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LATIN AMERICA'S NEW PIVOT: CHINA'S RISING INFLUENCE IN THE REGION

with Margaret Myers

Director of the Asia & Latin America Program
Inter-American Dialogue

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Virtual Program

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The Change of Relationship Between Latin America and China

A discussion with Margaret Myers, Director of Asia and Latin America Program

Compiled by Brenden Kazensky, PCFR Fellow

Summary

Latin America has always played an important role to the United States economically, politically, and militaristically, and is a key asset. This relationship has never truly been under threat because of the deep-rooted alliances between North and South America, particularly due to geographic proximity. Recently, these once-confident relationships that the United States had, are seemingly slipping.

The recognition of China as the top South American trade partner, Brazil entering into an agreement to no longer use the U.S. dollar with China among others, and Honduras refocusing trade with China rather than Taiwan, are all examples of how U.S. influence is faltering. The United States needs to take steps to appeal once more to Latin America and draw them away from accepting agreements with China that could unsettle democracy in the region.

Issue

Allowing China to pursue these relationships, creates a very complex dynamic that puts them much closer to home than any of their other international agreements. This threatens the balance that groups such as the Organization of the American States provide in ensuring that democracy is strong in the Western Hemisphere, and pushes U.S. interests out the window. How can we limit Chinese influence in Latin America to preserve the strong relationship and unified front we once developed? How can the United State's focus be turned toward Latin America?

Background

China's growth within Latin America has primarily been over the last two decades and is rooted in economic and militaristic output. China has seen particularly strong alliances with Brazil, Venezuela, and Cuba. Considering Brazil is Latin America's largest economy, this should be of concern. In March of this year, Brazil made the decision to switch to using the yuan instead of the dollar when making trades, becoming another country to follow this trend and threaten the strength of the dollar. Bolivia and Argentina have also taken up this practice as well.

Some of the largest economies of South America are a part of the Asian Infrastructure Investment Bank, a primarily Chinese-controlled joint bank for infrastructure development in Asia and across the world. The Chinese have made huge investments into the region's infrastructure over time, committing almost 140 billion dollars in loans. South America recognizes this as a stronger commitment by the Chinese to follow through with its promise and create a healthy alliance.

China has also taken this opportunity to bolster its military ties with Latin America. Some of the largest Latin American economies rely on Chinese arms to support their militaries, notably Venezuela and Cuba. The authoritarian style of government within both these countries draws concern for a close relationship to China with regards to U.S. interests. China is also using Latin America as a tool for "isolating Taiwan" to try and negate their sovereignty. The United States relies on Taiwan as a gateway for trade in the Indo-Pacific, and the stronger Taiwan is, the stronger is the fight against Chinese influence. With Honduras' recent switch to Beijing rather than Taiwan, this goes to show the effectiveness of the pressure that China has over Latin America.

Although there has been a lack of policy options about how to handle the growing Chinese presence in Latin America, it is apparent that China only plans to continue deepening their relationships in this region, leading the United States to possibly lose some very valuable assets.