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# The PRC's Changing Strategic Priorities in Latin America: From Soft Power to Sharp Power Competition

by Douglas Farah and Marianne Richardson



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**Cover:** China's research icebreaker *Xuelong*, or *Snow Dragon*, unloads cargo on sea ice near China-built Zhongshan Station in Antarctica, December 28, 2017, beginning country's 34<sup>th</sup> Antarctic expedition  
(Xinhua/Alamy Live News/Bai Guolong)

# **The PRC's Changing Strategic Priorities in Latin America**

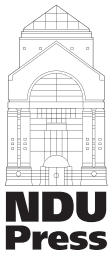


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By Douglas Farah and Marianne Richardson

*Institute for National Strategic Studies*  
*Strategic Perspectives, No. 37*

Series Editor: Denise Natali



National Defense University Press  
Washington, D.C.  
October 2021

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First printing, October 2021

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### Executive Summary

For the past 15 years, the willingness of the People's Republic of China (PRC) to give billions of dollars in loans across Latin America created the perception that the PRC is spending unlimited resources to woo allies in a region where the United States historically carries significant influence. Currently, the PRC is heightening this perception by delivering millions of COVID-19 vaccines to Latin America, buttressed by a robust media operation to shape the information environment.

Far less visible are the PRC's concerted regional efforts to reshape commercial supply chain architecture, cyber and telecommunications systems, and markets to depend on Chinese technologies, standards, and hardware for the PRC's long-term benefit and America's loss. To support this strategy, the PRC developed a growing state-sponsored media machine that now wields a larger footprint than all combined Western media in the hemisphere. The strategy's elements call to:

- Acquire ports, electricity utilities, and space exploration facilities in the Southern Cone. These milestones provide the PRC with access to the South Pole, establish their expertise in infrastructure development, set standards in the ongoing bids to develop 5G networks, and change regional trade routes through the Paraná River dredging project.
- Expand surveillance through “safe cities” projects. These initiatives provide governments with surveillance capacity to fight crime in urban areas, but the data infrastructure gives the PRC real-time, unfiltered access to massive amounts of data and intelligence. The technology agreements expanding 5G and Internet infrastructure also give the PRC regional Internet dominance over the next decade. Authoritarian regimes use safe cities technology to suppress internal dissent.
- Access strategic ports and controlling territories in Central America. The PRC has new access to the Panama Canal and Colon Free Trade Zone. In El Salvador, the PRC negotiated port control, purchased an island, and sought privileged economic control over roughly 15 percent of the national territory.
- Expand the reach of the state-run Xinhua media conglomerate. This helps the PRC push an anti-U.S. narrative and introduce its presence as benevolent, using the COVID-19 diplomatic blitz.

- Increase PRC participation in Latin America's multilateral regional integration associations, particularly those designed by the Bolivarian alliance to exclude the United States.
- Diversify and decentralize engagement methods. Decentralized tactics range from state-to-state engagement to municipal collaborations and business investments by companies not directly owned by the state.

Across the region, the PRC's strategy increases support for authoritarian regimes connected to the Bolivarian Joint Criminal Enterprise and other anti-democratic populist governments.<sup>1</sup> It also enhances surveillance used for political control and repression, increases PRC-sponsored transnational organized criminal activities, grows corruption and impunity, and reduces accountability. These developments erode trust in the democratic process, fundamentally undermining democratic institutions, rule of law, and stability in the Western Hemisphere.

### Introduction and General Framework

Over the past decade, the People's Republic of China (PRC) emerged as a major economic and political force in Latin America. At a time when Washington reduced its focus on the region, Beijing appeared as a new actor with seemingly unlimited resources to invest or loan, markets to offer, and significant political and economic clout in a region where radical populist authoritarian regimes were gaining ground through the Bolivarian Joint Criminal Enterprise (BJCE).

In recent months, the PRC's regional initiatives generated U.S. consensus that the PRC's policies represent a significant threat to democracy, rule of law, and transparency. Specifically, the PRC's official corruption and ensuing elite capture mean critical decisions about Latin America's prosperity and independence reflect the interests of co-opted elites and the Chinese Communist Party (CCP) rather than public interest.<sup>2</sup>

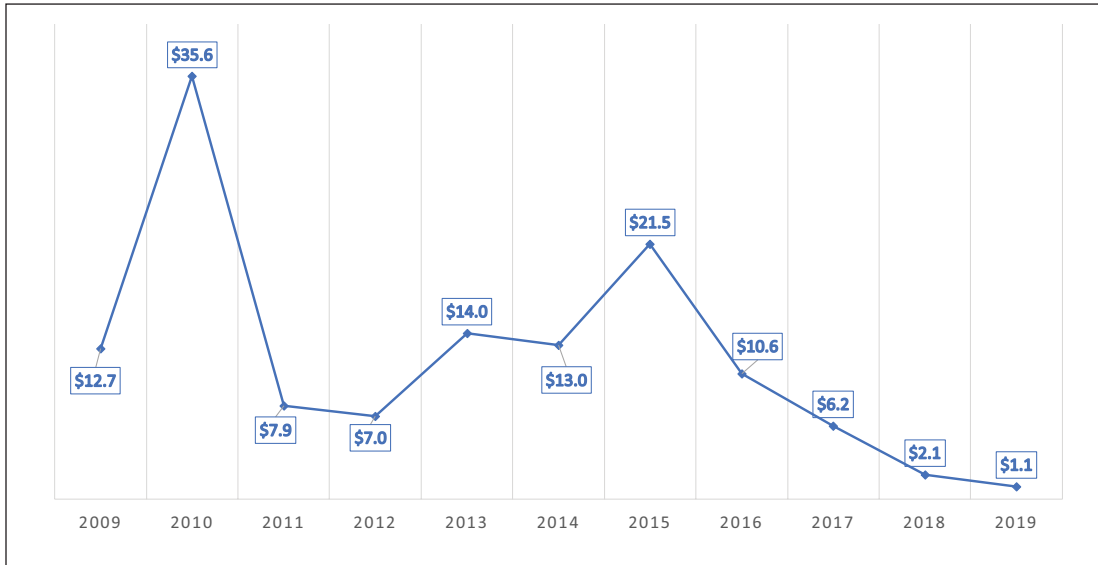
China's expanded economic outreach (2010–2015) in Latin America focused on commodity-based lending. China first focused on Argentina, Brazil, Ecuador, and Venezuela—all countries under the BJCE's political sway. Out of \$137 billion given out by the PRC's main lending banks from 2005 to 2020, about 90 percent went to those countries, broken down as follows: Venezuela (\$62.2 billion), Brazil (\$29.7 billion), Ecuador (\$18.4 billion), and Argentina (\$17.1 billion).<sup>3</sup>

These countries share three characteristics that made them attractive targets for the PRC's lending program. First, each has abundant raw materials and domestic markets for Chinese manufactured goods; second, each has limited access to international credit institutions; and third, each has a government with a corrupt authoritarian streak.<sup>4</sup> To reduce financial risk, the loans were tied to commodities such as oil, which in the cases of Venezuela and Ecuador were particularly ill-timed and, over time, onerous. Additionally, as each major borrowing country had centralized decisionmaking power in the president's person, there was little oversight regarding the projects' viability or long-term sustainability.

In Venezuela, Nicolás Maduro negotiated directly with Chinese investors about large-scale public works projects. In Ecuador, former president Rafael Correa signed off on seven hydro-power projects.<sup>5</sup> Despite the economic boom of the 2010s, many projects eventually failed, stalled, or unraveled following controversies due to labor conditions, overpriced contracts, project delays, environmental degradation, and other sustainability issues.<sup>6</sup>

Following this string of setbacks, the PRC redefined its priorities in Latin America. As seen in figure 1, policy loans administered from the China Development Bank and China Export Import Bank dropped significantly since 2015, and in 2020, China did not extend any new loans.

**Figure 1. Chinese State-to-State Loans to Latin America (2009–2020) in USD Billions**



Source: Kevin P. Gallagher and Margaret Myers, *China–Latin America Finance Database* (Washington, DC: Inter-American Dialogue, 2021), available at <[https://www.thedialogue.org/map\\_list/](https://www.thedialogue.org/map_list/)>.

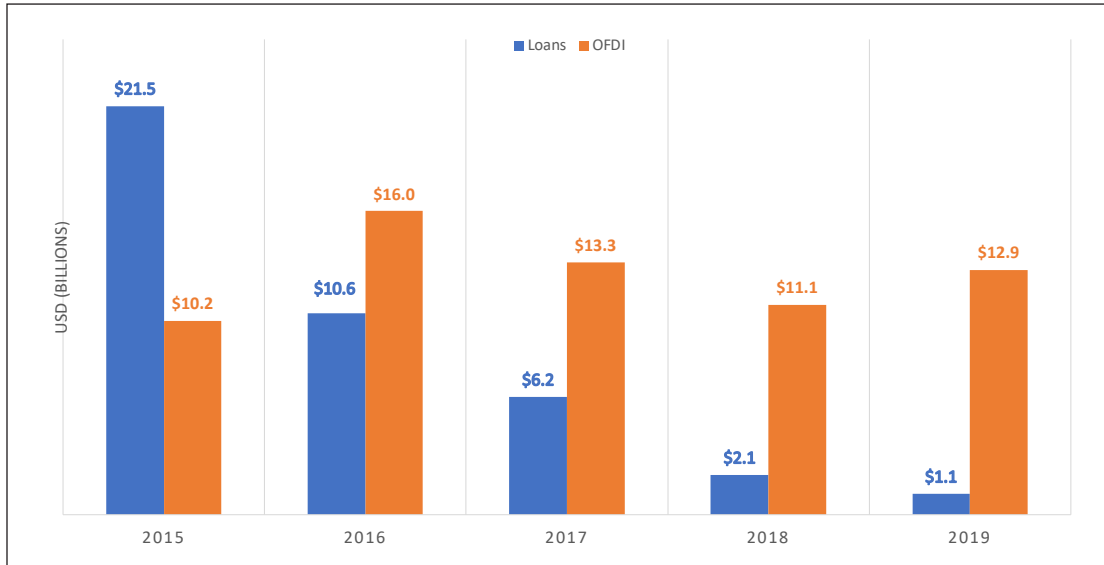
Note: Estimates combine data from China's policy banks, China Development Bank, and China Export-Import Bank to Latin American and Caribbean governments and state-owned enterprises.

While 2020 may have been an anomaly due to the COVID-19 pandemic, the two pre-pandemic years also show a significant decline in funding.

China's new strategy does not abandon ongoing investments and loans but redirects new resources toward creating a hemispheric infrastructure that uses standards, regulations, systems, and supply chain nodes dependent on the PRC and Chinese technology (see figure 2). One important focus is the region's electrical grids, where the PRC purchased outright or invested billions of dollars in existing electricity providers in Argentina, Brazil, Chile, and Peru, with lesser electricity investments in other countries.

These investments pay geopolitical dividends for both the PRC and participating countries, creating a future risk for U.S. strategic operations by rewarding China's strategic interests and thwarting U.S. goals. In Argentina, where Cristina Fernández de Kirchner personally handles relations with the PRC, China is working to control an Antarctic supply base currently under construction.<sup>7</sup> In another instance, Argentina refused dock services to a U.S. Coast Guard cutter carrying out regional training missions, reportedly as a favor to the PRC and snub to the

**Figure 2. Chinese Loans and Outflow of Foreign Direct Investment (OFDI) to Latin America**



Source: Kevin P. Gallagher and Margaret Myers, China–Latin America Finance Database (Washington, DC: Inter-American Dialogue, 2021), available at <[https://www.thedialogue.org/map\\_list/](https://www.thedialogue.org/map_list/)>.

Note: Estimates combine data from China's policy banks, China Development Bank, and China Export-Import Bank to Latin American and Caribbean governments and state-owned enterprises.

United States. The USCGC *Stone* could not complete its operational agenda and was forced to head home when Argentina's foreign ministry refused to allow it to dock.<sup>8</sup>

The PRC shifted external investments, popular during the first phase, to targeted foreign direct investment in this phase. This gives the PRC and CCP direct control over regional ports, waterway chokepoints, urban transport, electrical generation, and interoceanic cable construction. It also expands PRC control over technology-heavy sectors including telecommunications hardware and standards, surveillance technology, Internet connectivity services, and smartphone services.

This ongoing focus on technological investments and infrastructure allows the PRC to establish regulations, norms, and operational terms in broad strategic areas. Once in place, these networks will drive big data and trade toward Beijing. This infrastructure will be extremely difficult to replace once in place.

The new multitiered strategy involves decentralized engagement with actors including local governments, companies, and individuals who directly or indirectly advance the PRC's

objectives. These entities develop economic ties, shape China's public image, and in some cases directly advance the central government's political interests. As Margaret Myers noted:

*Though prompted by Chinese government policy, the nature of this engagement is exceedingly wide-ranging, however, featuring a complex cast of generally uncoordinated characters with distinct interests and approaches. The outcomes at the subnational are also distinct. Some local-level partnerships have been exceedingly productive, resulting in numerous commercial deals and other forms of cooperation. Others have yet to produce concrete results, despite many years of exchange.<sup>9</sup>*

PRC ambassadors in each country, usually through a CCP Central Committee department, facilitate these broader outreach efforts. Because the resulting subnational deals are not state to state, they often go unnoticed and unreported.<sup>10</sup>

We offer case studies that exemplify the PRC's efforts across Latin America. The case studies show how different investments work together to provide enduring regional Chinese dominance. The PRC's aid comes unfettered by conditions such as human rights, environmental regulations, and rule of law, unlike U.S. and European Union assistance. Given the PRC's low demands for accountability on the use of its funds, governing elites rightly expect to siphon off large amounts for personal gain. These trends consequently increase corruption, erode trust in the democratic process, give the PRC leverage over internal politics, and popularize China's authoritarian governance model.<sup>11</sup>

### **The PRC's Bid for Economic and Technological Dominance**

As a Chinese academic noted in 2018, the PRC recognizes that Great Power competition is now more about system design and rule-making competition than market scale competition.<sup>12</sup> As technology industries moved toward improved quality and interoperability, China's focus in Latin America shifted to integrating systems, capturing market advantages, and setting technological standards (see figure 3).

The results have been swift and strategically damaging for the United States. As the U.S. Southern Command (USSOUTHCOM) commander, Admiral Craig S. Faller, noted in his 2021 posture statement:

Figure 3. Word Clouds of Official PRC Xinhua Español News Agency Discussion of Technology and Development in Latin America (Ex Arca)



*The PRC is rapidly advancing toward [its] goal of economic dominance in Latin America within the next ten years. In 2019, the PRC surpassed the U.S. as the leading trade partner with Brazil, Chile, Peru, and Uruguay and is now the region's second-largest trading partner behind the U.S. From 2002 to 2019, PRC trade with Latin America soared from \$17 billion to over \$315 billion, with*



*plans to reach \$500 billion in trade by 2025. The PRC is also seeking to establish global logistics and basing infrastructure in our hemisphere in order to project and sustain military power at greater distances. Outside our region, Beijing consistently abuses commercial arrangements at host country ports to support military functions and obfuscate the true purpose of its overseas installations.*

*The PRC continues to increase its self-serving activities to gain global influence and leverage across all domains in the USSOUTHCOM [area of responsibility]: cyber, space, extractive and energy industries, transportation hubs, roads, infrastructure, telecommunications, legal and illegal fishing, agriculture, and military training—Spanish- and Portuguese-language military education modeled after U.S. professional military education. The PRC is also “gifting” security supplies and equipment as a way to gain access and win favor with regional security forces.<sup>13</sup>*

### **Case Study of Integrated Projects: The Southern Cone**

The PRC’s broad, strategically integrated approach to investment spreads throughout the Southern Cone. Projects span Argentina, Brazil, Chile, Paraguay, and Uruguay. Investments focus on Argentina as a strategic partner and Chile as a stable base for investment opportunities through the Chamber of Chinese Companies in Chile (Cámara de Empresas Chinas en Chile). China’s strategic efforts in the region center on critical aspects of control over and access to regional and technological infrastructure. What follows is a detailed list that names ongoing Southern Cone projects for context.

- **Regional waterway control.** The Chinese Communications Construction Company, through its subsidiary the Shanghai Dredging Company, is bidding on the Magdalena Channel dredging project. The channel would open a flow of goods and services from Paraguay, Uruguay, and Argentina to a Chinese-controlled port. This port, the Port of Rosario in Argentina, exports 80 percent of Argentina’s agricultural products, and access would reduce Paraguay’s export costs.<sup>14</sup> The 270-mile project would cost an estimated \$5 billion.
  
- **South Pole control and access.** Efforts to fund the Antarctic Logistics Pole in Ushuaia, located in Argentina’s Tierra del Fuego, would give the PRC access to the South Pole. Since 2013, the PRC worked to establish the Antarctic Specially Managed Area (ASMA) at the



PRC's Kunlun Station on Dome Argus, Antarctica's highest point and the world's best location for space research. Argentina reportedly finalized the Ushuaia agreement after a secret meeting between Argentine defense minister Agustín Rossi and PRC Ambassador Zou Xiaoli on January 18, 2021.<sup>15</sup> Ushuaia control will facilitate ASMA development.<sup>16</sup>

- Southern Cone port acquisition. The PRC's COSCO Shipping Ports, Ltd., continues to bid on several Chilean ports. These ports include Punta Arenas (closest to Antarctica), Puerto Coronel, and Puerto Corral. These ports would give the PRC more access to Antarctica and better direct access to the existing deep space outpost in Neuquén, in southern Argentina. This outpost is operated by the China Satellite Launch and Tracking Control General, which is a part of the People's Liberation Army (PLA).<sup>17</sup> Separately, if the PRC succeeds in building a trans-Andean tunnel between Chile and Argentina, the Chilean ports would facilitate rapid resupply from Latin America's Pacific coast.<sup>18</sup> The proposed \$1.5 billion tunnel between Chile and Argentina would eliminate hours of travel over the Andes.

- Expansion of 5G networks and Southern Cone technology infrastructure. The PRC is pushing to expand its 5G networks in Chile, Argentina, and Uruguay. The expansion in Chile likely uses a third-party provider, WOM SA, to avoid confrontation with the United States. WOM is a subsidiary of the British company Novator Partners LLP. WOM now controls about 23 percent of the Chilean telecommunications market. In the Chilean telecommunications industry, there is a widespread perception that WOM and Novator act on Huawei's behalf; WOM has a long history of purchasing hardware and software from Huawei.<sup>19</sup> From 2015 to 2019, China Development Bank also extended \$415 million in loans to WOM. The loans require WOM to grant Huawei preferred network partnerships.

- Investment in multisource energy companies and projects. Chinese entities invest billions of dollars to purchase energy providers in Argentina, Chile, Peru, and elsewhere. Projects include electric, atomic, hydroelectric, and solar energy. The PRC's State Grid International Development Company, Ltd. (SGID), purchased 96 percent of a main Chilean electricity provider, Compañía General de Electricidad, for \$3 billion in November 2020. In June 2020, SGID purchased a majority stake in Chilquinta Energía SA for \$2.3 billion, meaning that over a 6-month period, a PRC state company acquired about 53 percent of Chile's electrical production. SGID defines its mission as "sticking to the leadership of the

Party, implementing the decisions and policies of the Central Party Committee and the State Council and unleashing the potential of employees.”<sup>20</sup>

***CELAC’s Role in the PRC’s Strategic Shift.*** Beyond strategic financing, the CCP gained leverage within regional Latin American organizations through its broad multilateral institutional engagement strategy. The PRC enjoys observer status in the Community of Latin American and Caribbean States (CELAC), a regional body designed by former Venezuelan president Hugo Chávez, and the BJCE as an alternative to the Organization of American States (OAS). The United States, Canada, and European countries with Caribbean territories are excluded. Because CELAC does not have a permanent secretariat, it is institutionally more malleable than the OAS to meet the PRC’s interests.

In 2015, CELAC admitted the PRC as an observer and immediately launched the China-CELAC Forum as “the main platform to promote China-LAC overall cooperation.”<sup>21</sup> This forum holds annual high-level meetings, military exchanges, and journalism training and issues 5-year plans. It gives the PRC official access to countries that recognize Beijing as well as to the few Latin American countries that still recognize Taiwan. These PRC contacts proved decisive for the Dominican Republic, Panama, and El Salvador when they chose to extend diplomatic recognition to the PRC and break with Taipei between 2017 and 2018.

China’s role in CELAC sets a precedent for China to join other entities to gain leverage over existing incentives and standards. The China-CELAC Forum helped push countries to sign on to the PRC’s Belt and Road Initiative (BRI). By 2020, 19 Latin American and Caribbean countries formally joined the BRI or signed memorandums of understanding to join.<sup>22</sup> In its 2016 policy paper on Latin America and the Caribbean, the CCP noted that establishing the China-CELAC Forum “provided a new platform for cooperation between the two sides, setting the course for simultaneous development of bilateral and collective cooperation between China and Latin America and the Caribbean.”<sup>23</sup>

***Currency Swaps: Displacing the Dollar with the Renminbi.*** China has used bilateral currency swaps as an economic and politically strategic tool since at least 2009. Currency swaps support trade and investment and promote the international use of renminbi (yuan), the PRC’s official currency. Currency swaps also work to displace the dollar as the most accepted global currency.<sup>24</sup> Central banks boost reserves by obtaining a foreign currency to lend to domestic banks. However, when swapping local currency for the renminbi, countries can use the reserves only to purchase Chinese goods and services.

In Argentina, currency swaps prop up foreign reserves so that Argentina can avoid politically costly austerity programs, using loans in dollars that other international lenders previously denied to Argentina given the country's history of defaulting on its foreign debt. In turn, trading renminbi into dollars allows companies to import more than they would be able to otherwise, albeit from only one national supplier—the PRC. Currency swaps have grown over the past decade, as the following examples demonstrate.

- **Argentina.** The Central Bank of the Argentine Republic renewed a currency agreement to swap 130 billion renminbi (\$18.2 billion) over 3 years.<sup>25</sup> The amount represents 42 percent of Argentina's foreign reserves, which eliminates the need for an International Monetary Fund agreement.<sup>26</sup> Argentina-PRC currency swaps began in 2009 with a trade worth 70 billion renminbi. Argentina renewed the agreement in 2013 and in 2017. Currency swap renewal hints at growing agricultural trade between China and Argentina.<sup>27</sup>
- **Brazil.** Trade between Brazil and China has grown since the early 2000s due to growing Chinese demand for Brazil's iron ore and soy and other agricultural products. Meanwhile, Brazil is a key importer of Chinese manufactured goods. In 2013, the two countries agreed that in the event of a financial crisis, they will swap currencies to protect trade volumes. Buying each other's currency means that despite external conditions, countries can purchase goods from each other.<sup>28</sup> Xinhua reported the Central Bank of Brazil suspended currency swap contracts on June 19, 2018.<sup>29</sup>
- **Chile.** The Central Bank of Chile struck a deal with China to expand its currency swap to \$7.1 billion to stabilize markets through the ongoing pandemic. The deal was originally 22 billion renminbi (\$3 billion) and China agreed to expand the resources available for purchase. The two countries first signed a swap agreement in May 2015 and renewed it in May 2018.<sup>30</sup>
- **Suriname.** Suriname also signed a currency swap with China in March 2015 for 1 billion renminbi (\$222.5 million) for 3 years.<sup>31</sup> Suriname does not appear to have renewed the agreement since its 2017 expiration.

### **Regional Integration: Information Technology and Outreach**

In the official 2018 PRC publication *China Standards 2035*, China weaponized integration in Latin America. The publication moves PRC strategy away from capturing the “real economy,”

a strategy from China 2025, toward “establishing a generation of information technology and biotechnology.” Key areas such as blockchain, new cloud computing, big data, 5G, artificial intelligence, and “smart cities” highlight the role Chinese technology companies aim to play in network security, data security, and protection of personal information.<sup>32</sup>

For these reasons, Chinese telecommunications providers such as ChinaMobil, emerging application companies, and tech giants pivoted to Latin America. Smart phone company Xiaomi exemplifies this trend with its rapid market share growth. The company opened several new stores despite the pandemic: three in Mexico; two in Colombia; two in Panama; and one each in Uruguay, Chile, and El Salvador.<sup>33</sup> Xiaomi grew from 1.9 percent market share in 2019 to 13.1 percent in 2020.<sup>34</sup>

### **Huawei: The Push to Establish Crosscutting Dominance**

Huawei is a prime example of how China has used its strategic shift to its advantage. As a North Atlantic Treaty Organization cyber defense paper noted in 2019, Huawei is

*legally compelled to work with its intelligence services. Whether the risk of such collaboration is real or perceived, the fear remains that adopting 5G technology from Huawei would introduce a reliance on equipment that can be controlled by the Chinese intelligence services and the military in both peacetime and crisis. In addition, infrastructure decisions are not easily reversed: once a 5G provider has been chosen it will be very costly and time consuming to roll back that decision—and, from a security perspective, too late.*<sup>35</sup>

Huawei excelled in creating cutting-edge products and technology. Using its already extensive presence in Latin America’s major markets, the company emerged as a prominent player in 5G deployment (see figure 4). In Brazil, six of seven 4G networks were constructed by Huawei, and Huawei now creates standards there for 5G infrastructure deployment. Elsewhere, its technology standards such as polar codes are now a 5G standard. Huawei proved Chinese companies could establish standards even in emerging areas where other companies have a market or technological advantage.<sup>36</sup>

Networks such as 3G and 4G require massive planning between technology companies, meaning international standards are critical to systems operations.<sup>37</sup> Beyond Huawei’s presence in the region, the company’s competitive pricing and collaboration with Latin America on other areas (for example, crime mitigation through smart cities) make it an attractive



campaigns and sponsored popular professional soccer teams such as Club América (Mexico), the Panama national football team, and Alianza Lima (Peru).

Huawei’s telecommunications investments and expanding 5G networks drew the most concern from U.S. policymakers because the company is a CCP instrument and now controls much of Latin America’s digital infrastructure. That portion will likely grow rapidly. Uruguay recently signed a memorandum of understanding to deepen cooperation on 5G, industrial digitization, and training in information technology.<sup>40</sup> Brazil, Colombia, and Mexico will auction their 5G spectrums this year (see table).

Countering Huawei is complicated because most operating companies today have legacy systems, which involve huge amounts of invested capital that has little potential for growth.<sup>41</sup> Companies like Huawei are better positioned to provide new services, such as cloud computing services, which have generated some \$7.4 billion in Latin America by 2020 with 31.9 percent annual growth.<sup>42</sup> The technology industry depends on quality and interoperability with different systems.

### Surveillance, Smart Cities, and Safe Cities

The integration strategy relies on rapidly expanding surveillance technologies and artificial intelligence, as seen in the growing safe cities projects across the region and the growing use of facial recognition software. Regional governments’ usage of Chinese intelligence surveillance technologies doubled from 2016 to 2019.<sup>43</sup> Ultimately, Chinese firms established

**Table. Status of 5G Rollout and Bids in Latin America**

Country	Status	Investment
Peru	Government is in auction process to support deployment of both 4G and 5G technology. 5G trials have taken place.	Government estimates auction could generate USD 300 million.
Argentina	Huawei 4G. Plan under way to deploy 5G and add 43,341 base stations by 2030.	Undisclosed.
Brazil	Huawei is pilot testing 5G technology with Brazil’s four main carriers. 5G-spectrum auction delayed since January 2020.	To be determined.
Colombia	5G-spectrum auction planned for end of 2020 or early 2021. Sylvia Constain, minister of information technologies and communications, does not intend to restrict Huawei from bidding.	To be determined.
Mexico	Mexican telecommunications group America Movil intended to launch 5G technology by end of year.	Expenditures estimated at USD 8.5 billion. Plans suspended amid pandemic.
Panama	In February 2019, Huawei discussed plans for future 5G rollout. The Public Services Authority has not yet authorized telecommunication companies to introduce 5G.	To be determined.



long-term surveillance partnerships through key technological infrastructure that the PRC donated to markets en masse.

The primary public selling point is security enhancement. At a 2014 Huawei summit in Mexico City, the president of Huawei Enterprise in Northern Latin America stated, “technology plays an increasingly important role enhancing security in metropolitan areas.”<sup>44</sup> Mexico, Brazil, Colombia, Peru, and Venezuela experienced the region’s highest rates of urban growth from 1950 to 2015, and over 80 percent of the region lives in urban areas.<sup>45</sup>

In Latin America, Huawei installed robust urban surveillance systems. In Ecuador, workers installed thousands of cameras and linked them to regional command and control centers as part of Huawei’s public security safe cities. This data is then mirrored back to PRC data hubs. As part of this, the China National Electronics Import & Export Corporation (CEIEC) created a public security system known as ECU 911, which supports Ecuador’s military, police, and fire brigade. The project was funded by a 2012 Chinese state loan for \$240 million.<sup>46</sup> Under the contract, CEIEC constructed the system and later provided technicians to work command centers.

Across Ecuador, 4,300 cameras were installed, transmitting footage back to China and to 16 monitoring centers in Ecuador that employ more than 3,000 people.<sup>47</sup> These centers generated research partnerships with government officials and a data laboratory.<sup>48</sup> In 2017, the Chinese embassy donated license plate recognition cameras and equipment worth \$15 million.<sup>49</sup> Since the system’s installation, media outlets reported missing money and opaque deals tied to operations.<sup>50</sup> The system provides the PRC with big data, and the Ecuadorian government used it to monitor, intimidate, and attack political opponents, including investigative reporters.<sup>51</sup>

The rise of Chinese surveillance products generated concern that the PRC exports authoritarianism to its global customers and other authoritarian regimes by providing surveillance and intelligence capabilities with no oversight to repressive state apparatuses. However, the phrase *exporting authoritarianism* does not capture nuanced regional context, where crime presents a major security concern for many public officials. Crime rates are often associated with urbanization in developing countries.

Beyond security concerns, developing countries face technological challenges. A promotional video for Huawei Safe City Network Solution identifies these challenges as limited bandwidth for front-end devices, higher technological requirements to achieve full coverage, ability to detect network faults as network expands, and enhanced network protection against cyber threats.<sup>52</sup> Huawei offers specific technologies to address each of these challenges and help systems operate more efficiently with less maintenance.<sup>53</sup>

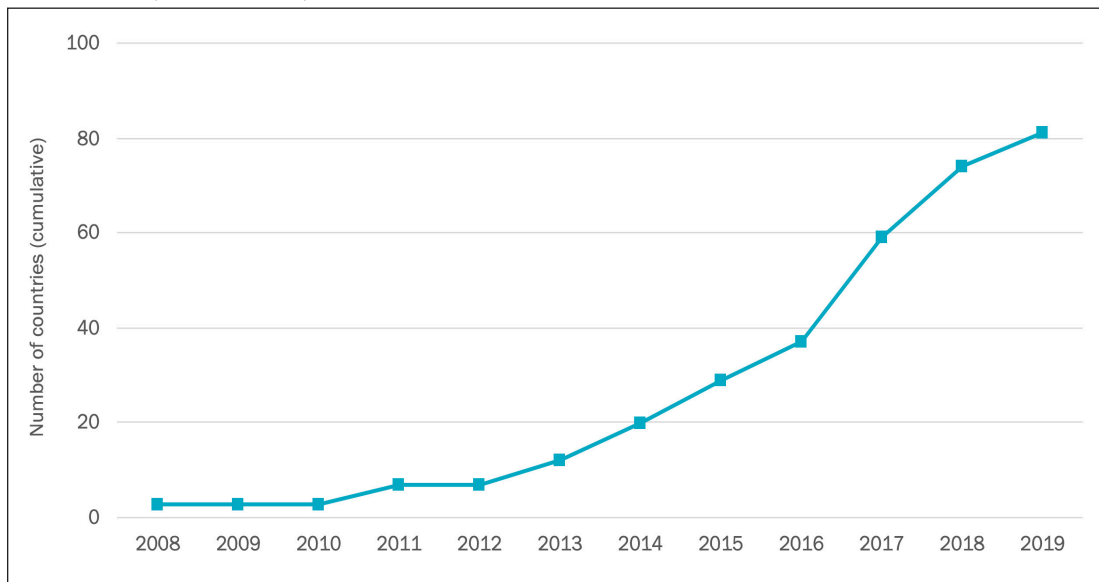
Huawei signed 73 safe city agreements to provide products or services in 52 countries, although the majority of those (59 percent) are in Asia or Africa (see figure 5).<sup>54</sup> In Latin America, the Chinese firm Dahua Technology installed at least five video surveillance systems to promote safe cities.

### Case Study: Panama and Vulnerable Strategic Global Supply Chains

Panama is the PRC's crown jewel in Latin America, given the Panama Canal's geostrategic importance, the Colón Free Trade Zone (CFZ), and Panama's status as a global banking hub. After gaining control of the canal's Atlantic and Pacific sides through Hutchinson Whampoa, Ltd., in 1997, the PRC now occupies a dominant position in a vulnerable global supply chain chokepoint.

The Juan Carlos Varela government's decision to break ties with Taiwan and recognize Beijing in June 2017 was a PRC victory.<sup>55</sup> Panama's decision was also a blow to the United States, considering the historic U.S. Panama Canal control and role as Panama's most important security and economic partner. The United States received no prior notice of Panama's decision and was

**Figure 5. Adoption of Chinese Surveillance and Public-Security Technology Platforms (2008–2019)**



Source: Sheena Chestnut Greitens, *Dealing with Demand for China's Global Surveillance Exports* (Washington, DC: Brookings Institution, April 2020), 3, available at <[https://www.brookings.edu/wp-content/uploads/2020/04/FP\\_20200428\\_china\\_surveillance\\_greitens\\_v3.pdf](https://www.brookings.edu/wp-content/uploads/2020/04/FP_20200428_china_surveillance_greitens_v3.pdf)>.



blindsided by the move. While China accelerated its engagement with Panama in new strategic and economic ways, the United States has lacked a Panama Ambassador since January 2018.

The PRC's "strategic envelopment" of Panama<sup>56</sup> now includes:

- **Joining the Belt and Road Initiative.** Panama was the first Latin American country to formally join the BRI and is now the second-largest user of the CFZ. China is the top importer of products to the CFZ with about 35 percent of all imports originating there.<sup>57</sup> At least 1,000 Chinese ships pass through the canal every year.<sup>58</sup> The diplomatic switch put Panama and the canal "in the midst of the world's biggest geopolitical rivalry: the trade war between the United States and China."<sup>59</sup>
- **Ensuring continued canal control.** The PRC state-owned Shanghai Gorgeous Investment Development, Ltd., provided \$1.8 billion in a powerplant in the Port of Colón Container Terminal on the Caribbean side of the canal.<sup>60</sup> On the Pacific side of the canal, the China Harbour Engineering Company began a \$165 million cruise ship terminal.<sup>61</sup> The largest proposed project is a high-speed rail line connecting Panama City to the Costa Rican border at Chiriquí, which has run into difficulty getting final approval under the Laurentino Cortizo administration.<sup>62</sup>
- **Expanding Chinese banks.** Since 2017, the Bank of China, the International Bank of China, and the Industrial and Commercial Bank of China opened branches in Panama. Panama remains on the Financial Action Task Force and European Union list of countries with money-laundering and threat-financing deficiencies.<sup>63</sup> Three other Chinese banks signed agreements with Panama's Banking Agency for future operations. Chinese banks in Panama finance CFZ commerce and infrastructure projects throughout Panama.
- **Increasing Chinese telecommunications companies.** Huawei now holds 31 percent of Panama's mobile phone market, second only to Samsung (44 percent).<sup>64</sup> In August 2018, Huawei signed an agreement with the University of Panama and the Technological University of Panama to "transform digital and strategic planning."<sup>65</sup> Huawei will provide Panama 5G services in 2021.<sup>66</sup> Other Chinese technology companies announced entry into Panama, such as DiDi, a rideshare app active in Panama since November 2019.<sup>67</sup> DiDi currently occupies about 15 percent of Panama's rideshare market, but the company expects to grow.<sup>68</sup>

■ Influencing domestic politics. The PRC paid former president Varela \$143 million in nonpublic government “grants” and facilitated a \$38 million deal for Varela’s liquor company to sell products in China, in exchange for switching diplomatic recognition from Taiwan to Beijing.<sup>69</sup> This may explain why Varela did not notify the U.S. Embassy. It also demonstrates the PRC’s lack of transparency, which appears in other major infrastructure cases, where PRC companies are connected to significant financial irregularities.

## The Growing Chinese Effort to Shape Media

As the CCP changed its strategic investment strategy, PRC soft power engagement shifted to expanding Chinese media presence and spreading Confucius Institutes across the hemisphere. The official “media going out policy” of 2007 was ordered to “tell China’s story well” in Latin America, “provide an alternative to Western media discourse, and present China’s perspective on major international issues and events.”<sup>70</sup>

Confucius Institutes focus on cultural exchanges, teaching Chinese, and local engagement and grew from six in two Latin American countries in 2012, to 39 in 20 countries by 2017, and 39 in 25 countries by 2020. The institutes “deepen relations between the region and China, increasing the value of the region’s geographical area of influence and common language.”<sup>71</sup>

As the 2016 China policy paper enumerated, this means China and Latin America will:

*strengthen cooperation in press, publication, radio, film, and television, and encourage the signing of bilateral agreements on radio, film, and television with Latin American and Caribbean Countries. The two sides will encourage exchanges and co-production of programs and participation in festivals or exhibitions on press, publication, radio, film, or television held in each other’s countries, and strengthen personnel exchanges as well as media technology and industrial cooperation. The two sides will support the exchange of resident journalists and carry out joint interviews, exchange of news, and personnel training. Influential Internet media from both sides will be encouraged to enhance cooperation in portal development, new media capacity-building, and other aspects. The two sides will encourage the publishing industry on both sides to explore the mutual translation of philosophical and cultural classics, so as to translate and publish more classic works.<sup>72</sup>*

The official statement coincided with the first China–Latin America Media Leaders Summit in Santiago, Chile, where President Xi emphasized many of the same points and declared the program would “show the world a more authentic and vibrant China.” He also encouraged Latin American counterparts to “jointly voice opinions on world peace, development and other major issues.” He also offered “better working conditions” for Latin America media that opened bureaus in China.<sup>73</sup>

Importantly, China paid travel expenses for more than 80 Latin American journalists to attend the conference—a common practice—and Xi promised to train 500 Latin American journalists in the PRC, at no cost to the media outlet, over 5 years.<sup>74</sup> A National Endowment for Democracy report noted:

*“Training” is a word that can be easily misinterpreted. In the Western world, it would typically mean bringing someone to a certain standard of proficiency, and would probably be academic in nature. However, in China, media trainings are in actuality free public-relations trips to China that follow a conveniently pro-government agenda. . . . Beijing is clearly active with people-to-people diplomacy, and such efforts in the media sector are central to the Chinese soft power strategy. Therefore, China’s intent to “train” hundreds of Latin American journalists in the years to come is probably best understood as a way of exposing influential opinion makers to Beijing’s propaganda.<sup>75</sup>*

The high priority placed on cooperative rather than independent or investigative media, including content-sharing, joint interviews, joint media portals, co-production of programs, and journalist “exchange programs,” amplifies the PRC’s message in an uncritical, homogenized manner that portrays China as benign, benevolent, and generous. Content-sharing provides exact messaging, usually verbatim across platforms, to PRC/CCP state-media recipients. Argentina, Peru, Chile, and Panama have proved especially receptive to the content-sharing agreements and paid inserts by the PRC in leading local media. A recent Freedom House report stated:

*[O]ver the past decade, top CCP officials oversaw a dramatic expansion in efforts to shape media content and narratives around the world, affecting every region and multiple languages. The result is a multifaceted, adaptive, and complex set of tactics that are deployed across varied environments. They combine widely*

*accepted forms of diplomacy with covert, corrupt, and coercive activities that undermine democratic norms, reduce sovereignty, weaken independent media's financial sustainability, and violate laws in some countries.*<sup>76</sup>

One of the largest and most important outlets tasked with “telling China’s story well” in Latin America is Xinhua Español, the Spanish-language, Chinese-owned news service that provides content and a traditional wire news service, television programming, a YouTube channel, and social media platforms. While updated information is not available, Xinhua, in 2016, had 21 bureaus in 19 countries in Latin America and claimed to have 200 regional media subscribers and an additional 200 nonmedia subscribers, mostly government ministries that receive the news service for free.<sup>77</sup>

Because the news service is provided for free or at costs well below Western news services such as the Associated Press or Reuters, it is broadly used by important news outlets across the hemisphere—particularly radio, the most important medium—as print revenues drop and the media struggles with the generalized global financial crisis around producing news. By donating the service to governments, the news agency is also often the first information read by Latin American leaders. For example, Panama’s Ministry of Foreign Affairs uses Xinhua news monitors in the offices of several senior officials, who rely on the news service to follow world developments.<sup>78</sup>

Data analysts at Ex Arca of the Xinhua Español news site analyzed how Xinhua reported on specific topics to the benefit of the PRC and CCP. Analysis included 144,000 articles from Xinhua Español from January 1, 2017, to February 21, 2021. Given that the site for Xinhua Español does not have an XML sitemap or easily scrapeable archive, the URLs were gathered via Google’s site index, creating the overall dataset presented in the following analysis.<sup>79</sup>

It is instructive to analyze the word clouds below of the 34,887 mentions of COVID-19 and Chinese vaccines. The word clouds illustrate positive reinforcement of the PRC’s role in assisting Latin American countries (see figure 6).

While the discussion of the pandemic obviously did not start until early 2020, the messaging efforts and reporting on the COVID-19 crisis rose steadily through January 2021 (see figure 7). As the first cases of COVID-19 appeared in Latin America, China moved quickly to rebrand itself as a “donor rather than a recipient of aid” amid the global crisis and shortage of critical medical supplies.<sup>80</sup>

Given that China is the world’s largest producer of medical supplies, the PRC was able to donate large quantities within established diplomatic relations. China offered \$1 billion in loans

Figure 6. Word Clouds of Xinhua Español News Agency’s 34,877 Mentions of COVID-19, Vacunas, Vacunación, and Sinophram (Ex Arca)

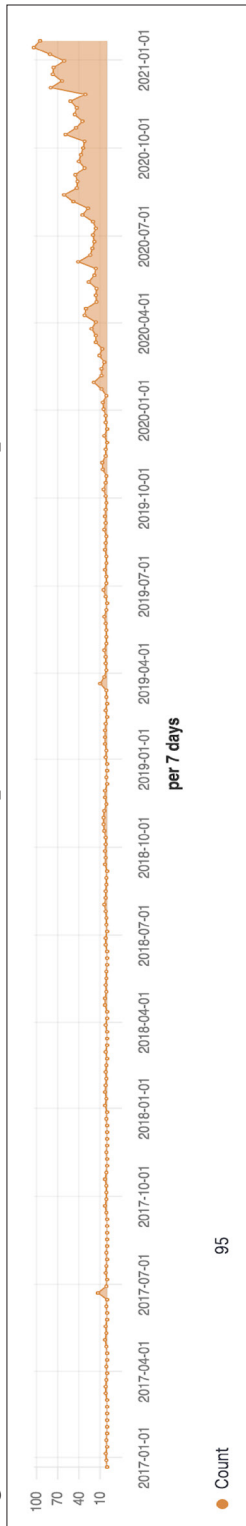


to Latin America and the Caribbean countries to pay for vaccine acquisition and distribution. Between mid-February and June 2020, 530 Chinese medical companies donated \$128 million worth of supplies to 33 countries in the region.<sup>81</sup>

China also began developing, selling, and distributing the COVID-19 vaccine, as many countries grappled with the health crisis and their economies. Sinovac and Sinopharm signed



Figure 7. Time Series of Mentions of Vaccine from Scraped Articles on Xinhua Español (Ex Arca)



agreements with Argentina and parts of Brazil, and vaccine trials began in Peru, originating at leading universities.

The PRC’s messaging efforts extend to drug-trafficking, using the term *narcotráfico*. The word clouds found that the reporting largely defends the Maduro regime from charges of moving cocaine and defends Revolutionary Armed Forces of Colombia (FARC) dissident leaders such as Jesus Santrich (see figure 8). The time series shows the mentions increasing as the FARC struggled to remain in the 2018 peace process (see figure 9). Mentions increase again under the Donald Trump administration’s “maximum pressure” campaign and as public denunciations grew against the FARC dissidents operating in Venezuela under the Maduro regime’s protection.

### Conclusion and Recommendations

Over the last decade, the PRC fundamentally reorientated its effort in Latin America from massive loans for large-scale infrastructure projects across the region to foreign direct investment in strategic sectors and countries. This is fundamentally altering the technological and commercial architecture of the hemisphere to China’s long-term advantage. This realignment toward sharp power engagement rather than traditional soft power strategies has been supported by expanding efforts to reshape the information space through state-controlled media, media “training” programs in the PRC, and persistent high-level engagement of senior PRC leadership with regional leaders. Meanwhile, the COVID-19 pandemic and the PRC’s ability to provide protective gear and vaccines provided new openings across the hemisphere.

Through the expansion of Huawei and telecommunications agencies directly tied to the CCP, the strategy is designed to create and implement the standards, regulations, and modalities of 5G technologies and other technological innovations going forward—core operations that are expensive and difficult to change once they are in place. As part of this expansion, the PRC’s smart

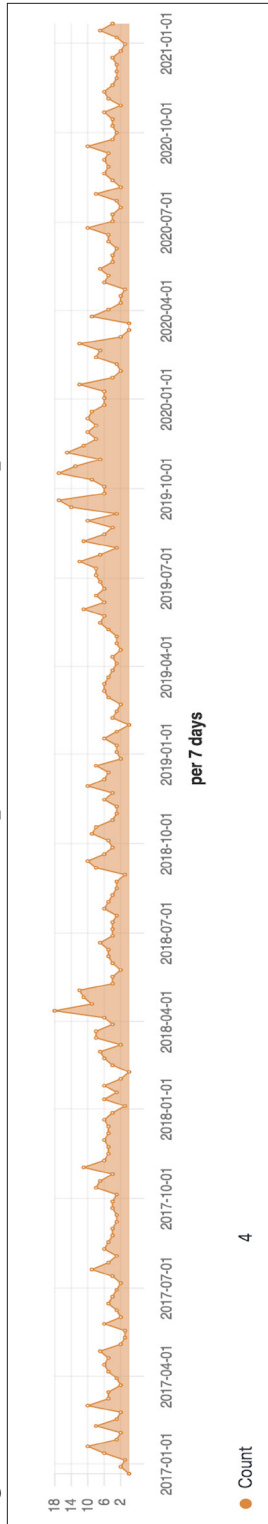
Figure 8. Word Clouds of Xinhua Español News Agency's 1,143 Mentions of *Narcotráfico* (Ex Arca)



cities and safe cities projects, now operational across the region, give the PRC/CCP unparalleled access to big data as well as specific intelligence by mirroring the systems' information directly back to China in real time.

This focus runs parallel to PRC efforts to gain permanent access to Antarctica through new, opaque agreements with the Argentine government: ongoing efforts to acquire southern ports

Figure 9. Time Series of Mentions of *Narco* from Scraped Articles on Xinhua Español (Ex Arca)



in Chile, desired funding of the trans-Andean tunnel between the two South American countries, and strengthening its access to deep space monitoring through its existing Neuquén base and proposed new bases in Argentina and Chile. Port infrastructure remains a priority, as does the ongoing multibillion dollar investment in acquiring major stakes in the electric infrastructure of multiple countries.

The PRC’s well-funded and ongoing sharp power efforts fall short of direct military confrontation but move beyond the traditional realm of soft power. This presents a multitiered set of challenges to the United States and its regional allies, where the cost of not engaging in this regional theater will be high. Although the PRC does not exclusively ally itself with other authoritarian regimes in Latin America, China’s relations with the BJCE and radical populists of the right in Brazil serve as key regional allies to the PRC. As Admiral Faller correctly notes, this is an assault on the region that is slowly undermining U.S. influence, democratic institutions, trade opportunities, and building the capability to deny the United States access to key ports and nodes in the global supply chain.

Despite the advances of the PRC, the United States retains significant capabilities to blunt these advances and maintain its position as the primary partner of choice in the hemisphere. This must begin with a focused, persistent, and coordinated messaging effort providing accurate information to shift the narrative to a discussion of the true cost of PRC engagement. The United States has many ties to the region that the PRC cannot duplicate, replicate, or replace. The first is the Latin American diaspora communities in the United States that number in the tens of millions, with no comparable communities in the PRC. The second is that dollar remittances from these diaspora communities to their home countries total tens of billions of dollars a year (\$6 billion in El Salvador alone), which is direct support to families the PRC cannot hope to match. These two factors, in addition to the shared hemispheric



history, provide deep cultural and economic ties that far surpass what China can hope to offer and can be used to shift the policy focus in the hemisphere. Engaging these communities in the issues outlined below would dramatically amplify the efforts, and this type of engagement has yet to take place.

The following list is recommended going forward:

- COVID-19 vaccine diplomacy. Message COVID-19 vaccine donations across U.S. Government platforms and through local media sources. The PRC relies heavily on vaccine diplomacy to show support in Latin America, even as the Sinopharm vaccine has far lower efficacy than any other shot on the market according to clinical trials. The United States is now providing millions of doses across Latin America, with potential for a far greater impact than the PRC's vaccine diplomacy efforts. However, the United States is not always connecting these donations to coordinated messaging efforts across U.S. Government platforms. This means that many of those donations are going largely unnoticed by the public. With more effort to message the vaccines as a U.S. diplomatic initiative to save lives, this could significantly shift the narrative of who is really providing critical aid in the region. This message could be amplified by the diaspora communities, which are grateful their family members and communities are getting a better and safer vaccine rather than one proved less effective.
- Environmental issues. Develop an intergovernmental messaging campaign regarding PRC projects' environmental impact. Focus a whole-of-government, fact-based information dissemination campaign through academic and nongovernmental institutions on the ongoing environmental devastation caused by specific Chinese practices. These include massive, illegal fishing even near protected areas such as the Galapagos Islands; devastating deforestation across the hemisphere for cheap timber at the expense of destroying the Amazon basin and other protected areas; coercive debt collection policies that drive countries to financial ruin (Ecuador is a prime example); and the devastation caused by unregulated and uncontrolled mineral extraction. This issue provides the U.S. Government with opportunities to form new and relevant relationships with nontraditional allies such as local, national, and international environmental nongovernmental organizations; indigenous land protection groups; and local fishing community groups. Collaborating with these nontraditional allies provides an opportunity for U.S. diplomacy to support

democracy and anticorruption efforts in the region by achieving relevance with the contemporary concerns of different sectors of civil society.

- **Data privacy.** Provide resources to study and publish in non-U.S. Government forums on the true destruction of privacy and big data collection that the safe cities programs provide to the PRC. These methods are so new that they are currently beyond the public's reach or understanding.
- **Strategic engagement.** Engage directly and persistently on specific relevant strategic issues on the likely consequences of PRC actions for select countries. These countries include Chile and Argentina on Antarctic exploration and devastation; Brazil, Uruguay, and Paraguay on the Magdalena Channel project; Panama on the safe cities project in the Colón Free Trade Zone and PRC encroachment on the Panama Canal; and many other tailored, coordinated, whole-of-government engagements.
- **Telecom investment.** Work with U.S. telecom and technology companies to invest and engage in the region. This provides competition to PRC efforts to set standards, specifications, and use hardware that will define the future of data transfer in the region.

Over time, PRC actions in strategic arenas will have a significant impact on continuing technological development, the collection of mass data, interoperability, and cloud processing. Just as important, these efforts will likely simultaneously marginalize U.S. efforts to build up democratic institutions, strengthen rule of law, and combat corruption. The PRC's overall lack of transparency, authoritarian model, and disregard for holding business partners or government officials accountable all contradict U.S. strategic interests in the hemisphere. Engaging with the countries described herein, while simultaneously engaging with the diaspora communities and the media, could help reverse this marginalization.

## Notes

<sup>1</sup> We define the Bolivarian Joint Criminal Enterprise as an alliance of criminalized states and nonstate actors, led by the Nicolás Maduro regime in Venezuela, the Revolutionary Armed Forces of Colombia, and the Daniel Ortega regime in Nicaragua.

<sup>2</sup> For a more comprehensive look at the People's Republic of China (PRC) strategy of elite capture, see *A World Safe for the Party: China's Authoritarian Influence and the Democratic Response* (Washington, DC: International Republican Institute, 2021), available at <[https://www.iri.org/sites/default/files/bridge-ii\\_fullreport-r7-021221.pdf](https://www.iri.org/sites/default/files/bridge-ii_fullreport-r7-021221.pdf)>.

<sup>3</sup> Data compiled by the Dialogue China–Latin America Database, available at <[https://www.thedialogue.org/map\\_list/](https://www.thedialogue.org/map_list/)>.

<sup>4</sup> Margaret Myers, *Going Local: An Assessment of China's Administrative-Level Activity in Latin America and the Caribbean* (Washington, DC: The Inter-American Dialogue, December 2020), available at <<https://www.thedialogue.org/wp-content/uploads/2020/12/Going-Local-Chinas-Administrative-Level-Activity-in-LAC.pdf>>.

<sup>5</sup> Génesis Lozano, “Ecuador’s China-Backed Hydropower Revolution,” *China Dialogue*, August 21, 2019, available at <<https://chinadialogue.net/en/energy/11464-ecuador-s-china-backedhydropower-revolution-2/>>.

<sup>6</sup> Margaret Myers and Rebecca Ray, *China in Latin America: Major Impacts and Avenues for Constructive Engagement: A U.S. Perspective* (Atlanta: Carter Center, August 29, 2019), available at <[https://www.cartercenter.org/resources/pdfs/news/peace\\_publications/china/china-in-latin-america-june-2019.pdf](https://www.cartercenter.org/resources/pdfs/news/peace_publications/china/china-in-latin-america-june-2019.pdf)>.

<sup>7</sup> While the PRC/People's Liberation Army, through the Chinese minister of defense, have publicly endorsed participating in the logistical base in Ushuaia, Argentina, the Chinese have signed a long-term agreement with the provincial government of Tierra del Fuego Province to finance 49 percent of the base's construction.

<sup>8</sup> Ralph Espach, “A New Great Game Finds the South Pacific,” *War on the Rocks*, March 22, 2021, available at <<https://warontherocks.com/2021/03/a-new-great-game-finds-the-south-atlantic/>>.

<sup>9</sup> Myers, *Going Local*.

<sup>10</sup> In 2018, the Overseas Chinese Affairs Office was absorbed by the United Front Work Department and placed under more direct Chinese Communist Party (CCP) control. See *ibid*.

<sup>11</sup> *A World Safe for the Party*.

<sup>12</sup> Zhao Longyue, “China and Global Economic Governance,” *WTO and China Journal*, vol. 61 (2018).

<sup>13</sup> Statement of Admiral Craig S. Faller, Commander, U.S. Southern Command, Senate Armed Services Committee, 117<sup>th</sup> Cong., March 16, 2021, available at <[https://www.armed-services.senate.gov/imo/media/doc/Faller\\_03-16-21.pdf](https://www.armed-services.senate.gov/imo/media/doc/Faller_03-16-21.pdf)>.

<sup>14</sup> “China Seeks to Dredge and Deepen the Paraná River, Argentina's Main Export Route,” *Mascontainer*, March 10, 2021, available at <<https://www.mascontainer.com/china-busca-dragar-y-profundizar-el-rio-parana-la-principal-via-exportadora-argentina/>>.

<sup>15</sup> Juan Antonio Castro, “Influencia de China en Argentina: Reunión con el ministro de defensa, base militar y capacitación,” *Altmedia*, March 4, 2021, available at <<https://altmedia.com.ar/influencia-de-china-en-argentina-reunion-con-el-ministro-de-defensa-base-militar-y-capacitaciones/>>.

<sup>16</sup> Julieta Pelcastre, “China Reaffirms Strategic Interest in Antarctica,” *Diálogo Americas*, November 27, 2019, available at <<https://dialogo-americas.com/articles/china-reaffirms-strategic-interest-in-antarctica/#.YTe07dNKgZk>>.

<sup>17</sup> Erin Watson-Lynn, “The Gravity of China’s Space Base in Argentina,” *The Interpreter*, June 9, 2020, available at <<https://www.lowyinstitute.org/the-interpreter/gravity-china-s-space-base-argentina>>. It is worth noting the 50-year lease establishes that the PRC “may construct, establish and operate ground tracking, command and data acquisition facilities, including a deep space antenna” with Argentina having no access or control over the facility.

<sup>18</sup> R. Evan Ellis, “New Directions in the Deepening of Chinese-Argentine Engagement,” *IndraStra*, February 14, 2021, available at <<https://www.indrastra.com/2021/02/New-Directions-Deepening-Chinese-Argentine-Engagement.html>>.

<sup>19</sup> Information available from authors upon request.

<sup>20</sup> State Grid Corporation of China, “Corporate Culture,” available at <[http://www.sgcc.com.cn/html/sgcc\\_main\\_en/col2017112330/column\\_2017112330\\_1.shtml](http://www.sgcc.com.cn/html/sgcc_main_en/col2017112330/column_2017112330_1.shtml)>.

<sup>21</sup> China-CELAC Forum Web site, available at <[http://www.chinacelacforum.org/eng/ltjj\\_1/](http://www.chinacelacforum.org/eng/ltjj_1/)>.

<sup>22</sup> “Countries of the Belt and Road Initiative,” Green Belt and Road Initiative Center, January 2021, available at <<https://green-bri.org/countries-of-the-belt-and-road-initiative-bri/>>.

<sup>23</sup> State Council of the People’s Republic of China, “Full Text of China’s Policy Paper on Latin America and the Caribbean,” November 24, 2016, available at <[http://english.www.gov.cn/archive/white\\_paper/2016/11/24/content\\_281475499069158.htm](http://english.www.gov.cn/archive/white_paper/2016/11/24/content_281475499069158.htm)>.

<sup>24</sup> Benn Steil, “Central Bank Currency Swaps Tracker,” Council on Foreign Relations, November 5, 2019, available at <<https://www.cfr.org/article/central-bank-currency-swaps-tracker>>.

<sup>25</sup> Fernando Meaños, “El BCRA firmó la renovación del swap de monedas con el Banco Central de China por USD 18.500 millones,” *Infobae*, August 6, 2020, available at <<https://www.infobae.com/economia/2020/08/06/el-bcra-firmo-la-renovacion-del-swap-de-monedas-con-el-banco-central-de-china-por-usd-18500-millones/>>.

<sup>26</sup> “China, Argentina to Renew Currency Swap of \$18.2 Billion,” *Global Times*, July 26, 2020, available at <<https://www.globaltimes.cn/content/1195641.shtml>>.

<sup>27</sup> Ibid.

<sup>28</sup> “China and Brazil Sign \$30bn Currency Swap Agreement,” BBC, March 27, 2013, available at <[https://www.bbc.com/news/business-21949615?utm\\_source=Newsletter&utm\\_campaign=21554fdae2-My\\_Readings\\_Week\\_ended\\_2nd\\_March\\_2013&utm\\_medium=email&ct=t](https://www.bbc.com/news/business-21949615?utm_source=Newsletter&utm_campaign=21554fdae2-My_Readings_Week_ended_2nd_March_2013&utm_medium=email&ct=t)>.

<sup>29</sup> “Brazil Stops Currency Swap Contracts,” Xinhua, June 20, 2018, available at <[http://www.xinhuanet.com/english/2018-06/20/c\\_137267847.htm](http://www.xinhuanet.com/english/2018-06/20/c_137267847.htm)>.

<sup>30</sup> “Líneas de financiamiento internacional con bancos centrales,” press release, Banco Central de Chile, July 24, 2020, available at <<https://www.google.com/search?client=firefox-b-1-d&q=+HYPERLINK+%22https%3A%2F%2Fwww.bcentral.cl%2Fcontenido%2F-%2Fdetalle%2Flineas-de-financiamiento-internacional-con-bancos-centrales-2%22+>>>.

<sup>31</sup> “China Says Signs US\$161m Currency Swap with Suriname,” *Business Times*, March 18, 2015, available at <<https://www.businesstimes.com.sg/government-economy/china-says-signs-us161m-currency-swap-with-suriname>>.

<sup>32</sup> Emily de La Bruyère and Nathan Picarsic, “China Standards 2035: Beijing’s Platform Geopolitics and Standardization Work in 2020,” *Horizon Advisory*, April 2020, available at <<https://www.horizonadvisory.org/chinastandards>>.

<sup>33</sup> “Xiaomi Expands Its Operations in Brazil with Another Five Physical Stores,” *Pledge Times*, August 18, 2021, available at <<https://pledgetimes.com/xiaomi-expands-its-operations-in-brazil-with-another-five-physical-stores/>>.

<sup>34</sup> “Xiaomi and Samsung, the Only Ones That Grow in Latin America,” *Archyde*, June 4, 2020, available at <<https://www.archyde.com/xiaomi-and-samsung-the-only-ones-that-grow-in-latin-america/>>.

<sup>35</sup> Kadri Kaska, Henrik Beckvard, and Thomáš Minárik, *Huawei, 5G and China as a Security Threat* (Tallinn, Estonia: NATO Cooperative Cyber Defence Centre of Excellence), 2019, available at <<https://ccdcoe.org/library/publications/huawei-5g-and-china-as-a-security-threat/>>.

<sup>36</sup> Emily de la Bruyere and Nathan Picarsic, “China Standards 2035: Beijing’s Platform and Standardization Work in 2020,” *Horizon Advisory*, April 2020, available at <<https://www.horizonadvisory.org/china-standards-2035-first-report>>.

<sup>37</sup> Raymond R. Dua, Jr., “The Rise of Chinese Technology in Latin America,” *Global Americans*, August 12, 2020, available at <<https://theglobalamericans.org/2020/08/the-rise-of-chinese-technology-in-latin-america/>>.

<sup>38</sup> “Latin America and 5G: Five Things to Know,” *The Dialogue*, December 14, 2019, available at <<https://www.thedialogue.org/analysis/latin-america-and-5g-five-things-to-know/>>.

<sup>39</sup> “Huawei Expanded in Latin America During 2019,” *Latin America Tech*, December 21, 2019, available at <<http://www.latinamerica.tech/2019/12/21/huawei-expanded-in-latin-america-during-2019/>>.

<sup>40</sup> “China’s Huawei to Deepen Cooperation with Uruguay on 5G Technology,” *China Daily*, August 27, 2019, available at <<https://www.chinadaily.com.cn/a/201908/27/WS5d64f7aca310cf3e35568268.html>>.

<sup>41</sup> Thomas Duesterberg, “U.S.-Led Alternatives to Huawei Gain Momentum,” *Forbes*, August 18, 2020, available at <<https://www.forbes.com/sites/thomasduesterberg/2020/08/18/u-s-led-alternatives-to-huawei-gain-momentum/>>.

<sup>42</sup> “Latin America Cloud Infrastructure as a Service Market, Forecast to 2023,” *Frost*, April 15, 2019, available at <<https://store.frost.com/latin-america-cloud-infrastructure-as-a-service-market-forecast-to-2023.html>>.

<sup>43</sup> Sheena Chestnut Greitens, *Dealing with Demand for China’s Global Surveillance Exports* (Washington, DC: The Brookings Institution, April 2020), available at <[https://www.brookings.edu/wp-content/uploads/2020/04/FP\\_20200428\\_china\\_surveillance\\_greitens\\_v3.pdf](https://www.brookings.edu/wp-content/uploads/2020/04/FP_20200428_china_surveillance_greitens_v3.pdf)>.

<sup>44</sup> “Huawei Holds First Latin America Safe City Summit in Mexico City,” *Huawei*, November 29, 2014, available at <[https://e.huawei.com/mx/news/ru/2014/hw\\_400578](https://e.huawei.com/mx/news/ru/2014/hw_400578)>.

<sup>45</sup> *Urbanization in Latin America* (Birmingham, AL: BBVA Research, July 2017), available at <<https://www.bbva.com/wp-content/uploads/2017/07/Urbanization-in-Latin-America-BBVA-Research.pdf>>.

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<sup>78</sup> IBI Consultants field investigator in Panama conducted interviews with three sources with direct knowledge of events, January 2020, Panama City, Panama.

<sup>79</sup> The following three sets of analyses implement two well-known models in Natural Language Processing and a third novel calculation to generate the word clouds presented throughout this paper and are described in brief. The first is “bag-of-words”—this analysis counts the number of times a word appears, without considering order or grammar, assuming frequency equals importance. Next is the TF-IDF model—this model assesses a term’s relevance within a larger collection of documents. The TF-IDF model measures *how important* a term is to a document in a collection or corpus to generate a final score of relevancy. The last is the Scaled F-Score—this is a relatively new statistical measure of analysis that determines the characteristic terms in the body of articles scraped. When applied to each document, the Scaled F-Score produces the top 10 characteristic terms for the entire data set.

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IBI Consultants, LLC ([www.ibiconsultants.net](http://www.ibiconsultants.net)), is a national security consulting firm. Researchers in the firm offer a broad range of expertise and access across Latin America on issues of national security, transnational crime, terrorism, terror finance, and nonstate armed actors. IBI Consultants works with a wide range of clients, from U.S. Government entities to private foundations, and provides analysis, information, scenario development, and access to a broad range of on-the-ground experts.

Ex Arca, LLC, interprets social and traditional media content to provide clients with a contextual understanding of the information operation space. By identifying key operatives, narratives, and mapping the spread of information, Ex Arca specializes in providing a “state of play” understanding to clients and advising on next steps in changing the narrative. Ex Arca analyses support national governments, law firms, and multinational business.

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