

CHINA IN LATIN AMERICA: ECONOMIC RESULTS AND PROSPECTS OF THE BELT AND ROAD INITIATIVE

Jovana NIKOLIĆ*

Abstract: The paper explores the relations between the People’s Republic of China and the countries of Latin America and the Caribbean (LAC) within the framework of China’s Belt and Road Initiative (BRI), focusing on the economic results achieved in this region from 2017 to 2023. The countries within the LAC region officially became involved in the BRI in 2017, with Panama leading the way by signing a Memorandum of Understanding the same year. By the end of 2023, 21 Latin American and Caribbean countries had become part of this global initiative. Brazil, the largest economy of the LAC region, is not among them despite its strong political and economic ties with China. The author conducts an analysis of the outcomes of the BRI in the region between 2017 and 2023. There is a consensus among scholars that the relationship between China and the LAC countries in the 21st century emphasises economic cooperation rooted in the strong political and diplomatic collaboration developed in the latter half of the 20th century. However, researchers hold differing viewpoints on the benefits the LAC countries receive from deepening cooperation with China. Therefore, another goal of this paper is to contribute to a wider debate in the academic literature concerning the nature and effects of the Chinese presence in the LAC region by delving into the mentioned relations within the BRI. The findings of the paper indicate that the inclusion of LAC countries into the BRI represents a further step in the deepening of economic relations between China and the LAC region in the 21st century. The significance of the BRI in the LAC region is evident through the increasing influx of Chinese investments and the execution of projects in energy, transportation, and metals sectors, with a

* Research Assistant, Institute of International Politics and Economics, Belgrade, Serbia. Email: jovana.nikolic@diplomacy.bg.ac.rs, ORCID: 0009-0007-9246-525X.

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notable trend towards investment in ‘new infrastructure’, particularly in telecommunications and renewable energy. However, this development also raises concerns and challenges, including the potential risk of over-indebtedness for local economies, environmental protection issues during the execution of various projects, and the absence of a cohesive regional strategy for engagement with China.

Keywords: China, Latin America, Belt and Road Initiative, trade, investments.

INTRODUCTION

The region of Latin America and the Caribbean (LAC), which, according to the UN regional grouping, consists of 33 countries, was the last to begin formal inclusion in China’s Belt and Road Initiative (BRI). Panama was the first country to sign the Memorandum of Understanding (MoU) in 2017. By the end of 2023, the MoU on inclusion in the BRI was signed by 22 countries of the LAC region.¹ Brazil, the largest economy among these countries, has not yet taken this step. Nevertheless, the economic and political cooperation in the China-LAC relationship occupies much of the attention of the academic community. Studies on the relationship between China and LAC over the past two decades have primarily concentrated on the economic aspect of this relationship and its implications. Nevertheless, similar to China’s relations with other regions and countries, the current economic ties are founded on decades of political and diplomatic cooperation. Throughout the 20th century, this cooperation included people-to-people exchanges, reciprocal delegation visits, and the establishment of agreements in various domains, including science, tourism, and technical cooperation (Wise, 2021, pp. 45-47). Regarding the contemporary relationship, Chinese officials and policymakers have taken an identical position on the economic nature of China-Latin America ties since the 2000s (Wise, 2020, ix). Today, China is the largest trading partner of South America and the second largest, after the US, when looking at Latin America as a whole (Roy, 2023). Although it is a heterogeneous region, China has managed, in addition to bilateral ties, to establish close

¹ Antigua and Barbuda, Argentina, Barbados, Bolivia, Chile, Costa Rica, Cuba, Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guyana, Honduras, Jamaica, Nicaragua, Panama, Peru, Suriname, Trinidad and Tobago, Uruguay, and Venezuela.

cooperation with the region through the China-CELAC Forum, an intergovernmental platform that brings together ministers and other high-level representatives at summits held once every three years.

Given that they share the status of developing countries, China and the LAC countries are cooperating closely in various formats of multilateral organisations, especially in terms of improving their economic positions. Within the framework of the main forum for multilateral trade negotiations, the WTO, the mentioned countries share their membership in several negotiating groups, among which the following stand out: the G-20, the G-33, and Friends of A-D Negotiations. The status of developing countries serves as the foundation for the People's Republic of China's engagement with the Latin American and Caribbean region. This topic will be explored in greater detail in the first section of this paper. Relations between China and the LAC countries can further be understood by examining the technical cooperation among nations that share comparable challenges, achieved through the framework of South-South cooperation. China's official positions towards the LAC region, framed by key documents from 2008 and 2016, emphasise the importance of mutual coordination and consultation in the field of multilateral trade to achieve the goals of creating a fair multilateral trade system and a stronger voice of developing countries in world economic affairs (State Council of the People's Republic of China, 2008; State Council of the People's Republic of China, 2016). Previously mentioned activities of China and the LAC countries within the WTO demonstrate that these goals are not merely theoretical but rather actionable commitments.

Scientific literature abounds in research on the subject of economic and political relations between the People's Republic of China and the countries of Latin America, as well as the effects of Chinese involvement in this area since the beginning of the 21st century. Although there is a noticeable consensus on the primarily economic nature of the relationship between these two sides, the key issue on which researchers disagree is the effects of an increased Chinese presence in this region and the benefits for the LAC states. Wise believes that the benefits are significant and that the obstacles are surmountable, namely, that with appropriate procedures to minimise risks, it is possible to take advantage of the numerous opportunities that cooperation with China brings to Latin America (Wise,

2020). Her point of view is shared by Blázquez-Lidoy and collaborators, highlighting Latin America as a trade winner since the integration of China into the global economy, with certain exceptions (such as Mexico) (Blázquez-Lidoy, Rodríguez & Santiso, 2007). Nevertheless, some authors point out that the relationship between China and Latin America threatens to mirror the “centre-periphery” dynamic this region had with other external actors in the past (Wintgens 2022, p. 2). Bernal-Meza underlines that behind the win-win rhetoric about the bilateral relationship between China and Latin America lies a North-South structure that serves China’s own interests and that its relationship with Latin American countries is of a utilitarian character (Bernal-Meza, 2016, p. 27).

The last decade of China’s engagement on the global economic scene is characterised by the BRI implementation, which has also found its place in Latin American countries, thus adding a new dimension to the cooperation between China and the LAC. This paper aims to investigate the results achieved within the framework of the BRI in the LAC region, from the formal inclusion of the first country (Panama) in 2017, ending in 2023, and to place the findings in the broader context of the previously mentioned debates on the development of economic relations between China and the LAC countries. Following the introduction, the first part of this paper will briefly present the development of political and economic relations between China and the LAC region in the 21st century through a review of existing literature and analysis of primary data, including relevant databases on economic relations and official documents. The objective is to provide a comprehensive understanding of the context of the relationship between China and the LAC before the implementation of the BRI in this region. Considering that the relations between the two sides are primarily economic, this section will concentrate on trade and investment relations between China and the LAC countries. The main focus of the paper is on the second and third sections, which explore the motives and evolution of the inclusion of LAC countries in the BRI, the outcomes achieved from 2017 to 2023, as well as certain challenges that stand out in the implementation of the BRI in this region. The conclusion will summarise the research findings and their significance for understanding contemporary relations between China and the LAC.

CHINA-LAC RELATIONS IN THE 21ST CENTURY

The foundations of China's official positions on its relationship with the LAC states can be traced through the analysis of the official documents of the State Council of the PR China from 2008 and 2016. Starting from the global context characterised by the processes of accelerated globalisation and growing multipolarity, the Chinese position implies the necessity of close cooperation between developing countries to face common goals and contribute to the achievement of peaceful development. After the establishment of people-to-people exchanges during the 1950s and 1960s and the establishment of diplomatic ties with most LAC countries during the 1970s and 1980s, the 21st century was marked by high-level exchanges and closer cooperation and coordination in international affairs (State Council of the People's Republic of China, 2008). Undoubtedly, respect for the One-China policy represents the political basis for further development of good economic and diplomatic relations. Both documents reflect China's perspective on its relations with Latin America, highlighting the shared status of developing countries and the common challenges they face in international relations, underscoring the need for cooperation and coordination to improve their global standing (State Council of the People's Republic of China, 2016).

When it comes to specific mechanisms and platforms for cooperation, the China-CELAC Forum, created in 2014, stands out as the main political platform for cooperation between China and the LAC region as a whole. Since its creation in 2011, the Community of Latin American and Caribbean States (CELAC) has enabled higher-level cooperation aimed at "the development of the comprehensive cooperative partnership based on equality, mutual benefit, and common development between China and LAC states" (Department of Latin American and Caribbean Affairs, Ministry of Foreign Affairs of China 2016, p. 5). The operational part of this format of cooperation has been guided by the China-CELAC Cooperation Plan (2015-2019) and the Joint Plan of Action for Cooperation on Priority Areas (2019-2021). According to the mentioned documents, the leading drivers of cooperation have been trade, finance, and investments, supporting the premise that the relations between these two parties are primarily economic. The areas of infrastructure construction, energy and resources,

agriculture, technology, and innovation stand out as priorities (State Council of the People's Republic of China, 2016).

It is noticeable that the 2016 document does not reference the Belt and Road Initiative despite outlining various forms of cooperation between the two parties, including bilateral, multilateral, and South-South cooperation. Nevertheless, Latin America and the Caribbean are viewed as “a natural extension” of the 21st Century Maritime Silk Road. Chinese President Xi Jinping announced during his visit to the region in 2016 that China wants to include Latin America in the BRI, and a year later, the first MoU was signed to achieve the mentioned goal (Gonzalez Jauregui, 2021, p. 352).

China perceives its relationship with the LAC region as a win-win cooperation, considering that, in economic terms, their trade relations are complementary, resulting in the reaping of fruits on both sides. This is one of the important points of contention in academic research. While some researchers (Blázquez-Lidoy, Rodríguez & Santiso, 2007; Wise, 2020) approve of the mentioned point of view of China and provide arguments in support of that thesis, others emphasise the existence of trade dependence of the LAC region on China and the negative effects this situation brings with it. These researchers point out that China's current relations with the LAC countries mirror the region's historical relations with the US and Europe, suggesting that the narrative about the North-South structure can be applied to contemporary China-LAC relations. Bernal-Meza claims that China's relationship with Latin America is utilitarian, arguing that with its win-win rhetoric, China tends to mask the real nature of its bilateral relations with the mentioned countries, which are characterised by a North-South structure. He points out that this type of dependence is evident in the foreign policies of the LAC countries that are China's partners, which is seen through the acknowledgement of China as a market economy and a developing country, upholding the One-China policy, and refraining from interfering in the issues of Tibet and Taiwan (Bernal-Meza, 2016, p. 33). On the other hand, Guo acknowledges the complementarity in the relationship between China and Latin America as an undeniable truth, emphasising that the development issue should be seen as an incentive to enhance South-South cooperation (Guo, 2023, p. 113). Research into the short-term and long-term trade impact of China on Latin America in the mid-2000s, after China's entry into the WTO and gradual integration into the global market,

showed the existence of complementarity between the Latin American economies and the Chinese economy. This refers to the fact that the LAC countries have a comparative advantage in the export of raw materials and goods, for which China is a net importer. A significant exception is Mexico, and in this case, it is about the competitiveness of the Mexican and Chinese economies, primarily in terms of exports to the North American market (Blázquez-Lidoy, Rodríguez & Santiso, 2007, pp. 54-55).

The 2010s were marked by the conclusion of numerous strategic partnerships between China and Latin American countries. The strategic partnership between China and Brazil, established in 1993, grew into a Comprehensive Strategic Partnership in 2012. The same form of diplomatic cooperation was concluded by Mexico and Peru in 2013, Venezuela and Argentina in 2014, and Ecuador and Chile in 2016, while Bolivia, Costa Rica, and Uruguay concluded Strategic Partnerships with China (Gonzalez Jauregui, 2021, p. 351). Paraguay, Belize, Guatemala, Haiti, Honduras, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines are nations that recognise Taiwan and do not maintain diplomatic relations with China. El Salvador and the Dominican Republic have changed their positions towards Taiwan since 2018, acknowledging now the One-China policy, while Nicaragua did the same in 2021.² The latter is in accordance with the established framework of political-economic cooperation between China and the LAC countries, which explicitly emphasise the necessity of respecting the One-China policy for the establishment and development of (economic) relations between the two sides.

TRADE AND INVESTMENT RELATIONS BETWEEN CHINA AND THE LAC COUNTRIES

China's accession to the WTO in 2001 represented a turning point in international economic relations and left a significant mark on its relations with the LAC region. The boom in commodity prices that followed in 2002, caused by increased Chinese demand, influenced the significant growth of

² When looking at the China Global Investment Tracker (CGIT) data on Chinese investments in the world, it is noticeable that there is no data for the aforementioned countries that recognise Taiwan.

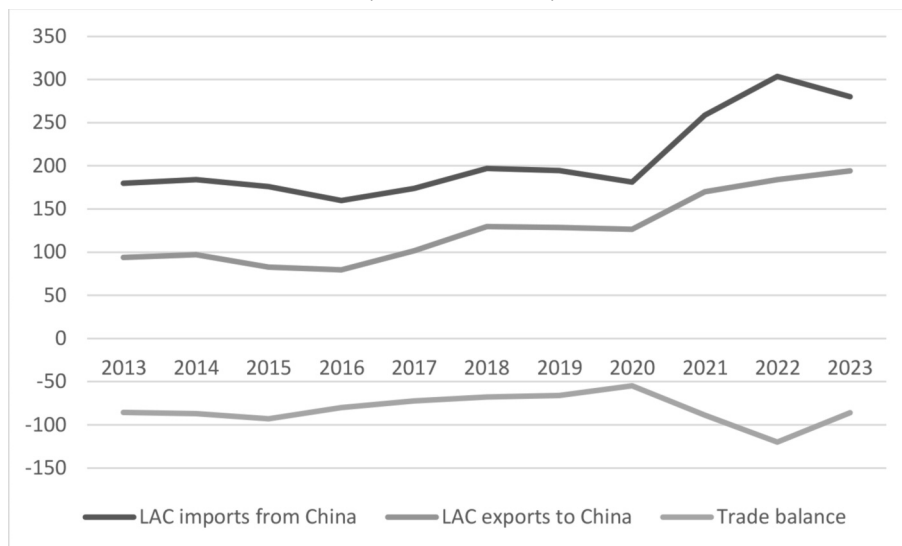
LAC countries' exports to China. The largest share in the structure of LAC countries' exports to China consists of primary products, with the following five commodities standing out: soybeans and other oilseeds, crude oil, copper ores and concentrates, iron ores and concentrates, and refined copper (Albright, Ray & Liu, 2023, p. 7). The exports of each country during the 2000s were dominated by one or two products, for example, soybeans in Argentina's exports, copper and fishmeal in Peru's exports, and soybeans and iron ore in Brazil's exports (Jenkins, 2009, p. 32). During this period, there was a notable increase in Latin American imports from China, primarily driven by manufactured goods. An analysis of the data from recent years indicates that the structure of LAC countries' exports to China has not changed significantly. Brazil's exports are still dominated by soybeans and iron ore, Argentina's exports by agricultural and food products, and Peru's exports by copper ore and refined ore (Observatory of Economic Complexity, n.d.). It can be accurately stated that asymmetry characterises the structure of trade relations between China and the LAC region (Wintgens, 2022, p. 2), which is reminiscent of China's relations with other regions (primarily Africa), causing the previously mentioned scepticism that today's LAC-China relations resemble LAC's relations with the US and the EU before the opening and penetration of China into Latin American markets. Therefore, the Chinese narrative of the "complementary" economic relations between the two sides is often countered by the narrative of "centre and periphery".

However, it is a fact that trade relations between China and Latin America have strengthened dramatically since the beginning of the 21st century. Between 2001 and 2020, trade in goods between China and LAC increased 21.5 times (from \$14.6 billion in 2001 to \$315 billion in 2020), while at the same time, there was an increase of only two times in trade relations between the US and LAC and the case of EU and LAC (Wintgens, 2022, p. 2). Another trade trend has been noticed in the last twenty years: instead of focusing on one trading partner, the countries of the LAC region diversified their exports across the US, China, and the EU (Albright, Ray & Liu, 2023, p. 3). From 2013 to 2020, trade relations between LAC and China in commodity exchange were relatively flat. After 2020, the LAC region recorded a slight increase in exports to China, while imports from China increased significantly, which is also shown in the peak of the trade deficit reached in 2022 in the amount of about \$120 billion. There is a noticeable

growth trend of Latin American exports to China without major fluctuations in the last decade – from \$94 billion in 2013 to \$194 billion in 2023 (Figure 1). When it comes to the period 2020-2022 and the growth of the LAC trade deficit (from \$55 to \$120 billion), we must take into account the global economic context, namely the distortions and consequences caused by the pandemic of the COVID-19 virus, which also affected the economic relations between China and LAC. Trade data for 2023 show the importance of the Chinese market for the LAC states' exports. Of all the countries in this region included in the BRI, the Chinese market was primary for exports from Chile and Peru and secondary in the case of Cuba, Ecuador, Panama, Trinidad and Tobago, Uruguay, and Venezuela. China ranked third for exports in 2023 in the case of Argentina, Antigua and Barbuda, and Bolivia (International Trade Centre, n.d.). In the case of Chile and Peru, China has been the primary trading partner (exports and imports) since 2017, as is the case with Latin America's largest economy, Brazil, which is not formally part of the BRI but is an important strategic and economic partner of China in the observed region (Observatory of Economic Complexity, n.d.).

Although the paper considers the LAC as a whole, it is important to mention some differences in trade trends in the last two decades. Ferchen notes that Central America and the Caribbean, lacking significant commodity contributions like South America, missed the early 2000s export boom to China (Ferchen, 2021). The author argues that Mexico should be viewed as a competitive market relative to China, particularly due to its focus on maximising exports to the neighbouring US, aligning with the findings of Blázquez-Lidoy and collaborators (Blázquez-Lidoy, Rodríguez & Santiso, 2007).

Figure 1. LAC trade in products with China from 2013 to 2023 (billions of US\$)



Source: Author, based on: International Trade Centre, 2024.

When it comes to China's FTAs, agreements are currently in force with only three countries in the observed region: Chile (2006), Peru (2010), and Costa Rica (2011). China signed FTAs with Ecuador and Nicaragua in May and August 2023, respectively, while negotiations with Panama began in 2018. China does not have trade agreements with MERCOSUR members (Brazil, Argentina, Uruguay, Paraguay) or the bloc as a whole. However, Brazilian President Lula da Silva proposed to conclude a trade agreement between China and Mercosur at the beginning of 2023 after the signing of the agreement with the EU. Twenty-year negotiations on the EU-MERCOSUR trade agreement ended in 2019, but it has not been ratified. One of the important stumbling blocks in the implementation of the China-Mercosur trade deal may be the absence of diplomatic relations between Paraguay and China (Guo, 2023, p. 127). Another important aspect threatening the MERCOSUR customs union is Uruguay's plan to conclude a bilateral trade agreement with China. The parties have conducted a feasibility study and are ready for parallel negotiations on the bilateral Uruguay-China trade agreement and the agreement with MERCOSUR (Cash, 2023).

In the early 2000s, Chinese investments in the LAC countries, excluding the Caribbean tax havens, were not as important as the trade relations between the two sides (Jenkins, 2009, p. 42). From the beginning of the 1990s until today, China has signed BITs with 15 LAC countries (UNCTAD Investment Policy Hub, n.d.). The previously mentioned free trade agreements also contain important provisions on investment issues. China invested the most in the largest LAC economies, Brazil and Mexico, characterised by a growing consumer market, a relatively favourable business climate, and good market access conditions (Guo, 2023, p. 133). According to the China Global Investment Tracker, from 2005 to 2023, China invested \$8.02 billion in Mexico and \$79.99 billion in Brazil (China Global Investment Tracker, 2024).

During the early 2000s, characterised by the commodity boom, Chinese investments mainly went into extractive industries. However, since the 2010s, a gradual diversification process of Chinese investments in the LAC region has been noticed (Wintgens, 2022, p. 4). Greater focus has been placed on investments in renewable energy sources and increased cooperation between the two sides in the energy and infrastructure sectors through the conclusion of public-private partnerships (Guo, 2023, pp. 128-130). In the last decade, out of 29 investments in Argentina, 13 were in the energy sector (\$8.86 billion), while in Bolivia, China invested the most in the transport sector (\$2.36 billion for nine projects). The Economic Bulletin data (2023) show that in 2022, China's largest M&A in Latin America was realised in renewable energy and electric mobility. Although overall, the past decade was marked by M&A in infrastructure. In financial terms, the China Development Bank and the China Export-Import Bank are key actors, which, from 2005 to 2022, provided loans to the region for \$96.1 billion and \$27.1 billion, respectively. The most loans went to Venezuela (\$60 billion), Brazil (\$31 billion), Ecuador (\$18.2 billion), and Argentina (\$17 billion), and in terms of sectors, to energy (\$90.9 billion) and infrastructure (\$26.5 billion) (Myers, 2021).

LATIN AMERICA AND THE CARIBBEAN IN THE BELT AND ROAD INITIATIVE

The attractiveness of the BRI, as in other parts of the world, is primarily reflected in the attraction of investments, which is particularly important for small Caribbean economies in the LAC region, which perceived the

signing of the MoU as an opportunity to facilitate further investments, especially in the field of highway and port infrastructure construction, as well as obtaining loans and accessing funds (Ferchen, 2021, p. 104). Taking into account the development of the economic relations of the two sides, the strengthening of trade ties in the first decade of the 21st century, and the increasing number of Chinese investments in the second decade, the inclusion of the LAC countries in the BRI can be understood as a logical next step in strengthening the overall relations between China and the LAC region. However, some of the largest economies, such as Brazil, Colombia, and Mexico, have not signed the BRI MoU.

Some scholars draw attention precisely to the heterogeneity of the region and different levels of cooperation between the LAC countries and China as important factors for the implementation of the BRI and, in general, for understanding the relationship between China and this region. In addition to the previously mentioned differences in terms of economic relations with China regarding the complementarity or competitiveness of economies, viewing LAC as a homogeneous entity is also difficult due to frequent changes in political orientations in the region's states (Gonzalez Jauregui, 2021, p. 351). It is noticeable that the trend of bilateralism in relations between China and LAC countries has continued through the BRI. However, on the other hand, there is a possibility that China could expand the influence of this initiative by mobilising LAC regional institutions (Abrão, 2022, p. 12).

Although this region was the last to join the BRI formally, China Global Investment Tracker data shows that Chinese investments within the BRI have found their place in the LAC countries since the initiative was announced in 2013, primarily in the energy, metals, and transport sectors. According to the China Global Investment Tracker database, from 2017 to 2023, the most Chinese investments and loans in the LAC countries within the BRI were in energy (\$33.72 billion), metals (\$16.09 billion), and transport (\$13.1 billion) (Table 1).³ Among other sectors, health stands out

³ The data in the table refers only to the countries that have signed the BRI MoU and for which data are available in the China Global Investment Tracker database (a total of 18 countries). The database does not contain any information for Dominica, El Salvador, and Grenada, although all three countries signed the BRI MoU in 2018.

slightly in the observed period, which is a consequence of the outbreak of the COVID-19 pandemic and China's efforts to help partner countries in the fight to overcome the health crisis.

Table 1. Chinese investment and construction in the LAC region 2017-2023.

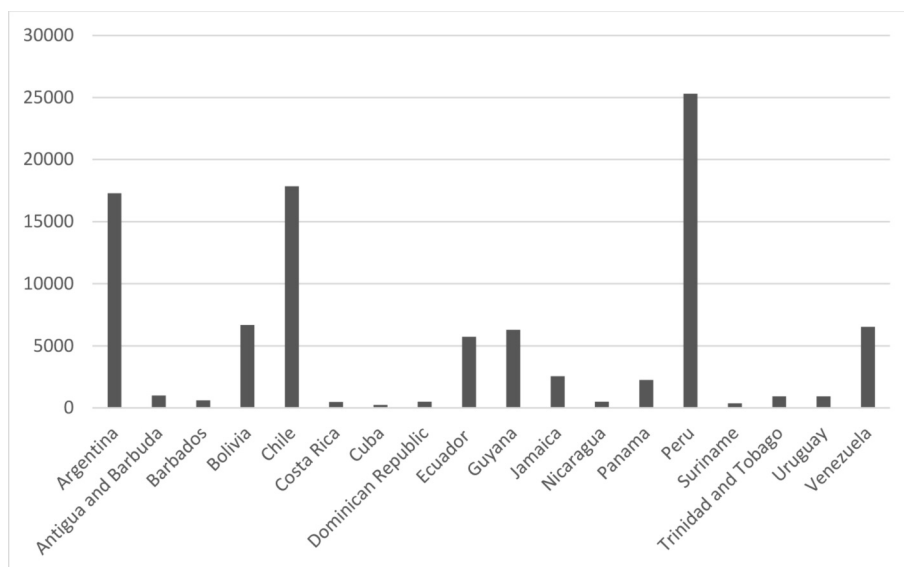
Sector	Quantity (billions of US\$)
Energy	33,72
Metals	16,09
Transport	13,10
Health	1,31
Agriculture	0,83
Utilities	0,58
Real estate	0,40
Finance	0,39
Technology	0,30
Tourism	0,30
Logistics	0,23
Other	0,22
Chemicals	0,10
Total	67,57

Source: Author's calculation based on: China Global Investment Tracker, 2024.

From 2013 to 2023, China invested \$95.96 billion in the BRI projects in the LAC countries. The data (Figure 2) show that in the observed period, the most investments were made in Peru (\$25.3 billion), Chile (\$17.85 billion), and Argentina (\$17.29 billion). Significant investments are also noticeable when it comes to Bolivia (\$6.67 billion), Venezuela (\$6.52 billion), Ecuador (\$5.73 billion), and Guyana (\$6.28 billion). Of the total \$95.96 billion invested in the observed decade, \$67.57 billion was invested from 2017 to 2023, that

is, after the formal inclusion of the LAC countries in the BRI. The largest recipient of Chinese investment in the last decade from this region is Brazil (\$46.45 billion), although not formally part of the BRI.

Figure 2. Chinese investments within the BRI in the LAC countries, 2013-2023 (millions of US\$)



Source: Author's calculation based on: China Global Investment Tracker, 2024.

An important trend in recent years in terms of Chinese investments in LAC is the focus on so-called “new infrastructure” projects, which include fintech, renewable energy, telecommunications, and other innovation-related industries. There have also been some changes in the traditional sectors into which Chinese investments flow—energy and agriculture, where there is noticeable an increasing interest in the purchase of agricultural chemical companies and the conclusion of contracts on renewable energy sources (Myers, Melguizo & Wang, 2024, pp. 2-5).

When it comes to Chinese investments and projects in the field of renewable energy sources and the production of components for the growing market of electric vehicles, the key resource is lithium, the largest

reserves of which are located in the so-called Lithium Triangle—Argentina, Bolivia, and Chile (Albright, Ray & Liu, 2023). About 60% of the world’s lithium reserves are located in the Latin American region, where China has invested about \$11 billion in lithium extraction since 2018 (Melguizo & Myers, 2024). The importance of the renewable energy sector for the position of Latin America in global supply chains and investment relations between China and LAC is also shown by the fact that the top three Chinese M&As were realised in renewable energy and electric mobility in 2022. From 2017 to 2022, over 70% of completed M&As were in the electricity sector (Albright, Ray & Liu, 2022; Albright, Ray & Liu, 2023, p. 25). China’s investment in renewable energy has generally gained importance within the BRI. The results of the study on Chinese investments in renewable energy within the framework of the BRI from 2014 to 2022 (Zakić, 2017) show that, in the observed period, the energy sector had far more investments and loans (\$340.3 billion) compared to other sectors: transport (\$208.3 billion) and metals (\$88,48 billion). The results also show that Argentina is in the top three recipient countries of Chinese BRI investments and loans in renewable energy, along with Pakistan and Laos. The findings of this study suggest a continuation of the trend of increasing Chinese investment in renewable energy sources within the BRI globally. However, the traditional energy sector will continue to play a leading role.

Additionally, in the context of digital transformation in the world, new opportunities have opened up in recent years for the creation and development of new business models in the LAC region. Chinese companies such as Huawei have been given the opportunity to expand their presence and increase investments in this region (Guo, 2023, p. 133). That Latin America occupies an important place on the Digital Silk Road is also shown by the fact that Chinese companies partially finance and participate in the construction of fibre-optic cable from Africa to Brazil (Ferchen, 2021, pp. 107-108). Since 2015, twelve of China’s largest technology companies, including Huawei, ZTE, and China Telecom, have taken new steps to invest in data centres and telecommunication networks in fifteen Latin American countries (Wintgens, 2022). The mentioned activities and the increasing involvement of Chinese technology companies in the LAC region are indicators of China’s turn to investments in “new infrastructure” within the BRI and the importance that China attaches to these sectors.

Concerns and challenges

China's economic expansion in the 21st century and its increased presence in all world regions, especially through the implementation of the BRI projects, bring potential problems and certain challenges for local economies. Most often, in this regard, in the case of the LAC region, the risk of countries' over-indebtedness and issues of environmental protection are singled out, referring to the existence of similar problems in some of the implemented BRI projects in Africa and Asia.

It is often said that the primarization of LAC exports to China, which encourages the activities of extractive industries, is an important factor in the environmental degradation of this region and that investments in infrastructure projects further strengthen this process (Jenkins, 2019, pp. 284-285). Without completely rejecting the given claims, because there have been examples of Chinese companies being punished for violating certain rules in the field of environmental protection (e.g., Shougang's Marcona mine in Peru), Jenkins nevertheless underlines that the conducted studies focused on certain countries and sectors and that comparative research is necessary to draw conclusions about the overall performance of Chinese companies in the LAC region when it comes to their impact on the region's environment (Jenkins, 2019, pp. 308-309). One of the ways to overcome the problems in this aspect of concerns and challenges lies in the initial phase of project planning and agreeing on the terms of cooperation. In this regard, it is particularly underlined the importance of the inclusion of local companies in projects financed within the BRI, together with a constant emphasis on the benefits that both local and foreign companies receive (Gonzalez Jauregui, 2021, pp. 54-55). Through the collaborative implementation of the BRI projects, the concept of win-win cooperation is effectively realised in practice.

With regard to over-indebtedness, controversies surrounding Chinese investment in projects in Pakistan, Montenegro, and Sri Lanka, among others, have provided cause for concern in the LAC states when joining the BRI. In terms of financing and implementation of large infrastructure projects, which is the main characteristic of the BRI globally and in the LAC region, the risk of over-indebtedness exists, especially in the case of small economies. However, to avoid this scenario, it is important to carefully plan when contracting credit arrangements by the governments of the host

countries and consider alternative options if analyses show that the economy would not be able to bear the burden of taking loans for specific projects (Stanojević & Zakić, 2023, pp. 140-142).

Regarding the challenges in the context of relations between the LAC countries and China, as mentioned in this text, the economic and political heterogeneity of the region calls into question, for now, the possibility of formulating a common strategy in dealing with the People's Republic of China. In this light, the differences are highlighted between the members of the Pacific Alliance, which acts as a bloc in the negotiations with China, and MERCOSUR, which appears to be uncoordinated and dominated by the members' bilateral ties with China (Abrão, 2022, pp. 11-12). The mentioned differences in the attitude of the LAC countries towards China are compounded by the fact that the largest economies of the region, Brazil, Colombia, and Mexico, although being China's strategic partners, are not formally part of the initiative that holds an important place in global economic flows. Taking into account the previously mentioned problems that countries face in implementing some BRI projects, regional cooperation in the form of sharing experiences and establishing a joint, regional action mechanism would contribute to attempts to reduce potential risks in cooperation with China.

Another significant consideration when discussing the challenges in the LAC region concerns the consequences of the trade and technology war between the US and China, as well as, more broadly, the geopolitical implications of the Chinese presence in the LAC region due to the region's historically strong trade ties with the US and the EU. The strengthening of Chinese economic activities in the Latin American region is perceived, among other things, as an attempt to take over regional leadership and reduce the hegemony of the US (Abrão, 2022, p. 15). The impact of this factor will not be discussed in detail here. However, it is important to underline that in addition to the challenges at the national and regional level, global dynamics, particularly those involving the two largest economies in the world, hold substantial significance for the further economic development of the LAC region and its interactions with non-regional actors.

CONCLUSION

Following Guo, the China-LAC economic relations in the 21st century can be contextualised in two phases (Guo, 2023). The first one, from 2003 to 2013, was marked by the development of trade relations, initiated by the commodity boom and based primarily on the export of primary products from LAC, the import of manufactured goods from China, and the negligible role of FDI compared to the trade relations of the two sides. In the second phase, from 2014 to the present, Chinese investments in the LAC countries have assumed greater importance. The countries of the region, seen by Chinese officials as “a natural extension” of the 21st Century Maritime Silk Road, began their formal inclusion in the BRI in 2017. Taking into account the development of economic relations between the two sides presented in the paper and the global importance of the Chinese initiative that celebrated its tenth anniversary, the implementation of the BRI in the LAC region can be understood as a logical follow-up in the development of Sino-Latin American economic relations.

The key findings of the analysed cooperation in the period 2017-2023 show the significance of the BRI in the LAC region, primarily in terms of the influx of Chinese investments and the implementation of projects in the energy, transport, and metals sectors, which are important for the economic development of the LAC countries. Increased engagement of Chinese companies in the field of “new infrastructure”, i.e., larger investments in the telecommunications and renewable energy sectors, emerges as a trend that warrants further scholarly research. In terms of trade ties, which have seen dramatic growth in the last two decades, China continues to be a significant economic force in the region, taking the place of the second-largest trading partner of Latin America (after the US) and the first for South America.

The problems encountered by individual countries in the implementation of the BRI projects, similar to those in other regions, require greater governments’ engagement in planning and negotiating the terms of contracting projects and investments. This engagement should be complemented by the strengthening of regulatory frameworks and the creation of internal policies addressing issues such as environmental protection. In this context, regional cooperation and coordination are of paramount importance as they can help in overcoming the problems faced

by countries in implementing the BRI projects and simultaneously enhance regional cohesion and integration.

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