Tomorrow's Affairs
Analysis of today
Assessment of tomorrow

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Xi Jinping reaps the benefits of a long-standing presence in Latin America

US and Chinese leaders Joe Biden and Xi Jinping will meet over the weekend in Peru, in circumstances that will symbolically outline China's growing influence in Latin America against increasingly pronounced American defensiveness.

The forthcoming US-China summit is not attracting the same level of interest as the two previous meetings between Biden and Xi in Indonesia in 2022 and in California last year.

They will not have much to say to each other at the annual summit of the Asia-Pacific Economic Cooperation (APEC), the 21-member economic platform.

One of the reasons is that Biden is leaving the White House, and the second and more important reason is that his political legacy in relation to China will change significantly after 20 January.

Xi Jinping, therefore, came to the Latin American tour with a lot of optimism and diplomatic energy, in contrast to his American rival, who has nothing substantial to offer the continent.

A mega port in the Pacific

The Chinese leader was also present at the opening of a mega-port on the Peruvian Pacific coast, near the capital Lima, last Thursday, which amply supported this.

Chancay Port is a joint Sino-Peruvian project worth $3.5 billion, in which the Chinese state-owned Cosco Shipping Corporation has 60% ownership. In the first year alone, the port will be able to handle up to one million containers.

Peruvians are pleased with this business. Around 7,500 people have found employment in Chancay, and more importantly, they view this project as a significant milestone that will establish Peru as one of the key trade hubs for East Asia.

Apart from Peru, its primary market also includes significant exports from surrounding economies such as Brazil, Colombia, Chile, and Ecuador, which collectively exported close to $150 billion to China last year.

> The new mega-port in Peru will cater to China's substantial mineral imports from Latin America

"The port will open investment opportunities for the development of infrastructure for all countries that see Peru as a point of connection to access the gigantic Asian market," Dina Boluarte, leftist president of Peru, stated earlier.

Undoubtedly, the new mega-port in Peru will cater to China's substantial mineral imports from Latin America, thereby reinforcing the connection that Western governments, particularly Washington, perceive as a significant threat to their own economies.

Chinese industry absorbs as much as 65% of Chile's total mineral exports, and Brazil, Panama, and Peru are also huge suppliers of raw materials.

An incentive for BRI

In addition to China's primary interest to bind Latin American economies as much as possible as suppliers of raw materials, the opening of a large port on the Pacific coast of Latin America means (for Beijing and especially for Xi Jinping) a major boost to the otherwise weakened strategic project Belt and Road Initiative. As many as 22 Latin American and Caribbean countries are part of this Chinese global project.

The BRI has built hundreds of ports around the world, including Chancay, the seventeenth, where Chinese state-owned companies will hold the majority ownership. The strategic position, size, and state-of-the-art equipment of Chancay make it a valuable asset in Beijing's BRI strategy. This is undoubtedly due to its long-term significance in linking Latin

American economies to Chinese production chains.

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Warnings about Beijing's potential use of the new port in Peru for military purposes are not unfounded. Although Beijing denies having such ambitions, some of its similar projects have shown the opposite, such as a port in Equatorial Guinea in the Atlantic.

“It could be used as a dual-use facility, it’s a deepwater port. The navy could use it, absolutely□.□.□.□this is a playbook that we’ve seen play out in other places, not just in Latin America,” General Laura Richardson, chief of the US Southern Command, recently told The Financial Times.

Xi's triumphal tour

Although many aspects do not indicate that China could and even wants to use Chancay Port as a military base, its strategic position and technical characteristics already stand as a silent security threat.

However, Beijing and its Latin American partners remain unfazed by these warnings, primarily from the US side, and continue their cooperation, which is proving to be tangible and mutually beneficial.

President Biden's focus on the crises in Ukraine and the Middle East has resulted in an unconvincing presence of the US in Latin America

President Biden and his administration's focus on the crises in Ukraine and the Middle East over the past four years has resulted in an unconvincing presence of the US in Latin America, often referred to as the American "backyard."

Beijing fully filled that vacuum with the growth of trade and investments, especially large projects like the port in Peru. With his participation in the G20 summit in Brazil next week, Xi's stay on the continent appears to be a triumphant promotion of that long-term approach, a strategy that outgoing President Biden will not be able to match.