illegal immigration activities in a timely manner and improving prevention capabilities.
3. Finally, the Chinese government was willing to enhance exchanges and cooperation with Latin American countries in the field of “non-traditional security”, increase exchanges of information and personnel, explore effective ways and means to increase cooperation in non-traditional security fields such as counter-terrorism, and jointly improve the ability to deal with non-traditional security threats.

However, the reality is different in 2023, in the aftermath of the COVID-19 pandemic. For Evan Ellis, Professor of Latin American Studies at the US Army War College<sup>21</sup> –who specialises in the region's relationship with China– the pandemic gave China scope to increase its influence and has served to project its power<sup>22</sup>.

China's military technical support does not include its military intervention in the affairs of Latin American countries. **China is displacing the US in the continent's arms market.**

According to Ellis, a new phase of **COVID diplomacy in health technology** has begun. Thus, we find the plans for co-production of vaccines in Brazil, Peru and Argentina in the 2022 to 2024 period. This situation will undoubtedly allow China to advance in biotechnological developments in the region and will turn Latin America into a large market for the sale of the Chinese vaccines Sinopharm, Sinovac and CanSino. The vast majority of South American countries have purchased doses of these vaccines. In

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<sup>21</sup> <https://ssi.armywarcollege.edu/>

<sup>22</sup> Statements to the BBC in December 2021.

Chile, for example, the early purchase of health products from Chinese companies enabled it to mount the most extensive inoculation campaign in Latin America.

Moreover, China's campaign to donate vaccines to Latin America has meant that Taiwan currently has only the following allies (states that recognise it):

- Caribbean: Haiti, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines.
- Central America: Guatemala and Belize (until recently, Honduras).
- South America: Paraguay.

The importance of ports in maintaining security

As has been repeatedly stressed, China is the main trading partner of almost ten Latin American countries. In many trade volumes, it even ranks second or third. China is actively investing in several sectors of Latin American industry, notably mining. The development of military ties with Latin American countries is undoubtedly complementary to a broader strategy of developing economic, logistical and investment ties (as in the case of ports).

Strategically, these are the main shipping routes of interest to China:

- Shenzhen – Buenos Aires (Argentina)
- Shanghai – Guayaquil (Ecuador)
- Shenzhen – Guayaquil (Ecuador)
- Ningbo – Port of Aguirre (Bolivia)
- Shanghai – Santos (Brazil)
- Guangzhou – Antofagasta (Chile)
- Shenzhen – Montevideo (Uruguay)
- Tianjin – Chile (recently in 2023, port to be determined)

The mega-port of Chancay, which Cosco Shipping Ports, one of the Chinese State's business giants, is building at this site 80 kilometres north of Lima, will be a colossal infrastructure which will be a new landmark of Chinese presence and influence in Peru and in the whole of Latin America.



# Annex

## Annex 1. Chinese influence in Argentina

### Economic influence

Along with Brazil, China is Argentina's **main trading partner** and the second largest export destination for the South American country. The volume of trade in goods amounts to 20 billion dollars, 4.1% of Argentina's GDP. The net balance is in the benefit of China, as it exports the equivalent of 2.8 per cent of the country's GDP to Argentina (mainly electronics and chemicals), while importing goods from Argentina amounting to 1.3 per cent of its GDP (mainly soybeans and meat). At present, trade with China represents 21.4 per cent of Argentina's imports and 8.1 per cent of its exports, figures that have quadrupled since 2000.

In an international financial context that considers Argentina to be one of the worst countries in which to invest, China has emerged as the Argentinian government's **main source of foreign financing**. On the one hand, since 2009 Argentina has benefited from a currency swap agreement with China, which functions as a loan of reserves from the Chinese central bank to the Argentinian central bank. Currently, the Argentinian government owes China some \$18.5 billion, equivalent to 40 per cent of Argentina's foreign exchange reserves.

On the other hand, since 2000 Argentina has received direct investment from China totalling \$15 billion and bilateral loans amounting to \$17 billion. Through these investments, Chinese interests in the country have focused on **railways** –Belgrano Cargas trains, San Martín, Roca, Buenos Aires metro–, **nuclear energy** –a possible fourth plant with Chinese technology–, **hydropower** –Kirchner and Cepernic dams– and **renewable energy** –solar farms in Jujuy and Chubut–, copper, lithium and iron **mines**, and the primary sector –soybeans, pork–. China's participation in the iconic dredging project for a river transport corridor or waterway on the Paraná and Paraguay rivers is currently under discussion. Meanwhile, in the Argentine private sector, 3 per cent of external debt consists of loans from Chinese counterparts.

## Social and cultural influence

Although, according to official figures, there are currently only around 10,000 Chinese immigrants in the country, Argentina has historically been one of the Latin American countries with a significant level of Chinese immigration, especially since the last third of the 20<sup>th</sup> century. Recent estimates put **the Chinese community in Argentina at around 200,000**.

The newspaper *La Nación* estimates that there are more than 4,000 Chinese retail shops throughout the country, Buenos Aires has had a Chinatown for three decades, and the Confucius Institute, part of the National University of La Plata, together with the University Language Centre, teaches Chinese classes to 2,500 students each year. In 2022, the two countries celebrated the “China-Argentina Year of Friendship and Cooperation”.

According to a survey conducted<sup>23</sup> in 2021 by researchers from universities in both countries on the perception of the Chinese by Argentinians, 55% of those interviewed have a **positive image of China**, placing a high value on its status as a trading partner. However, 82% acknowledge a high level of ignorance about the country.

## Political influence

Argentina and the People’s Republic of China began bilateral diplomatic relations in 1972. Since the recovery of Hong Kong, China has **supported Argentina’s claims** to sovereignty over the archipelagos of the Falklands, South Georgia and South Sandwich Islands. In response, Argentina recognises the People’s Republic’s official “**one China**” policy on Taiwan.

Since 2017, the Chinese Ministry of Defence’s National Space Administration has had a **remote space station** in Bajada del Agrio, in Argentina’s Neuquén Province, the first one built outside its own territory, following an agreement signed in 2015 with the government of Cristina Fernández de Kirchner. After several years of controversy, in 2018 the Macri government ratified its viability, after drafting an annex to the agreement that expressly ruled out military use of the station.

In 2021, Argentina became a **full member** of the Asian Infrastructure Investment Bank. Furthermore, in 2022, Argentina and China signed a memorandum of understanding for Argentina’s incorporation into the **Belt Road Initiative** of China’s foreign and trade policy.

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23 Bardaró M., Denardi L., UNSAM, UIBE, 2021. <https://drive.google.com/file/d/1gk8TI4US6W5p707YRoLSe9dHM8-1ka4R/view>

## Annex 2. Chinese influence in Colombia

### Economic influence

In 2021, China consolidated its position as the **second largest importer** of goods from Colombia and the **largest exporter** to the country. In aggregate, China is Colombia's second largest trading partner after the United States. The volume of goods trade amounts to US\$12.8 billion, 4% of Colombia's GDP. Trade between the two countries has been growing since the turn of the century, with a significant peak in 2019. The net balance is highly beneficial to China, which exports the equivalent of 3.2% of Colombian GDP (mainly electronics, petroleum products and chemicals), while importing goods for 0.8% of the country's GDP (mostly oil and iron). Trade with China currently accounts for 24.2 per cent of Colombia's imports and 8.7 per cent of its exports.

While Chinese state banks have not carried out any lending operations to Colombian public entities in the last 20 years, foreign direct investment by Chinese companies in Colombia from 2000 to 2021 has amounted to **\$6.3 billion**. Although this is a relatively modest amount given Colombia's population and weight, it has accounted for 4% of China's foreign direct investment in Latin America, making it the sixth largest recipient of Chinese direct investment. Chinese interests in the country have **increased in recent years** and are focused on mining (Continental Gold, Buriticá), energy (Trina solar plants) and technology (with the presence of Huawei and ZTE). According to ProColombia, Chinese entities have participated in the development of 38 projects in the last three years with a value of 2 billion dollars, highlighting rail transport projects such as the Bogotá metro or the Regiotram tramway and various projects for the construction of water treatment plants, hospitals, highways and tunnels (Mar-2 highway).

Colombia and China have had a trade agreement since 1981 and an agreement for the reciprocal protection and promotion of investments, signed in 2008.

### Social and cultural influence<sup>24</sup>

Historically, Chinese presence and cultural influence in Colombia has been **limited**. This is partly explained by Colombia's restrictive migration policies and the internal conflict the country has experienced. However, the first Chinese presence in the area dates back to the 19<sup>th</sup> century, with the first railway developments in continental Latin America and the construction of the Panama Canal (at the time part of the Colombian state). Much of the Chinese workforce that came to build these projects settled in Panama and Colombia, in the city of Barranquilla, when the works were completed. At the end of the 20<sup>th</sup> century, some new

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24 Gómez, D., "Chinese Organisations in Colombia", June 2016, ISSN 1870-7599.

Chinese immigrants arrived in Colombia due to the political upheavals in their country. There is now a Chinese colony of about 1,500 people in Bogotá and about **25,000 people in the country as a whole**. This community is being boosted by **the hiring of Chinese workers by Chinese companies** operating in Colombia for the execution of various oil, manufacturing and construction projects, such as the Colombian capital's metro system. Although there are few Chinese organisations in Colombia, the American country has a Confucius Centre, a Centre for Chinese Studies and the Colombo-Chinese Cultural Foundation. Since 2015, the Colombian government has allowed Chinese citizens with Schengen or US visas to enter Colombia **without another visa**, which is helping to increase the influx of Chinese into the country. The year before the pandemic, Colombia received 18,000 Chinese tourists.

## Political influence

The People's Republic of China and Colombia have maintained diplomatic relations since 1980. Historically, relations between the two countries have been good: China has **supported the guerrilla pacification processes** carried out by Colombian governments, while Colombia adheres to the "**one China**" principle.

Although Colombia has been considered one of the United States' strategic partners in the region, the accession of Gustavo Petro to the government in 2022 has strained relations with the country's American neighbours and raised fears of the Latin American country's further rapprochement with China. According to some experts<sup>25</sup>, Colombia is very close to applying to join the **Belt Road Initiative** and an increase in trade relations between the two countries is expected, with the consequent political rapprochement, in order to support the development of major Colombian infrastructure at a delicate financial moment for the country. By way of example, China has recently shown its interest in increasing support for Colombian peace cooperation funds.

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25 Study Centre The Inter-American Dialogue.

## Annex 3. Chinese influence in Peru

### Economic influence

One of the countries where Chinese influence has been most notable is Peru. This influence refers not only to the economic and financial level, but also to factors of a social, cultural and strategic nature. We could say that Peru is one of the countries where the Asian giant has exerted the greatest influence for several decades.

Peru's relationship with China is one of the longest and most deeply rooted in the region. While Lima was one of the administrative capitals of the Spanish empire in Latin America, Peru became the destination for thousands of immigrants from coastal China fleeing economic hardship in search of opportunities in the New World.

China has used the signing of free trade agreements as part of its economic and trade policy in Latin America. The Free Trade Agreement (FTA) between Peru and China was signed on 28 April 2009 and entered into force on 1 March 2010. The 2009 agreement between Peru and China –with its 17 chapters and 12 annexes– covers goods, services and investment. In April 2013, China recognised Peru as a 'comprehensive strategic partner' and, in April 2019, the nation signed up to China's Belt Road Initiative (BRI) programme.

In 2011, China displaced the US as the main destination for Peruvian exports. Bilateral trade between the two countries grew from \$850 million in 2002 to \$21.5 billion in 2021, a 25-fold increase in less than a decade. Despite Peru's Free Trade Agreement with the United States, its trade with China also outstrips its trade with the US, which was \$16.6 billion during the same period.

In 2019, mining accounted for more than 80% of total exports to China and copper alone accounted for more than 60%. Significant Chinese investments have also been made in the energy, electricity, fisheries, finance and infrastructure sectors. Major projects include the mega port of Chancay, north of the capital Lima, which is being built by a consortium led by China's state-owned Cosco Shipping Ports, gas prospecting in the department of Cusco by China National Petroleum Corporation, and the Amazon "waterway", an initiative in which China's Sinohydro is participating. Three Gorges Corporation (CTG)

has also acquired stakes in the Chaglla hydroelectric plant, and Luz del Sur, Peru's largest electricity distribution company.

The mega port of Chancay, which Cosco Shipping Ports, one of China's state-owned business giants, is building at this site 80 kilometres north of Lima, will be a colossal infrastructure that will be a new milestone for Chinese presence and influence in Peru and throughout Latin America.

Beijing's growing commercial, economic and financial prominence should not surprise us when we consider the requirements that China demands of its partners. In this case, Peru's requirements in terms of the environment, anti-corruption, human rights, intellectual property, etc, are much less demanding than those of its traditional partners (the US and the countries of the European Union). However, these lower requirements are not free of controversy in the case of Peru, with environmental and corruption complaints against Chinese companies.

## Social and cultural influence

China's image as an economic and technological giant has also helped to increase social and cultural influence among the Peruvian population. Undoubtedly, the descendants of Chinese immigrants in Peru have influenced the image of the Asian giant. In Peru, there are 2.5 million<sup>26</sup> Chinese descendants, which is approximately 8% of the population. It is the country with the largest Chinese population in Latin America and the best integrated socially, culturally and economically. There are important Chinese associations in the country, which demonstrates the influence of the Chinese community at all levels.

What is of particular relevance is that Chinese citizens living in Peru, together with descendants of Chinese origin, contribute decisively to the normalisation of China's image in the country, minimising the authoritarian nature of its regime and highlighting the supposed efficiency of China's economic and technological development.

In recent years, China has been expanding its network of Confucius Institutes in more than 40 Latin American countries. In theory, these institutes provide Chinese language classes and cultural programming, but they also play a role as disseminators of Chinese Communist Party propaganda, a way of leveraging its soft power.

In the field of culture, in addition to the expansion of the Confucius Institute and the cultural section of the embassy of the People's Republic of China in Lima, China's influence is exerted through the numerous associations that exist in the country by means of exhibitions, book presentations, conferences, film festivals, theatre, etc.

## Political influence

<sup>26</sup> 2.500.000 descendants, 8% of the Peruvians in 2017 (Juan Carlos Cardenal, 2017).

China has two clear objectives with regard to its influence: on the one hand, to promote its own version of China and the country's political system among local audiences, against what the regime considers a biased Western narrative; and, on the other, to create a friendly image that encourages support for its strategic objectives in Peru and Latin America in the political, economic, social and cultural spheres.

On the strategic and military side, the Peruvian army has a long-standing relationship with the People's Liberation Army (PLA), which includes donations and purchases of equipment, training and professional military education (PME), and institutional visits. Following the 2017 military cooperation agreement, China has made significant regular donations of equipment to the Peruvian armed forces.

According to Professor Evan Ellis of the War College Strategic Studies Institute, with regard to personnel exchanges, several PLA and Peruvian military institutions have exchanged deputations. In addition, Peruvian officers also regularly travel to the PRC to attend both short courses at the PLA's National Defence University in Changping and longer courses at its high-level military education facilities near Nanjing.

China's rise has made Beijing the greatest global challenge to US interests, and Latin America is no exception. However, while the core of China's engagement with Latin America is primarily economic, in Peru we are seeing increasing influence at the social, cultural and political levels.

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