

# The Expanding Leverage of the People's Republic of China in Latin America

## Implications for US National Security and Global Order\*

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Xi is the first Chinese leader to align the country's capabilities with a vision and strategy to realize the long-held dream of rejuvenation. He and the rest of the Chinese leadership are not satisfied with their country's position within the international system... They want to reorder the world order.

Elizabeth C. Economy  
—The World According to China

I currently serve as the Commander of 12th Air Force (Air Forces Southern), the air component to US Southern Command (USSOUTHCOM). I lead an organization of professionals with extensive regional expertise and experience. However, I am relatively new to Latin American affairs. Prior to assuming command, I believed that the most relevant issues impacting US national security in the region would be the well-known challenges posed by certain actors, such as transnational criminal organizations (including drug cartels), instability linked to poverty, weak governance, and fragile institutions, vulnerability to natural disasters, as well as persistent challenges to democratic norms presented by autocratic states like Venezuela and Cuba.

I was not entirely wrong, as these problems exist and persist today. However, I underestimated the extent of the influence operations conducted by the Chinese Communist Party-led government of the People's Republic of China (PRC) in the region. As I approach the one-year mark in my command, I am increasingly concerned about the strategic risks the PRC's actions pose to the national security interests of the United States and the sovereignty of our partner nations in Latin America. The PRC adopts various methods to enhance its access and influence in the Western Hemisphere, employing both subtle and overt approaches. The PRC establishes aggressive and coercive economic ties with nations in the region and uses those ties to exert deep influence over local and national governments. Levers of power include building and operating critical infrastructure, controlling

\*Co-published in English, Spanish, and Portuguese in collaboration with USAF Journal of Indo-Pacific Affairs.

information technology networks, and monopolizing access to vital supply chains. Additionally, the PRC strategically constructs ports near crucial maritime choke-points that could potentially facilitate future military activities. Their investment in critical infrastructure extends to ostensibly civilian space facilities, which thinly veil their military connections and potential military applications. Moreover, the PRC employs coercion and information control to advance its diplomatic objectives and suppress opposition.

In short, the authoritarian government of the Chinese Communist Party (CCP) has strategically positioned the PRC over the past few decades, granting Beijing a significant degree of leverage over the region, thereby endangering democratic sovereignty and US interests. However, the expanding leverage of the PRC in Latin America and the Caribbean has ramifications that stretch far beyond the region, posing a global risk. More specifically, the ability of the United States and its allies to compete in the Indo-Pacific and uphold the rules-based international order could be undercut by asymmetric disadvantages developing in the Western Hemisphere. I concur with the commander of US Southern Command, General Laura Richardson: “This is a decisive decade and our actions or inactions regarding the PRC will have ramifications for decades to come.”<sup>1</sup>

## A Global Strategy

The US *National Security Strategy (NSS)* emphasizes the objective of achieving “a free and open Indo-Pacific,”<sup>2</sup> while the 2022 *National Defense Strategy (NDS)* focuses on “detering aggression, while being prepared to prevail in conflict when necessary—prioritizing the PRC challenge in the Indo-Pacific region.”<sup>3</sup> Consequently, one risk for US national security decision makers is the potential overemphasis on preparing to compete with the PRC in Asia at the expense of other critical regions worldwide. Specifically, the activities of the PRC in the Western Hemisphere collectively pose a significant challenge to the interests of the United States and its allies. By undermining democratic governance in the region, the PRC threatens the US shift to the Indo-Pacific by jeopardizing freedom of maneuver, access, and influence in our near-abroad.

The US *National Military Strategy (NMS)* urges the joint force to “proactively identify and leverage opportunities to frustrate adversaries’ strengths, exploit vulnerabilities, and expand U.S. partnerships, access, and basing.”<sup>4</sup> However, executing this type of global campaign is not exclusive to the United States. Arguably, the PRC has been conducting a comprehensive whole-of-government effort for years, serving its own nefarious purposes and eroding democratic principles across Latin America and the Caribbean. To counter this effort, it is imperative to redirect some of our attention to the region closer to home.

## ***Economics***

From 2000 to 2020, trade between China and Latin America grew from USD 12 billion to USD 315 billion, marking a 26-fold increase.<sup>5</sup> Projections indicate that by 2035, this trade volume will exceed USD 700 billion. Presently, China stands as the largest trading partner for South America. In Brazil, the largest and most populous nation in the region, trade with China surpasses trade with the United States by a ratio of more than two to one. Furthermore, the value of Brazilian exports to China surpasses the combined exports to the United States and European Union.<sup>6</sup> While economic entanglement may not be inherently negative, it is important to highlight the PRC's record of aggressively leveraging its economic influence to suppress dissent. Former Peruvian presidential candidate Julio Armando Guzmán recently remarked that “the Chinese attitude toward Latin America has changed. At the beginning, [Chinese influence] was based fundamentally in soft power, in trying to convince Latin American countries that China's rise would be very good for the region. . . [Now,] China is willing to impose its power and is using hard power to try and get countries to do what it wants.”<sup>7</sup>

Latin America holds approximately 50 percent of the world's known lithium reserves, and PRC entities control nearly two-thirds of global lithium processing and refining. Chinese companies have near-total dominance over rare earth elements (REE) extraction, extending their control over global supply chains into Latin America.<sup>8</sup> This is critical to note as, in the past, the PRC has demonstrated its willingness to employ its supply-chain monopoly as a foreign policy tool, as seen in the 2010 REE export freeze that disrupted the Japanese auto industry and the 2020 threat of sanctions on US defense contractors.<sup>9</sup> The PRC may already have a significant degree of control of Latin American supply chains. Not only does this jeopardize US access to vital sources of critical minerals but also provides a significant lever for influencing Latin American governments and institutions.

The PRC's exploitative and predatory behavior does not end there in its pursuit for Latin American resources. Chinese fishing fleets, subsidized by the Chinese Communist Party, illegally extract approximately USD 3 billion annually from the territorial waters of South American nations through illegal, unreported, and unregulated fishing.<sup>10</sup> CCP-linked entities further harm Latin American environments, economies, and institutional stability by supporting illegal mining and illicit logging in the region. These exploitative activities cause environmental damage to vulnerable communities, undermine economic development, and foster institutional corruption that erodes democratic governance.

### *Geostrategic Corruption*

PRC-related businesses and state-owned enterprises operating in Latin America and the Caribbean actively engage in securing access to resources and exerting influence over critical infrastructure in the region through a phenomenon termed *geostrategic corruption*, as identified by scholars Eduardo Gamarra and Valeriia Popova.<sup>11</sup> These entities frequently disregard factors that would dissuade other bidders, ignoring environmental regulations and labor rights. Moreover, they have the freedom to offer bribes to local government officials engaged in rent-seeking behaviors, without facing any accountability from the PRC government. This competitive advantage allows PRC entities to gain significant control over resources and infrastructure in regions where host-nation institutions lack the capacity to identify and combat corruption. Such actions pose a threat to both the US security interests and the sovereignty of democratic nations in the region.

### *Infrastructure and Dual-Use Facilities*

China's investment in Latin America and the Caribbean through the Belt and Road Initiative (BRI) is substantial, with 21 nations in the region currently committed to participation.<sup>12</sup> This influx of resources may not appear as beneficial as it seems on the surface because PRC infrastructure investments often impose significant risks on host nations, potentially jeopardizing their core sovereign interests. PRC law and practice mandate that China-based companies serve the state's interests, raising concerns about infrastructure projects sponsored by these companies. PRC technology companies are required by law to share data with the Chinese government, making data flowing through PRC-installed 5G and other technological infrastructure theoretically vulnerable to exploitation. These risks are deeply ingrained in the system, and there are no technical workarounds to mitigate them.<sup>13</sup>

PRC-based technological infrastructure in key government and commercial sectors of Western Hemisphere nations create potential vulnerabilities to malign influence operations that run counter to the interests of the United States and its partners. Moreover, there is additional coercive potential stemming from other infrastructure initiatives. For example, Chinese companies are currently engaged in significant energy sector projects in Argentina, Honduras, Ecuador, Colombia, and Peru. Notably, PRC-linked entities have recently obtained control over 57 percent of electrical transmission in Chile.<sup>14</sup> Dean Cheng, a senior fellow at the Potomac Institute for Policy Studies, recently told me he had significant concerns about hidden vulnerabilities in projects constructed by Chinese firms in Latin America. For instance, pipelines and power distribution networks could be

designed to rely on BeiDou satellite timing signals for their effective operation. Governments dependent on such infrastructure to support their populations may face coercive threats. The intersection of various critical infrastructure types and the documented coercive tendencies of the PRC's authoritarian government poses inherent risks.

Other types of infrastructure investment also raise concerns. The PRC has established a growing network of space facilities in Latin America, typically claiming civilian purposes. However, the involvement of the Peoples Liberation Army Strategic Support Force in almost all PRC space activities suggests these facilities likely possess undisclosed military capabilities.<sup>15</sup> According to Admiral Craig Faller, former commander of USSOUTHCOM, some of these facilities may contribute to the PRC's "ability to monitor and potentially target U.S., allied, and partner space activities."<sup>16</sup>

There are other, even more worrying, PRC-linked investments in Latin America and the Caribbean. Chinese companies are constructing large port projects near vital supply routes and strategic maritime chokepoints. Although these projects are presented as commercial in nature, the PRC has demonstrated a consistent pattern of gradually upgrading similar facilities worldwide to enable future military use. Due to their China-centric motivations and historical tendencies in other regions, there is no guarantee that these facilities could not be converted to military or strategically disruptive purposes in the future. If the PRC can exert sufficient influence on host governments, port projects near key lines of communication in the Western Hemisphere could potentially accommodate PRC military forces, posing a risk to the freedom of maneuver for both military and commercial traffic of the United States and its partner nation. Military forces do not need to be present to raise concern. For instance, General Richardson states, "PRC-sponsored companies are engaged in, or bidding on, several projects related to the Panama Canal—a global strategic chokepoint. These projects include port operations on both ends of the canal, water management, and a logistics park."<sup>17</sup> Entities strategically aligned with the PRC possess their own latent disruptive potential.

### ***Information Control***

The PRC has actively employed coercion and information control to diplomatically isolate Taiwan. Since 2000, the PRC has successfully influenced six Western Hemisphere governments to switch recognition from the democratic Republic of China (Taiwan) to the PRC. This shift was a response to a combination of PRC incentives and pressure. The governments of the Commonwealth of Dominica, Costa Rica, the Dominican Republic, Panama, El Salvador, and most recently, Honduras, changed their stance. In no small part, this shift in rhetoric may be tied

to China's tendency to undermine democratic governance, often by punishing speech or policy positions with which it disagrees.

A study conducted by Freedom House in 2022 revealed that the PRC has actively suppressed media, intimidated local journalists, and targeted Chinese dissenters across several Latin American countries, including Brazil, Peru, and Argentina. Furthermore, Chinese intimidation tactics have resulted in limited coverage of PRC activities and self-censorship in Chile, Panama, Argentina, and Peru.<sup>18</sup> The suppression of freedom of speech, coupled with extensive media influence campaigns throughout Latin America, has provided the PRC with an information advantage in the region. This advantage enables them to either mask or restrict the dissemination of unfavorable reports concerning their malign activities. Any attempts to push back against their actions are met with punishment.

### **What to Do**

It is important to acknowledge that many nations in Latin America believe that the benefits of partnering with the PRC outweigh the potential risks involved. Chinese loans and investments, for instance, often come with fewer restrictions compared to those offered by Western firms.<sup>19</sup> Countries grappling with poverty, crime, instability, and institutional weakness frequently find limited alternatives or find the ease of dealing with the PRC too tempting to resist. Some argue that maintaining a balanced relationship with both the United States and the PRC can bring economic benefits without the need to choose one and risk alienating the other.

However, it is crucial to recognize that the PRC has a well-documented history of putting partner nations' interests at risk through its investments. Increasing evidence suggests that the growing PRC influence in Latin America and the Caribbean poses a significant risk to the geostrategic interests of the United States, the rules-based international order, and the sovereign interests of democratic nations in the region. To mitigate this risk, the United States must engage in a comprehensive effort involving all government agencies. This effort should shed light on how PRC actions in the Western Hemisphere undermine the sovereignty of democratic nations, provide competitive alternatives to partners facing difficult choices, and support democratic nations in building the institutional capacity necessary to mitigate risks when engaging with the PRC and other potentially predatory partners. Failure to do so risks ceding key terrain in the global struggle to preserve democracy and the rules-based international order. □

## Notes

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Prior to this assignment, Major General Pettus was the Vice Commander, US Air Force Warfare Center, Nellis Air Force Base, Nevada, where he was responsible for coordinating operational testing and tactics development programs and advanced training schools, exercises, and venues in developing innovative leaders and Airmen with proven and tested technology, the most current tactics, academic training, and opportunities to practice integrated force employment.

Major General Pettus earned his commission from the US Air Force Academy in 1994. He graduated from Euro-NATO Joint Jet Pilot Training at Sheppard AFB, Texas, and was first stationed at Royal Air Force Lakenheath, United Kingdom, as an F-15E pilot. He is a graduate of the US Air Force Weapons School and is a command pilot with more than 2,700 hours. He has flown combat missions in operations Northern Watch, Southern Watch, Allied Force, Enduring Freedom, Iraqi Freedom, and Inherent Resolve.