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Peru and the Belt and Road Initiative: Strategic Implications for Economic Growth and Geopolitical Dynamics in South America

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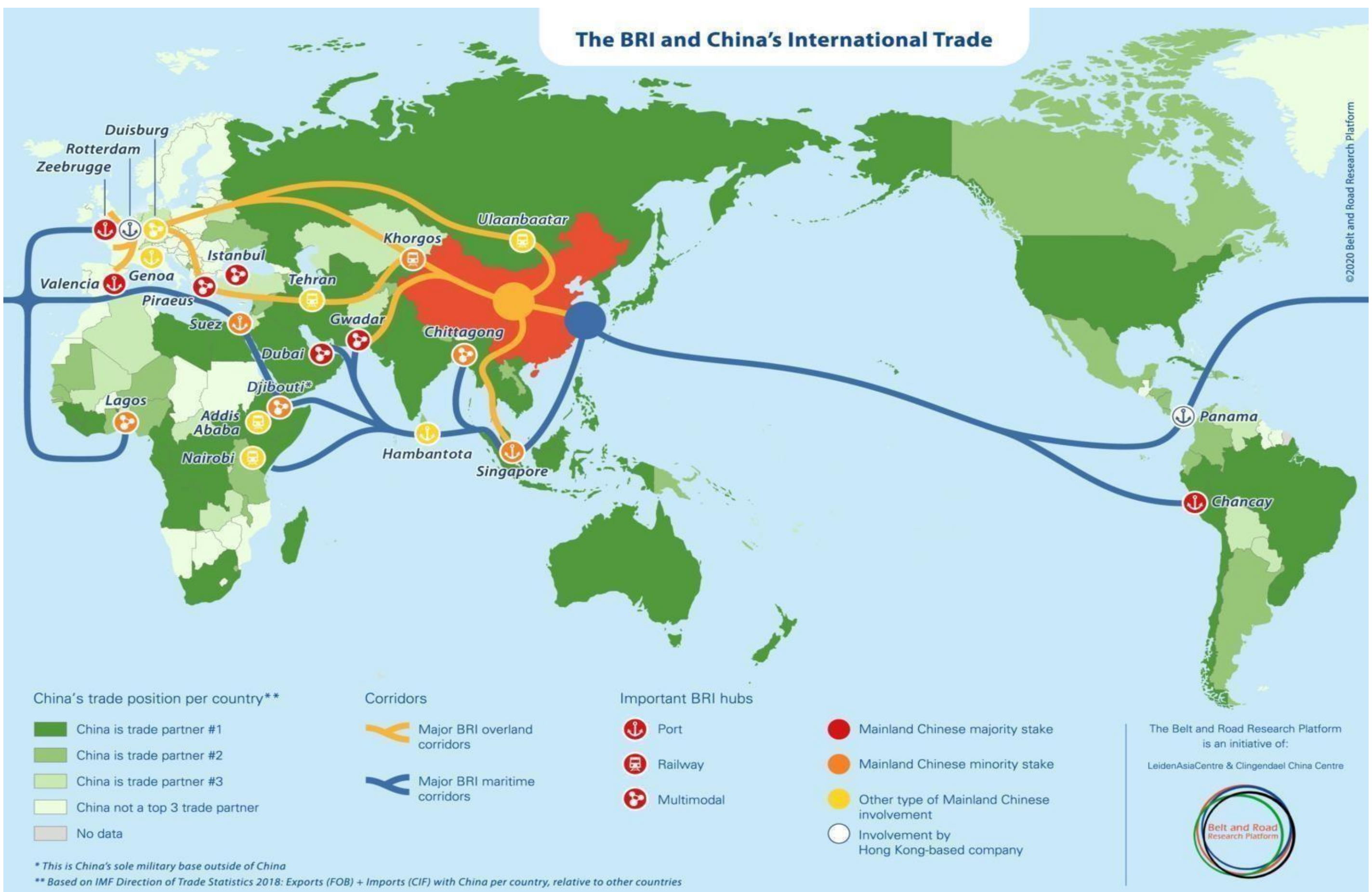
Abstract

This research examines Peru's integration into China's Belt and Road Initiative (BRI) and the implications for economic growth and geopolitical dynamics in South and Latin America. Since joining the BRI in 2019, Peru has emerged as a pragmatic partner in China's global connectivity and infrastructure strategy, particularly through the flagship project, the Port of Chancay. This study aims to demonstrate that Chinese investments have the potential to close Peru's infrastructure gap, enhance its competitiveness, and reconfigure South America's role within global value chains. At the same time, it highlights critical risks, including debt dependence, environmental concerns, and the asymmetrical influence of Chinese state-owned enterprises. Regionally, the BRI has redefined traditional alignments by offering Latin American countries alternatives to the United States centered economic frameworks, intensifying strategic competition across the hemisphere. A multidisciplinary lens must be applied, that combines international political economy and geopolitics, this thesis argues that the BRI, in fact, constitutes both an unprecedented opportunity and a profound challenge for Peru and South America. Emphasizing the importance of solid institutions, governance, transparency, and policy autonomy to maximize the long-term benefits while safeguarding sovereignty and sustainability.



Updated map of China's BRI, illustrating major land and maritime corridors. Leiden Asia Centre, BRI Research Platform (2021).

Introduction

The emergence of China's Belt and Road Initiative (BRI) in 2013 under the leadership of President Xi Jinping has marked a strategic recalibration of global economic and geopolitical engagement. Understood as a comprehensive framework to enhance connectivity and provide much needed infrastructure development across continents. The BRI has been evolving as a foundation of China's foreign policy. While initially it was centered on land Eurasian corridors, the BRI expanded on the maritime domain and shifted its focus to South and Latin America, reflecting China's ambition to assert itself as a global leader not only in commerce and trade, but also in finance and in influence.

South American integration into the BRI communicates a broader transformation in the region's foreign policy orientation. Historically, it was dominated by Western economic models, now South and Latin American countries are increasingly exploring alternative partnerships that offer development financing with fewer political strings. China's BRI offers this alternative, one that promises modernization, capital inflows, infrastructure development, and access to the vast Chinese and Asian markets, but also introduces complex dependencies and shifts in power dynamics. Peru's participation in the BRI, formalized in 2019, is emblematic of this trend and serves as a critical case study for understanding the regional implications of China's expanding presence.

This poses Peru with the opportunity for infrastructure & growth vs. the risks of dependency and probable sovereignty erosion. Therefore, understanding the context, the hypothesis planted for this thesis is grounded in realist perspectives on power, this thesis hypothesizes is whether that Peru's participation in the BRI constitutes both a catalyst for economic modernization and potential source of new dependency. While BRI investments in infrastructure, energy and logistics may reduce Peru's structural deficiencies and enhance global competitiveness, the asymmetry of Chinese capital flows risks reproducing dependency patterns and constraining policy autonomy. At the same time, through the lens of South-South cooperation, Peru's engagement with China may also offer opportunities to diversify and expand its geopolitical maneuvering space within a multipolar global order. A particular focus has been added on its main flagship infrastructure project: The Chancay Port. Located in north of Lima (Lima Department). This port represents more than a logistical asset; it is a geopolitical statement and sort of anchor in China's efforts to forge transpacific corridors that bypass traditional Western controlled maritime routes. The influx of Chinese capital and state backed enterprises introduces new dynamics into Peru's international relations and domestic policies, leading Peru into facing the challenge of balancing its traditional Western partnerships with its growing dependence in China's investment and diplomatic support. By embedding Peru more firmly within China's global trade architecture, the Chancay Port is poised to reconfigure local and regional supply chains, enhance Peru's competitiveness and redefine the nation's strategic role within South America. At the same time, redesigning South and Latin America's strategic value in a changing global order. The outcomes of this engagement will depend on Peru's institutional solidity and resilience, and capacity to implement governance mechanisms that ensure transparency and long-term sustainability.

While Chinese investment may offer a "fast track" to modernization, the terms of that transformation, the benefiters, the ones bearing the cost, and the ones who control the infrastructure will ultimately determine whether the BRI serves as a lever for national development or a track of foreign influence. Positioning Peru, and the Chancay Port as a case study, this research contributes to the broader discourse on South-South cooperation, infrastructure diplomacy, and the reconfiguring of global power in the 21st century. Delving deeper into the gravitational pull the Sino sphere is exerting on South and Latin America.

Chapter 1: Historical Background

1.1 Belt and Road Initiative, Origins and Conceptual Framework

The BRI, or the Belt and Road Initiative, is the major and most ambitious strategy launched by China under President Xi Jinping in 2013 deeply rooted in China's long standing opening policy in the late 1970s under Deng Xiaoping. It encompasses strategic and key areas in global infrastructure and economic development, building further on decades of economic expansion fueled by FDI (Foreign Direct Investment), manufacturing and exports. The BRI is much more than a strategic project, it's a fundamental challenge to the established world order and current geopolitical context, expanding China's influence and power. The nature of the BRI resembles the great strategic systems developed by great powers that dominated global commerce, therefore had a major economic capacity and more raw power, channeling China's excess industrial capacity into overseas, securing strategic trade routes and economic cooperation; The Han dynasty which started the silk road and is the main nationalist influence towards the image that the modern BRI wants to covey, the British and Spanish empires respectively which at their time dominated maritime trade are the main influences for this project, since it contemplates to merge the strengths of these commerce systems into one.

The Belt and Road Initiative can be dissected into two parts: Silk Road Economic Belt, and 21st Century Maritime Silk Road. The first, strictly focused on land-based corridors across Eurasia and the 21st Century Maritime Silk Road, which has the main objective of interconnecting and enhancing maritime connectivity and trade. This is fundamental in expanding China's global trade networks by the construction and financing of transportation and energy infrastructure, this is key through funding mechanisms strategically tailored to manage these mega projects in a global scale, such as the Silk Road Fund, China Development Bank (CDB), and the China Export-Import Bank (CEXIM). State owned companies such as COSCO Shipping also play an important role in the development of these projects.

1.2 Geopolitical and Economic Context

The Belt and Road Initiative (BRI) launched in 2013 provides a long-term vision and answer to the projection of a constantly evolving complex and more competitive geopolitical and economic landscapes, with the vision being China's change and redefinition on its global engagement strategy. Geopolitically, the BRI is a direct response to the U.S. dominance and strategic containment efforts, especially in the Indo Pacific region, which was heavily influenced by the U.S. "Pivot to Asia" policy of 2011. According to Flint and Zhu (2019), the Belt and Road Initiative (BRI) reflects and projects a territorial and economic logic of power, integrating China's geoeconomic ambitions with geopolitical strategies.

By investing in global infrastructure projects, aiming to strengthen strategic regional alliances, secure trade routes, and expand its influence in Eurasia, Africa and Latin America. These actions clearly state China's ambition to challenge the U.S. hegemony by providing an alternative to Western financial institutions like the IMF and World Bank, by establishing these financial mechanisms such as the previously mentioned Silk Road Fund, China Development Bank (CDB), China Export Import Bank (CEXIM), and in addition, the Asian Infrastructure Investment Bank (AIIB). The BRI's emphasis on economic connectivity and regional integration has allowed China to present itself as a cooperative global power, simultaneously reshaping the balance of power and the geopolitical international arena to its favor. The BRI is not merely an economic project, but one that is transforming politics at multiple scales, creating opportunities for both global cooperation and conflict. (Flint & Zhu, 2019, p. 97).

On the economical aspect, the Belt and Road Initiative (BRI) was meticulously conceived and planned as a response to China's shifting economic model. Taking into context the early 2010s, China was facing industrial overcapacity, a slowing growth in its GDP, and rising domestic labor costs, making it crucial to find new markets and investment destinations. This aimed to achieve an export surplus production in key sectors like steel, construction, and high-speed rail, while also securing long term energy and resource supply chains (Flint & Zhu, 2019, p.98). In addition, the Belt and Road Initiative (BRI) facilitated the internationalization of the Chinese Yuan by promoting financial transactions in the Chinese currency across partner countries. These facts provide consciousness that the Belt and Road Initiative (BRI) operate at the intersection of geopolitics and geoeconomics, where economic connectivity is inseparable from territorial power dynamics. This strategic economic expansion aligned with China's broader objective of reducing reliance on Western trade routes and diversifying its global trade partnerships.

Therefore, the geopolitical and economic dimensions of the BRI are inseparable and the structural transformation of the international system towards a competitive multipolarity set a new standard. With the consolidation of US hegemony in the early 1990s following the collapse of the Soviet Union, on the unipolar moment, the United States dominated global governance institutions, financial systems, military power projection and trade rule processes. However, the 2008 global financial crises significantly altered this scenario, exposing structural vulnerabilities in the Western liberal order and accelerating the redistribution of economic power towards emerging economies such as China. China's sustained growth during the early 21st century, and its rapid industrialization accumulated substantial foreign exchange reserves, positioning it as a central actor in global economic governance. In a decade, China had become the world's second largest economy and the principal trading partner of numerous developing countries. This transformation marked the beginning of a transition from a predominantly unipolar system toward a more competitive and complex multipolar configuration.

Within this context, connectivity emerged as a critical dimension of power. Infrastructure became instruments capable of reshaping economic geography and influencing global value chains. The BRI was conceived at precisely this historical juncture, serving as a mechanism through which China could consolidate its position with a transforming world order without resorting to direct military confrontation.

1.2.1 From Eurasia to a global initiative

The Belt and Road Initiative (BRI) has expanded from a project based in Eurasia to one of global scale, infrastructure and economic networks, taking into consideration two main pillars, the corridor and the 21st Century Maritime Silk Road, and by applying geopolitical principles such of Alfred Mahan and historical examples such as the trade routes of the Spanish Empire has allowed to redfin China's role in international trade and geopolitics. This expansion serves as multiple strategic functions, allowing China to enhance its influence by infrastructure investments, creating economic dependencies and facilitating new corridors.

This geographic expansion was neither accidental nor reactive. Rather, it reflected the structural logic of China's long term grand strategy: The construction of a globally integrated economic architecture centered increasingly around Chinese capital, trade, and logistical influence. The original logic of the BRI was grounded in Eurasian geopolitics. Historically, Eurasia has been regarded as the central landmass of a global power competition, as articulated in classical geopolitical theories such as Halford Mackinder's Heartland thesis. Control over the Eurasian landmass has long been associated with strategic leverage. China's western provinces, especially Xinjiang, occupy a critical geographic position connecting East Asia with Central Asia. By developing overland corridors through Kazakhstan, Kyrgyzstan, Uzbekistan, China aimed to promote economic development in its western regions, strengthen political and economic ties with Central Asian republics, secure overland trade routes to Europe, and reduce dependence on strategic maritime chokepoints. The Silk Road Economic Belt thus constituted the continental backbone of the BRI, linking China to Europe via rail, highways, and energy pipelines. Simultaneously, the Maritime Silk Road this continental strategy by strengthening sea and ocean connectivity across Southeast Asia, the Indian Ocean, East Africa, The Mediterranean and the Pacific Ocean.

In Africa, China has constructed a network of railways and ports in Kenya, Djibouti, and Nigeria, securing strategic access to raw materials and naval positions. In Europe, China has made investments in the Piraeus Port in Greece, ensuring direct entry points for Chinese goods into the European market. In South Asia, the China Pakistan Economic Corridor (CPEC) has become one of the most important and significant Belt and Road Initiative (BRI) projects, with an investment of around $62 billion. Moreover, the development and construction of the Gwadar Port under the China Pakistan Economic Corridor (CPEC) provides China and Chinese products with a direct gateway to the Arabian Sea, boosting connectivity with different markets such as the European, this also allows China to overpass complicating geopolitical dynamics with the alternative of bypassing the maritime choke point of the Strait of Malacca. This project has not only enhanced Pakistan's infrastructure but also has strengthened China's position and presence in the Indian Ocean, a decisive geopolitical play, challenging U.S. and Indian regional influence (Flint & Zhu, 2019, p. 100).

The evolution "from Eurasia to a global initiative" represents a deliberate shift from regional connectivity to systemic reconfiguration of global trade routes. The globality of the Belt and Road Initiative (BRI) promotes the internalization of the Renminbi (RMB) by integrating Chinese financial institutions into new global networks. Flint and Zhu highlight that China has leveraged its financial resources in order to fill infrastructure gaps in developing regions (p.98). A closer look into the global initiatives and projects launched under the BRI illustrate to the global scenario how, in fact, the initiative has transitioned. In Latin America, China has heavily invested in the construction of the Chancay Port in Peru, a critical project that aims to transform Peru into a hub for trans Pacific trade, linking the South American continent directly with Asian markets, this deep water port, which is also the biggest of its kind in Latin America, will facilitate greater Chinese exports and imports to and from key economies in South America such as: Brazil, Chile, Peru and Argentina; Integrating Latin America to China's maritime trade network.

The transformation of the BRI into a global initiative followed the internal logic of network expansion. Infrastructure corridors generate gravitational pull. Once initial connectivity nodes are established, expansion becomes both economically rational and strategically advantageous. China's economic footprint had already become global by 2013. It was the primary trading partner for countries across Africa, Southeast Asia, and Latin America, including Peru. Limiting the Bri to Eurasia would have constrained its capacity to integrate global trade flows. Modern global value chains require interconnected maritime and terrestrial logistics networks. As China's manufacturing system became deeply embedded in international production, ensuring reliable transport corridors across multiple continents became strategically essential.

1.3 China’s Strategic Interests in South America

China’s objectives through the BRI are multidimensional. Mainly, Beijing seeks to ensure access to vital and strategic natural resources, which are crucial to maintain their rapid and constant industrial growth and expansion, to meet the demands of its population. The People’s Republic of China (PRC) has expanded exponentially its engagement and presence in South America over the last years via major investments and soft power, which under its scope lies dimensions of political, cultural and security dimensions, this attention is driven primarily by the pace of China’s rise into a global superpower and the lure of benefiting through business.

In addition, Chinas approach to South America offers significant insights on the evolution nature of international relations in the 21st century. The interaction of soft and hard power through diplomatic openings, investments and military collaborations reveals a strategy that gives priority not only to economic interests but also to the expansion of geopolitical influence. Consequently, an examination of these dimensions highlights the multifaceted challenges that the South American nations face as they balance their sovereignty with the call of foreign investments and technological partnerships offered by China. There is a fundamental need for humility and awareness between politicians and scholars, since the too simplified narratives of China as benign power of China as a neo colonial powers are unable to capture the intricate realities on the ground. The geopolitical implications of China’s actions in Latin America are deep. As the United States has historically dominated the political and economic landscape of the region, China’s ancestry through the BRI represents a strategic counterweight for the influence of the United States. This change in geopolitical dynamics is particularly relevant in the context of Latin American nations seeking more and more alternatives to traditional partners. Bri projects often come with less political previous conditions than those offered by Western countries, such as the United States and the International Monetary Fund, which makes them attractive to governments that need financial support and development aid. This trend facilitates a diversification of alliances within regional policy and contributes to remodeling the multilateral framework that governs international relations in Latin America.

The commercial partnerships have grown substantially between the countries of China and South America, largely guided by the rich reserves of the continent of minerals and agricultural products. China has positioned itself as a large commercial partner for countries such as Brazil, Argentina and Chile, often engaged in bilateral agreements that facilitate the export of goods such as soybeans, copper and iron mineral. These commercial bonds are emblematic of a wider trend in which China has replaced the United States as the main commercial partner for many South American nations, thus moving regional dependence towards Beijing. Roberts (2019) clarify that this geoeconomic strategy not only reflects the pursuit of the safety of resources by China but also acts as a concerted effort to extend its geopolitical scope in a quickly evolving global landscape. The role of the IDE in South America is essential to understand Chinas economic strategies. The influx of Chinese capital has been largely directed towards sectors such as mining, energy and infrastructure, which are essential for the economic growth and support of these countries. For example, important investments in large scale infrastructure projects, including roads, railways and ports, align with the general objectives of the Bri to improve connectivity and promote regional integration. Tuman Shirali (2017) through these investments, China not only strengthens economic ties, but also promotes good political, often associated with its economic assistance with diplomatic support on the international phase. This strategy has allowed China to cultivate influence in multilateral institutions in which South American nations play an active role, further consolidating its presence in the region. The implications of these economic commitments extend beyond bilateral relationships, since they contribute to a wider remodeling of global power dynamics. The growing role of China as a primary investor and commercial partner indicates a change in the economic panorama of South America, where regional countries could find themselves navigating between the influences of traditional powers and the growing economic giant that is China. Like Roberts (2019) They affirm, this geo economic realignment underlines the complexity of the dynamics of trade and international investments, in which the strategic economic maneuvers of China have vast impacts not only on the countries of South America but also on the global phase. These developments require a deeper examination of how these geo economic strategies can redefine regional alignments and international relations, producing profound changes in the geopolitical fabric of the Americas and beyond.

The strategic interests of China in South America are significantly trained by the abundant natural resources of the region, particularly in the areas of minerals and energy. As the demand for these resources intensifies worldwide, China has positioned itself strategically as a key player in the South American market through commercial associations and foreign direct investment (FDI). Mahmood (2023) articulates this link by pointing out that China's investments are not only motivated by economic imperatives but also exhibit complex interaction with environmental implications to extract these resources. The research underlines the double challenge facing Latin American countries: take advantage of their rich natural resources to stimulate economic growth while navigating adverse environmental impacts that often accompany such developments.

The minerals present in South America, including lithium, copper and iron minerals, are increasingly vital for the flourishing green and high-tech energy sectors of China. Lithium is essential for battery production, which is essential for electric vehicles and energy storage systems. Countries like Argentina, Bolivia and Chile, which form the lithium triangle comes, are becoming focal points for Chinese investments aimed at obtaining chains of reliable criticism for future manufacturing capabilities of China (Mahmood, 2023). The environmental concerns associated with the extraction of lithium, the use of water that involves, the degradation of the earth and pollution) apply to significant ethical questions about the scope and the methods of acquiring Chinas resources in the region. Expanding in the energy dynamics of Chinas strategic interests in South America, highlighting how they align with the widest objectives of the Belt and Road (BRI) initiative. The BRI is to create a comprehensive commercial network that improves connectivity between Eurasia and beyond, with energy projects in South America serving as critical components of this framework. The authors affirm that investments in energy infrastructure, such as hydroelectric plants, solar energy projects and oil extraction facilities are designed not only to support local economies but also to increase Chinas energy security. This alignment with the BRI shows a strategy to diversify its energy sources while simultaneously providing financial resources and technological advances to South American nations.

Chinese participation in the construction and financing of energy infrastructure plays a fundamental role in the configuration of the combination of energy within these countries. For example, in nations such as Brazil and Venezuela, Chinese companies have invested a lot in oil and renewable energy sectors, remodeling their energy wallets to include a greater proportion of hydroelectric and solar energy, which aligns with global trends towards sustainability. However, these projects often come with attached ropes, such as debt dependence and political influence, which can alter the national governance frameworks of the receiving countries. Based on this, the implications of Chinese resources acquisitions extend beyond bilateral commercial relations. The growing importance of Chinese investments in Latin America radically alters the dynamics of global power, promoting a closer alignment between Chinese strategic interests and energy and mineral needs of emerging markets. This phenomenon raises challenges not only for local governments that navigate the complexities of foreign investment, but also for traditional powers such as the United States, which have historically enjoyed a dominant influence in the region. The appearance of China as a formidable economic socio adds a competitive dimension, asking questions about sovereignty, economic dependence and geopolitical balance in the Americas.

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The increasing strategic importance for South American and Latin American countries of having China as a partner in trade, loans, and investments in the region over the past two decades. In the political sphere, in addition to regular bilateral relations or interactions, the PRC has engaged Latin America and the Caribbean through the Community of Latin American and Caribbean States (CELAC), and through virtually all the regions other multilateral institutions, including Interamerican system, where it has an active role as observer on the Organization of American States (OAS) since 2004 (R. Evans Ellis, Journal of The Americas, 2022). Thus far, China has constructed strategic partnerships with Argentina, Brazil, Chile, Costa Rica, Ecuador, Mexico, Peru and Venezuela (Xu, 2017). These relationships emphasize the expectation of cooperation regarding economic and political affairs, providing a counterweight to U.S. influence in the Asia Pacific region and a basis for long term confrontation (Yu, 2015). China's condition free economic support is particularly appealing to nations that oppose the current liberal order and that have perceived U.S. imperialism. As ambassador Piccone mentioned: "Given the choice between the onerous conditions of the neoliberal Washington consensus and the no strings attached largesse of the Chinese, elevating relations with Beijing was a no brainer".

For example, Latin American Trade with China has experienced growth on major scales, increasing from $12 billion in 200 to over $315 billion by 2020 (World Economic Forum, 2021). The base for this expansion in trade and Chinese investments is mainly described by the exchange of Latin American raw materials for

Chinese manufactured goods. Over the last years China has become the largest trading partner of key economies in South America that provide China with critical resources such as Brazil, Peru and Chile. Brazil plays a crucial role in the trade dynamic, it exports a vast quantity of soybeans, nearing 70% of China's soybean imports, which are essential for China's livestock industry (Economic Commission for the Latin America and the Caribbean ELAC, 2022). Peru and Chile provide China with substantial amounts of copper and iron ore, which are a critical component in the production of renewable energy technologies and infrastructure. Peru's role particularly its highlighted, both China and Peru have signed a Free Trade Agreement (FTA) in 2009, significantly boosting bilateral trade before the close economic ties were made between China and the rest of Latin American countries. By 2022 China accounted for over 30% of Peru's total exports, primarily copper, iron ore, and fishmeal (Economic Commission for Latin America and the Caribbean ELAC, 2022). One sector in particular grab more traction above all, the mining sector has witnessed a major surge in Chinese investments, with state owned enterprises such as Chinalco and MMG operating large scale copper mines like Las Bambas and Toromocho. China's industrial demand for copper, and Peru being a strategic supplier of this resource has cemented this symbiotic trade relationship.

The "special relationship" goes beyond into the infrastructure sector. The development of the Chancay Port, financed by the Chinese state owned COSCO Shipping will serve as a major artery and logistical hub for commerce between South America and Asia, connecting key economies such as Brazil to China. The Maritime Silk Road and its objective of strengthening maritime trade routes will enhance Peru's role in international trade and simultaneously will solidify China's economic presence in the region. This has paved the ground for Chinese tech companies such as Huawei and ZTE to expand their operations in Peru, developing networks and digital infrastructure.

By promoting a model of alternative governance which prioritizes development aid on conditionality often associated with Western interventions, China promotes an environment where South American leaders can gravitate to political arrangements which promote noninterventionist diplomatic principles. This account, underlined by political commitments in the midst of world crises such as the COVID 19 pandemic, underlines the importance of soft power and foreign aid as an instrumental tools to improve the geopolitical objectives of China in South America, with consequences which repercussions both by regional policy and the global dynamic of power., The growing military interests of China in South America have become a significant dimension of its broader strategic commitment with the region. This aspect is manifested by the increase in arms trade, military cooperation and strategic partnerships which not only strengthen the influence of China but also have deep implications for regional security dynamics and American interests. Weapons and military trade between China and the South American nations have widened considerably over the past two decades. The reports indicate that China has become one of the largest suppliers of military equipment in various countries in the region, including Venezuela, Brazil, Peru and Argentina. This change is significant since, historically, the United States has been the provider of weapons predominant in South America. The diversification of military purchases towards Chinese offers illustrates growing confidence in Chinese technology and military capacities. Rolf, Schindler (2023) point out that the types of equipment from light weapons to advanced technological systems, including drone technology and naval vessels, which have the potential to improve the military capacities of these nations. Strategically, the implications of the Chinese military presence in South America cannot be underestimated.

The growing military capacities of various Latin American states, autonomous by Chinese support, can contribute to a recalibrated regional balance of powers. Schindler (2023) argue that this situation poses a challenge to American domination and traditional security paradigms in the region. While the South American nations become less dependent on American military aid, they also gain a lever effect to assert their autonomy, which could lead to new alliances and forums of cooperation which exclude American influence.

This has generated growing military links between China and Latin America that resonate in the context of the wider rivalry of American China. The United States has received military commitments from China as a strategic encroachment in its backyard which raises concerns about the potential changes in power dynamics. While Beijing is expanding its influence through military cooperation and arms exports, the United States faces pressures to reassess its approach to foreign policy towards Latin America. These dynamic highlights the potential of increased militarization in response to perceived threats, which can lead to an atmosphere of increased tensions and a potential arms race in the region.

The military dimension of the involvement of China in South America is characterized by an expansion of arms trade, bilateral cooperation and strategic partnerships which question the existing power structures. These developments reshape not only the military landscape of Latin America, but also complicate American strategic interests, supervising a crucial field in the competitive landscape of American Chinese relations. The ramifications of these changes will probably continue to evolve, requiring a continuous analysis of the implications for regional security dynamics and global power configurations. In response to the growing economic and political participation of China in South America, the countries of the region exhibit a spectrum of reactions, predominantly characterized by a combination of enthusiasm for economic opportunities and caution on potential dependence. The charm of Chinese investment, especially in key sectors such as infrastructure, energy and agriculture, has caused optimistic projections of local governments on the prospects for economic growth and development. For example, countries such as Brazil and Argentina have actively sought Chinese financial support for ambitious infrastructure projects, which anticipate that local economies boost and improve connectivity. However, local politicians are browsing a complex landscape formed by external influences, which complicates their efforts to develop the capacity of the State and promote sustainable development. Geddes (2023) articulates that the challenges facing these politicians are aggravated by the need to balance internal demands with the expectations established by foreign actors, especially China, whose investments are often linked to a variety of political and economic concessions.

Geopolitical implications of Chinas participation in South America cannot be overlooked. The enthusiasm for economic ties exists together with a broader awareness of the strategic importance of the region in the Belt and Road (BRI) initiative of China. As South American nations get involved with China for development projects, they can inadvertently become pawns in a broader geopolitical contest between China and the United States, causing varied responses of different political factions and economic interested parties. The duality of these relationships requires a careful act of balance, since local governments strive to take advantage of the benefits of foreign investment while safeguarding national interests and environmental integrity. Therefore, the interaction between local responses to Chinese influence and the consequent ramifications for the dynamics of regional and global power require an additional integral analysis, particularly in the light of the complexities inherent in the navigation of foreign associations while encouraging sustainable local development and governance., The commitment of South American countries with China has a multifaceted landscape characterized by substantial opportunities and significant challenges. This strategic relationship is mainly underlined by the growing direct foreign investment (FDI) in the region, which has the potential to catalyze economic growth, the development of infrastructure and technology transfer. Tuman and Shirali (2017) highlight that China FDI flows to Latin America totaled approximately $ 30 billion in 2014, with significant assignments aimed at the extraction of resources, transport infrastructure and energy sectors. The attractiveness of Chinese capital has allowed several South American economies, particularly those rich in natural resources such as Brazil, Argentina and Chile, reinforce their economic resilience against global markets.

In addition, the BRI economic initiatives in Latin America are accompanied by a variety of soft power strategies. China actively promotes cultural and educational exchange programs, reinforcing its image as a partner in development instead of an imperialist player. This approach significantly influences public perception and political discourse within Latin American nations, potentially altering the long-term political landscape. As Chinese investment strengthens in several sectors, it can generate political dependencies that could manifest in the American ties of strengthened Americans, which further complicates the geopolitical calculation of other global powers. At the beginning of the 2000s, remarkable agreements through TLC's which symbolized the flourishing economic ties between China and different Latin American nations. These agreements have exemplified China's commitment to integrate into the Latin American economy, facilitating an increase in commercial volumes and improving the export capabilities of the Member States (Guo, 2023). By 2015, Latin America had become one of the main Chinese commercial partners, reflecting a mutual recognition of shared economic aspirations and the importance of resources such as minerals and agricultural products offered by the Region.

Chinese investments in Latin America have also started to intensify during this period, in critical sectors such as energy, mining and infrastructure. For example, the Chinese state-owned company China National Petroleum Corporation (CNPC) has heavily invested in the production of oil in Venezuela and Brazil, with the aim of guaranteeing long term energy supplies to feed the expanding economy of China. By cultivating these relationships, China has not only diversified its sources of raw materials but has also positioned itself as a key factor in regional economic dynamics. The dedication shown through initiatives such as the China Latin America development fund, launched in 2015, provided capital to support infrastructure projects and companies, strengthening economic links while promoting sustainable development objectives within the region. This evolving relationship has also aligned itself with the wider geopolitical strategy of China to establish an imprint beyond its borders, essentially throwing a picture that would later support the objectives of the Bri (Guo, 2023).

However, the benefits derived from Chinese investment are often attenuated by a series of political and social complexities. South American governments are often browsing the delicate balance of attracting Chinese FDI while safeguarding national sovereignty and local industries. Investment patterns commonly exhibit a tendency to Chinese companies to import China's labor, thus limiting the creation of local employment and potentially exacerbating social inequalities within the receiving countries. For example, Mahmood (2023) emphasizes that, although infrastructure projects funded by China have led substantial advances in regional connectivity, they have also caused protests and criticisms of local communities concerned with environmental implications and governance structures associated with such investments. The perception of China as a neocolonial power, which seeks to exploit natural resources without equitable benefits for local economies, presents a significant political challenge for South American administrations that prioritize sustainable development and social equity.

Also, the political implications of expanding ties with China complicate domestic governance in South American states. As China emerges as an influential player in regional geopolitics, local governments can face pressures to align their foreign policies with Chinese interests. This alignment could undermine the diplomatic relations that these countries maintain with traditional partners, particularly the United States. Consequently, South American nations are pressed to justify their commitment to Beijing while managing the expectations of other global actors. The need to maintain a careful diplomatic balance underlines in cases such as Ecuador, where decisions to accept Chinese loan packages have been criticism of sectors that advocate stronger ties with Western nations.

1.3.1 Economic Support

We can understand that China has hoaxed Latin American countries into its sphere of influence via Chinese monetary support. Under president Xi Jinping the vision of China LAC integration 1+3+6 framework which encompasses trade, investment, and financial collaboration to fuel cooperation on crucial elements and resources of Latin American economies. The plan has grounded itself as the explosive growth of economic exchanges between China and Latin America and the Caribbean. The volume of Chinese Latin American trade has grown approximately 25.5 times larger between 2000 and 2018 (Morrison 2019). This explains how thus far China has been constructing its forementioned strategic partnerships surrounding trade. These partnerships also emphasize an unspoken “expectation” of cooperation across economic and political matters.

China has also used its economic support to incentivize diplomatic isolation of Taiwan in efforts to consolidate its power in a domestic sphere. Nine of Taiwan’s remaining sixteen allies are in Latin America and the Caribbean, incentivizing China to focus more on economic and diplomatic resources in the region. Loans from China have consistently favored Latin American governments that have established diplomatic ties with Beijing over Taipei. The pursuit for what can be described as economic statecraft its China’s push for the Belt and Road Initiative (BRI), being most relevant to the Western Hemisphere is the Maritime Silk Road, which delivers on a promise of connecting billions of people across the world and generating billions of dollars in trade, investment, and loans through maritime infrastructure development and transportation. The Maritime Silk Road will provide a material basis for a new Sino centric Chinese world order by shifting global trade to the Sino sphere.

The cumulative impact of these infrastructure developments under the Super promises to promote economic progress in Latin America, while allowing China to solidify its presence and strategic interests within a region historically influenced by the United States. By improving infrastructure, reducing commercial barriers and facilitating investment flows, Bri initiatives represent a transforming approach to regional development that can have deep consequences for local economies and geopolitical dynamics (Wu, 2024)., The initiative of the Chinese government belt and road (BRI) has emerged as a formidable vector for economic support in Latin America, mainly through financing and investing in critical infrastructure projects. These initiatives are not intended to stimulate economic growth in beneficiary countries but also serve the broader strategic interests of China in the region. By providing loans and fiscal support, China has allowed the Latin American nations to perform significant infrastructure developments, including transport networks, energy projects, and digital connectivity enhancements.

One of the most prominent aspects of BRI in Latin America is the financing mechanism used by China. Through state banks, such as China's Development Bank and China export entry bank, China has extended substantial loans to Latin American countries, with remarkable projects that vary from the construction of railways and roads to the establishment of power facilities. For example, the construction of the Nicaragua Canal, a proposed transoceanic channel designed to compete with the Panama Canal, received significant financial support from Chinese investors. Although these projects have the promise of greater economic efficiency and market accessibility, the accompanying debt usually raises critical issues around the financial autonomy of beneficiary countries (Vadlamannati et al., 2023). This influx of Chinese capital can undoubtedly catalyze development. Infrastructure projects funded by these initiatives usually translate directly into job creation, enhanced connectivity and improved business opportunities. The modernization of transport networks can lead to reduced logistics costs and greater competitiveness for Latin American exports in the global scenario. In addition, the construction of energy projects, including hydroelectric plants and solar farms, addresses the shortage of urgent energy in many countries, facilitating the broader economic growth and attracting more foreign investments (Vadlamannati et al., 2023).

However, the implications of Chinese financing extend beyond mere economic support. Dependence on Chinese loans raises concerns about the sustainability of this debt, particularly in resource restriction environments. For example, countries such as Venezuela and Ecuador have faced significant economic challenges, leading to questions about their ability to reimburse loans incurred in BRI projects. This situation can promote a cycle of dependence on China, potentially decreasing the sovereignty of these nations and reducing their autonomy of policy formulation. Policy formulators in Latin America should deal with the double imperatives of leveraging Chinese investments for immediate economic development while protecting their long-term financial independence (Vadlamannati et al., 2023).

The geopolitical implications of BRI investments are multiple. China's growing presence in Latin America through investments in infrastructure can alter the traditional balance of power within the region. Countries can find themselves browsing a complex network of relationships, with a growing tendency to align with Chinese interests, which can deviate from historical ties with the United States and other Western nations. This dynamic evolving has the potential to reshape diplomatic relations and influence regional governance structures, ensuring that Chinese strategic interests are met in promoting economic development.

Although the economic support offered through BRI initiatives present substantial opportunities for the advancement of infrastructure development in Latin America, this requires a different understanding of the implications for financial autonomy and regional geopolitics. The systematic integration of these initiatives into local economies should be carefully managed to mitigate the risks associated with debt dependence and ensure that the growth promoted by these investments align with the long-term objectives of sustainable development and national sovereignty. China's Belt and Road Initiative (BRI) belt and road initiative serve not only as an economic investment mechanism, but also as a strategic tool for improving China's political alliances and expanding its influence through power suffering in Latin America. Wu (2024) emphasizes, BRI infrastructure projects are often framed as avenues for development support but also act as instruments of diplomatic engagement. By investing in critical infrastructure, such as ports, railways and energy facilities, China is positioned as an essential partner for local governments, thus promoting a dependence that can translate into political support in the international scenario. This alignment with local states facilitates a mutually beneficial relationship, in which China gains favorable diplomatic ties and potentially increased voting blocks in international organizations, while Latin American countries receive financial transfer and transfer of financial technology.

This dynamic can be seen in the China Chile free trade agreement, which led to a significant investment not only in mining and agriculture, but also in energy projects such as hydroelectric installations. China's role as a primary partner in these sectors increases its soft power, allowing it to show its development model and affirm its presence as an alternative viable to traditional Western influence. Similarly, initiatives such as China Latin Cooperation Forum América fortifies China's position, as it invites regional leaders to collaborate with shared goals, further consolidating the influence of China and reinforcing their commitment to the region. This generates a diplomatic environment where Latin American nations may be more willing to support China in international governance structures, reflecting the strategic goal of BRI to create a multipolar world order.

1.3.2 Soft Power & Hard Power

Before delving into the factuality of Chinese objectives in Latin America and the Caribbean is key to grasp China's strategy and approach, understanding Chinese soft power. The CCP has recently looked to "soft power" to progress on China's international, geopolitical, and economic objectives. It is true that to some extent the concept of soft power remains sort of ambiguous in the PCR, where its definition and boundaries remain uncertain. The modern concept of soft power emerged in China's academic and foreign policy thinking after the introduction of the concept by Joseph Nye in the 90's. It took 15 years for it to be canonized into the official CCP discourse under chairman Hu Jintao in 2006. From 2006 onwards China has successfully integrated itself into many Latin American governments through cooperative exchanges that treat the Global South nations as vital partners to China's rise. As previously mentioned over the past two decades Chinas intensification of diplomatic ties with Latin America have demonstrated their commitment to the region in contrast to Washington, China's approach and importance on the South-South solidarity have created and solidified a strong desire for cooperation.

China's demonstrated commitment to the people of Latin America and the Caribbean goes beyond rhetoric. During Xi's presidential terms he has visited more than thirteen Latin American countries, more than bide, Obama and Trump combined. China has also erected an embassy in every Latin American country that recognizes the PRC. People to people diplomacy has also played a role of contact for the promotion of tourism, sports, artistic exchanges, cooperation on scientific and technological research, and scholarships for Latin American students to study in China. The expenditure of significant resources on "winning" the hearts and minds of Latin Americans cannot be explained by any short term or opportunistic strategy.

Although China claims its military presence in Latin America and the Caribbean to be exclusive to serve and protect assets and citizens, its recent expansion of hard power projection indicates more intentions. With its rapid engagement and commitment to Latin America China has cultivated and developed a military relation with its allies in the region. Both the People's Liberation Army and Latin American militaries have sent officers to education programs to each other's countries. Arms sales in the region have significantly progressed to advance equipment such as aircrafts, radar, missiles of different capacities, etc. Developing footholds in Latin America and the Caribbean will allow China to prepare for long term confrontation, while conflict appears unlikely balancing U.S. influence in the Asia Pacific will be vital to Chinese hegemonic competition. The view of Belt and Road Initiative (BRI) projects to construct a Sino centric world order that leverages Chinese control of trade and investment to alter the maritime status quo (Chellaney 2016). As of now, 2025 China's military activity remains modest, it is obvious that the pursuit of cooperation indicates a security aspect beyond the intentions of economic and social development. In accordance with Den Xiaoping's mantra: "Hide your strength, bide your time".

1.1.3 Key Areas of Cooperation

The Belt and Road (BRI) initiative seeks to revitalize old commercial roads thanks to significant investments in infrastructure, trade facilitation and technological progress. Over time, its scope has extended to South America, where the initiative has become a potential catalyst for economic growth and integration into the region. The relevance of the BRI in South America is underlined by its central components, which emphasize cooperation in three pivotal areas: infrastructure, trade and technology.

The development of infrastructures forms the backbone of the BRI, and its meaning cannot be overestimated, in the South American context. This region, which has been confronted with chronic shortcomings in transport and energy networks, should enormously benefit from the construction and improvement of roads, railways, ports and energy projects facilitated by the BRI. High quality infrastructure not only reduces transport costs and stimulates productivity but also improves trade relations with other countries on the world market. As Gonzalez Jauregui (2021) poses, the investment of infrastructure can considerably relieve obstacles to economic development, allowing South America to integrate more fully into international supply chains.

Trade cooperation is another critical pillar of the BRI, promising to expand market access for the South American nations and to increase their competitiveness on the world scene. Trade agreements and customs facilitation measures under BRI objective to rationalize trade processes, reduce prices and improve cross border economic activity. By aligning with the BRI, the countries of South America can potentially exploit the vast Chinese market, accessing new opportunities for exporting and growth. This is particularly relevant for nations rich in raw materials in the region, where China demand for agricultural products, minerals and energy resources can stimulate economic expansion, resulting in an increase in national income and an improvement in living standards.

In addition, technological cooperation represents a third field of fundamental meaning in the BRI framework. While South America is increasingly seeking to innovate and diversify its economies, in the light of global digital transformation, collaboration in technology transfer becomes essential. The BRI underlines the exchange of knowledge and expertise in sectors such as telecommunications, renewable energies and information technologies. By engaging in joint ventures and partnerships, the countries of South America can exploit technological progress which not only improve productivity but also promote sustainable development practices. This collective concentration on technology is used to meet interconnected challenges such as climate change, urbanization and social inequalities, which resonate deeply in the region.

The implications of these areas of cooperation under the BRI are extended beyond simple economic measures; They summarize the essence of collective global efforts to meet the challenges of development in multiple facets. As Gonzalez Jauregui (2021) points out, making significant progress in the fight against these problems requires collaborative executives which unify various stakeholders in the world landscape. The BRI, by promoting interconnectivity by infrastructure, trade and technology, has a great opportunity for South America not only to improve its economic trajectory, but also to participate in a broader story of global development which recognizes and aims to resolve shared challenges. The interaction between these elements reveals the potential of the BRI to reshape economic landscapes, ultimately promoting growth and sustainable development through the continent., The Belt and Road Initiative (BRI), launched by China in 2013, became an essential structure for improving global connectivity and cooperation, with a significant focus on infrastructure investment. In South America, this initiative targets the main areas of infrastructure development, especially in transportation and logistics, with the intention of improving market access and stimulating economic growth. Notably, the Chinese government has allocated substantial resources for infrastructure projects throughout the region, addressing critical gaps in transport networks that historically prevented economic development.

Adding to the tangible benefits of improved infrastructure, BRI also promotes technological cooperation. Technology transfer and experience associated with construction practices can lead to more sustainable infrastructure development. For example, Chinese companies often employ advanced engineering techniques and project management methodologies, which can improve local skills in South America. The potential for the development of local workforce through training programs and knowledge transfer further complements infrastructure investments, creating a more qualified workforce ready to contribute to economic development ongoing.

Overall, infrastructure cooperation under South America illustrates a complex interaction between investment and economic potential, highlighting the critical importance of balancing local needs and global economic factors. As new projects unfold, they offer opportunities and challenges that shape the trajectory of the South American economies in a rapidly evolving global landscape. Continuous monitoring and academic examination of these developments will be essential to assess the long-term impacts of an extensive infrastructure company., Commercial cooperation serves as an essential pillar within the Belt and Road (BRI) initiative, particularly in relation to South America, where improved connectivity and commercial commitment are ready to stimulate regional economic growth. The center of this appearance of the BRI is the facilitation of commercial routes, which guarantees that goods flow more efficiently between Asia and South America. This extension of the infrastructure is not simply logistics; It covers a strategic realignment of commercial dynamics that has long range implications for bilateral relations between China and several South American nations. In particular, the reduction of tariffs plays an important role in this process, since it reduces entry barriers for Chinese products and investments, promoting a more favorable commercial climate.

At the same time, the expansion of trade under the BRI requires careful management to ensure that benefits are distributed evenly. While increased exports to China can boost national revenues, there is a risk that South American economies remain heavily dependent on raw material exports. To maximize long term gains, governments in the region must pair trade openness with policies that promote industrial diversification and value-added production. Strengthening local manufacturing, encouraging small and medium sized enterprises, and investing in education can help countries move beyond commodity-based growth and build more resilient economic structures.

Financial cooperation also plays a significant role in shaping the impact of BRI projects. Chinese development banks and state-owned enterprises often provide large scale financing for infrastructure and energy initiatives. This access to capital can accelerate projects that might otherwise face delays due to limited domestic resources. However, it also raises questions about debt sustainability, transparency, and governance standards. Clear contractual frameworks, strong regulatory institutions, and public accountability mechanisms are essential to ensure that infrastructure investments remain beneficial over the long term and do not create financial vulnerabilities.

In this context, strategic planning becomes crucial to align BRI related investments with national development agendas. Rather than approaching projects on a case-by-case basis, governments need coherent long-term strategies that identify priority sectors, assess economic feasibility, and anticipate potential risks. Careful cost benefit analysis, transparent bidding processes, and coordination between public and private actors can improve project outcomes and reduce inefficiencies.

The expansion of trade routes under the BRI improves bilateral relations through greater economic interdependence, which can lead to a greater diplomatic and cultural exchange. China has invested significantly in the improvement of transport links, such as railways and sea routes, which serve as trade ducts, thus amplifying the role of South America as a supplier of critical products, including agricultural and mineral products. Connectivity promoted by these investments not only facilitates the movement of goods but also aligns the economic interests of the parties involved. For example, improved maritime routes decrease shipping times and costs, which makes South American exports more competitive in the Chinese market (Gélvez Rubio and Gachúz Maya, 2021).

Tariff reductions that arise from the BRI frame promote an environment conducive to trade that can generate bilateral relations at new heights. China has often negotiated favorable trade agreements with South American countries to reinforce economic ties, resulting in lower rates in a variety of products. These agreements underline China's commitment to integrate South American economies into their broader commercial network, reflecting a change in global commercial patterns. The elimination of tariff barriers allows South American countries to export more competitively, particularly in sectors where they have a competitive advantage, which leads to improved commercial balances.

The impact of these commercial dynamics extends beyond bilateral relations; They also have the potential to stimulate broader regional economic growth. When integrating South American markets with Chinese supply chains, countries can benefit from the increase in foreign direct investment (FDI) and technology transfer. Chinese companies operating in South America often provide advanced technologies and management experience, which can improve local industries and contribute to modernization efforts in agriculture, manufacturing and services. In addition, these investments promote employment creation and encourage income growth within local communities.

In addition to that, commercial cooperation, facilitated through the BRI, is a critical area that supports not only the reinforcement of bilateral relations between China and the South American countries, but also paves the way for regional economic growth. As China expands its commercial network and reduces barriers, the results resulting in commercial dynamics present opportunities for South America to take advantage of its resources and strategic position within the global economy (Valderrey et al., 2020). This commercial cooperation interline within the BRI is indicative of a broader trend towards a more interconnected and competitive South American economy, with long term implications for its development career., The Belt and Road (BRI) initiative has positioned itself as a significant catalyst for technological collaboration in South America, facilitating a structure for sharing knowledge and innovation throughout the region. Central for this collaboration is the transfer of technology, which covers not only the exchange of hardware and software, but also the knowledge and associated skills needed to operate and innovate in these systems. Through various partnerships between Chinese companies and South American countries, BRI seeks to improve local capabilities and stimulate technological advancement through joint initiatives in sectors such as renewable energy, agriculture and digital infrastructure (LI & Zhu, 2019; Xu, 2019).

The critical role of technology transfer plays under Belt and Road initiative presents substantial opportunities to promote innovation, increase productivity and promote sustainable development in South America. Through strategic collaborations focused on technological advances, the region should gain not only economically but also socially, as it sails for 21st century challenges., The Belt and Road (BRI) initiative, aimed at improving global trade and economic connectivity thanks to in depth investments in infrastructure and technology, has generated a discourse with multiple facets concerning its implications for economic development in South America. While the countries of the region engage with Chinese investment, a critical examination of the advantages and potential traps associated with increased dependence on these funds is essential to understand the wider impacts on local economies and political landscapes.

In terms of political landscapes, the BRI can also affect the dynamics of governance within beneficiary countries. The rise of Chinese influence by economic means can change local political arrangements, which potentially leads to increased authoritarianism or undermines democratic processes. Investments can be less emphasized on transparency and governance standards, which can exacerbate corruption and weaken institutional executives. Consequently, the implementation of BRI projects could prioritize short term gains in relation to long term sustainable development objectives, ultimately compromising democratic governance and civil freedoms.

The sheer commitment of South America with the BRI summarizes a complex interaction of opportunities and challenges. Although there is a potential for substantial economic services thanks to the development of infrastructure, the associated risks of dependence on debt, exploitation of political resources and ramifications require particular attention. While regional countries sail on their way in the paradigm established by the BRI, a nuanced approach is essential to mitigate risks while exploiting the potential for significant economic progress. The implementation of the Belt and Road initiative in South America is not devoid of challenges and risks, which can potentially undermine its economic objectives. The complexities around the compliance with the ambitious structure of the initiative are notable. Jianhua (2021) points out that varied legal and regulatory structures in the South American nations represent significant obstacles. Each country has its own set of compliance requirements, which complicates investment processes and can lead to increased delays or costs to Chinese companies. This fragmentation can hinder the efficiency of BRI projects and result in inconsistencies in project execution in different jurisdictions.

Synergy between these three fundamental areas, infrastructure, commerce and technology, illustrates the multifaceted relationship between BRI and economic development in South America. While the potential benefits of the BRI are significant, the challenges raised by such expansive initiatives are also pronounced. Problems related to debt sustainability, environmental impacts and foreign investment policy require careful navigation to ensure that economic development efforts are equitable and sustainable. The BRI represents both an opportunity and a challenge for South America. As nations get involved with this initiative, it is imperative that they embody a proactive position towards governance, regulatory frameworks and the participation of interested parties. Global collective efforts will be essential to address the complexities associated with rapid economic development in an increasingly interconnected world, thus taking the maximum potential of the BRI for sustainable growth in South and Latin America. The roads forged through this initiative will undoubtedly shape the socioeconomic panorama of the region for the coming generations.

Chapter 2: Peru and the BRI

2. Overview of Peru-China relations within the BRI

Analyzing under a holistic approach the historic and complex relationship that conveys the Peruvian-Chinese relationship under the scope of the Belt and Road Initiative (BRI), we have to understand by *de facto* the particularities that make the Peruvian-Chinese relationship a strong one, based on the Chinese migration to Peru in the 1850s and the impact these migrants had in Peruvian society, evolving to become a key component of Peru's modern society. Following this rhetoric and extrapolating it to modern times in the 21st century with a new world order, aiming to be Sino centric emerging, countries that have a strong connection to China possess an advantage, adding geopolitical and economic relevance. Peru happens to check all these requirements, which lured Chinese investment and negotiation to incorporate Peru into the Belt and Road Initiative (BRI) in 2019, but the alignment for this event came 10 years prior with the signing of the Peru-China FTA (Free Trade Agreement) in 2009, during the administration of Alán García Pérez, which aimed to open up the country for FDI in order to industrialize and develop much needed infrastructure to exploit valuable natural resources in the country.

The establishment of formal diplomatic relations in 1971 marked a turning point in Sino-Peruvian relations, coinciding with a broader trend of diplomatic recognition between China and Latin American nations during a period dominated by the Cold War dynamics. This period saw an intensification of economic agreements, culminating in the signing of a Free Trade Agreement (FTA) in 2009, which further solidified Peru's position as an essential partner to China in the region. The FTA facilitated an influx of Chinese goods into the Peruvian market while opening avenues for Peruvian exports, notably minerals such as copper and gold, which have been central to post-commodity boom economic strategies pursued by Peru. As China emerged as a global economic powerhouse in the 21st century, its Belt and Road Initiative (BRI) began to play a crucial role in shaping modern bilateral relations. Launched in 2013, the BRI aims to enhance global economic connectivity through infrastructure investments and trade facilitation, embedding Peru within a broader network of Chinese investment across South America. By 2023, China had become Peru's largest trading partner, with Chinese investments directed towards critical sectors including mining, energy, and infrastructure. Notable projects, such as the construction of roads, railways, and ports, exemplify the tangible changes wrought by the BRI, facilitating Peru's access to Asian markets and enhancing the overall trade landscape.

Amid these developments, political relations have also seen a notable evolution, with both nations generally enjoying stable diplomatic ties bolstered by shared interests in multilateral forums such as the

Asia-Pacific Economic Cooperation (APEC) and the United Nations. However, political dynamics have not been devoid of challenges. Peru's government has had to navigate between benefitting from Chinese investments while addressing concerns over labor rights, environmental impacts, and sovereignty issues associated with increased Chinese presence in strategic sectors.

On the social front, the growing economic ties have fostered not only heightened trade and investment flows but have also resulted in significant cultural exchanges. The Chinese community in Peru, while established for over a century, has increasingly interacted with a new wave of Chinese expatriates, leading to a dynamic fusion of cultural practices, culinary arts, and community events that enrich Peruvian society. Furthermore, public perceptions of China amongst the Peruvian population reflect a complex interplay of admiration for economic growth and concern over the implications of Chinese investments.

The bilateral relations between Peru and China stand at an intersection of historical migration patterns and contemporary economic policies, dynamically evolving with the advent of the BRI. Understanding this multifaceted relationship requires an appreciation of the historical context as well as the socio- political ramifications that continue to shape the prospects of both nations., The historical trade relations between Peru and China can be traced back to the mid-19th century, characterized by significant shifts that reflected both nations' socio-economic contexts. Initial interactions commenced with the arrival of Chinese immigrants to Peru during the 1840s, primarily driven by economic motives and labor shortages in the Peruvian mining and agricultural industries. These early immigrants substantially influenced Peru's social fabric and contributed to the nascent trading relations between the two nations.

In the early 2000s, the bilateral relationship was further bolstered by the establishment of the mentioned Free Trade Agreement (FTA) in 2010, which facilitated the exchange of goods and services through the reduction of tariffs and trade barriers. This agreement served as a critical structural framework that not only propelled trade but also engendered foreign direct investment (FDI) from China, particularly in sectors such as mining and infrastructure.

By capitalizing on Peru's rich natural resources, including copper and gold, China positioned itself as one of Peru's primary trading partners. The trading dynamics shifted, with Peru increasingly exporting raw materials to China, while importing manufactured goods and technological products from the PRC. The contemporaneity of the relationship between Peru and China reflects an evolving economic interdependence, wherein China's demand for minerals has catalyzed investments in Peruvian extraction industries. In this context, Peru has emerged as a critical supplier to Chinese industries, thereby significantly enhancing its export portfolio. However, this dependence raises questions regarding the sustainability of Peru's economic model, predominantly reliant on the export of primary commodities.

Mining is arguably the most significant sector in the Peru-China economic relationship. Peru is one of the world's largest producers of copper, zinc, and gold, and China, as a major consumer of these commodities, has increasingly turned to Peru to satisfy its resource demands. In the 2000s, China emerged as a prominent investor in Peru's mining sector, with companies such as China Mingmetals Corporation, Jiangxi Copper, and Zhongjin Lingnan investing heavily in exploration, extraction, and infrastructure development. These investments have not only facilitated the transfer of technology and expertise but have also created job opportunities, thus contributing to local economies. The significance of mining in Peru's economic strategy is further augmented by the BRI, which aims to enhance global trade links through infrastructure investment. Under the BRI framework, Chinese investments in Peru have catalyzed the development of critical infrastructure, such as roads and ports, essential for improving supply chains and transport efficiency. This infrastructure development aligns with Peru's national objectives to attract foreign investment and improve economic competitiveness. For instance, the construction of the Chancay Port, partially financed by Chinese investment, is expected to facilitate trade not only between Peru and China but also enhance connectivity with other nations in the Asia-Pacific region.

Agriculture represents another crucial sector in deepening economic ties between the two countries. Peru's rich biodiversity and favorable climate conditions, coupled with China's growing demand for agricultural products, have catalyzed a new wave of trade relations. Peruvian exports of avocados, grapes, and asparagus to China have skyrocketed, reflecting a rapid increase in agricultural trade volumes. This spike is largely attributed to the implementation of trade agreements, including the Peru-China Free Trade Agreement of 2010, which eliminated tariffs on a range of products and enhanced market access. Furthermore, China's engagement in Peru's agriculture sector is also indicative of a form of mutual interdependence where technology transfer and agricultural practices play a vital role. Chinese agricultural firms have introduced advanced cultivation techniques and pest management strategies to Peruvian farmers. This exchange not only aims to improve yield quality and quantity but also enhances Peru's position as a significant exporter in the global market. The agricultural sector thus embodies the dual interests of both nations: while Peru benefits from technological advancements and expanded market access, China secures a stable supply of essential food products, contributing to its domestic food security objectives. The implications of these economic exchanges are multi-faceted, influencing political and social dynamics within both countries. The reliance on mining and agriculture has led to increased political dialogue around sustainability, labor rights, and environmental protection, pressing both nations to navigate the complexities of their interdependence. Moreover, social dynamics in Peru have been influenced by the influx of Chinese labor, investment, and cultural exchanges, leading to a more nuanced understanding of the bilateral relationship among Peruvians.

In essence, the economic sectors of mining and agriculture exemplify the evolving relations between Peru and China, providing critical frameworks for understanding the implications of the BRI. These sectors not only underpin economic interdependence but also reflect the broader geopolitical strategies both nations are inclined to pursue within the ever-changing landscape of global economics., The Belt and Road Initiative (BRI), launched by the People's Republic of China in 2013, represents a significant geopolitical strategy aimed at enhancing connectivity and cooperation among participating countries across Asia, Europe, and Africa. For Peru, the BRI's implementation offers a strategic pathway to bolster its economic prospects through enhanced infrastructure development, thereby reinforcing its position in the global supply chain (Angulo Bustinza et al., 2024). Historically, the partnership between Peru and China has evolved from mutual trade interests to a more profound engagement characterized by investment in infrastructure, particularly in sectors like mining, energy, and transport. The BRI acts as a catalyst in this context, enabling Peru to attract Chinese funding for large-scale infrastructure projects that are pivotal for the country’s economic growth. Noteworthy projects include the construction of ports, highways, and energy facilities, which ultimately aim to enhance Peru’s export capacity and improve overall economic efficiency.

Peru's official entry into China's Belt and Road Initiative (BRI) in April 2019 marked a significant shift in its foreign policy trajectory, aligning with broader trends of deepening Chinese engagement across Latin America. The BRI, a far-reaching strategy launched by the People's Republic of China (PRC), aims to bolster global interconnectivity through large-scale infrastructure projects, tighter trade integration, and cross-border policy coordination. In Latin America and particularly in Peru, the initiative has emerged as both a gateway for economic growth and a source of geopolitical complexity. By joining the BRI, Peru is seeking to bridge long-standing infrastructure deficits, deepen trade linkages, and attract foreign investment critical for sustainable national development.

Peru has carved out a role as a pragmatic partner in the BRI, reflecting its broader commitment to open trade and economic diversification. Unlike states driven by ideological agendas or insular economic policies, Peru's investor-friendly climate, liberal trade stance, and centrist political orientation have made it an appealing destination for Chinese capital and engineering expertise (Song, Borquez, & Zibetti, 2019). China's interest, meanwhile, is drawn not only to Peru's vast natural wealth but also to its strategic Pacific coastline, which provides a logistical gateway to South America. Within China's broader Latin American strategy, Peru stands out as a potential linchpin in the creation of regional trade and finance corridors.

As Estrada Terrones (2022) notes, Peru's participation in the BRI can be understood through a dual lens: one that reflects pressing domestic imperatives for infrastructure renewal, and another that captures the expanding global footprint of Chinese economic diplomacy. This duality introduces both prospects for development and risks of dependency. Peru's government has emphasized integrating BRI investments with homegrown initiatives like the National Infrastructure Plan for Competitiveness and the National Competitiveness Policy frameworks designed to advance national objectives and support its ambitions for OECD membership.

Overall, the Belt and Road Initiative has significant potential to reshape Peru's economic landscape through infrastructure development and investment; however, it simultaneously poses critical political and social challenges that must be navigated thoughtfully to harness its full benefits for Peru's long-term growth and stability., The Belt and Road Initiative (BRI) represents a significant shift in global geopolitics, and its implications for Peru are multifaceted, particularly in relation to the country's political alignment and its foreign policy dynamics.

This section delves into the political implications of BRI for Peru, analyzing how the initiative catalyzes relationships aligned with China's broader geopolitical strategy while potentially prompting shifts in Peru's foreign policy orientation. China's engagement with South America has largely been driven by a desire to access natural resources and expand its economic reach. Peru, rich in minerals such as copper, silver, and gold, has become a vital partner for China within the context of the BRI. The Chinese government views Latin American countries not merely as supply sources but as strategic partners that can escalate China's presence in global affairs (Sheng, 2023). This strategic partnership allows China to extend its influence at a time when traditional Western powers have seen a relative decline.

The political ramifications of the BRI for Peru are notable. Firstly, the initiative has led to enhanced economic dependence on China. While this reliance can stimulate economic growth, it can also render Peru vulnerable to shifts in China's economic policies or geopolitical maneuvers. As Xi Jinping's administration implements the BRI, it is likely that Peru's political landscape will become increasingly influenced by Chinese priorities. For instance, projects under the BRI often come with increased political expectations, such as supporting China's broader foreign policy objectives, which may not always align with Peru's national interests (Sheng, 2023). Also, the BRI further encourages Peru to reassess its diplomatic engagements within the region and beyond. Historically aligned with the United States and other Western nations, Peru may face pressure to tilt its policies towards Beijing. This transition poses significant implications for Peru's foreign policy, as aligning with China could lead to a recalibration of its relationships with the United States and other Western nations. Emphasis on economic partnership through BRI projects could overshadow other aspects of diplomatic relations that Peru historically prioritized, such as democratic governance and human rights (Sheng, 2023).

Moreover, perceptions of sovereignty are critical as Peru forms closer ties with China through BRI initiatives. As Chinese investments increase and debt relations develop, the potential for neocolonial sentiments to emerge cannot be overlooked. There exists a delicate balance between reaping economic benefits from Chinese investments and retaining control over Peru's political processes and domestic policies. This concern leads to potential friction in Peru's relationship with China, as local populations may perceive Chinese investments as undermining Peru's sovereignty (Sheng, 2023). Additionally, the political implications of the BRI extend into domestic realms, where government perceptions of China can shape public opinion and political mobilization. The introduction of large-scale Chinese-funded infrastructure projects may elicit a spectrum of public reactions, from support due to job creation and economic growth to resistance based on environmental concerns and local displacement (Sheng, 2023). These reactions could result in political turbulence, as governments may be forced to navigate between appealing to public sentiment and satisfying international economic partners.

Ultimately, the BRI serves as a catalyst for Peru's potential realignment within a changing geopolitical landscape. As China seeks to emerge as a global leader, countries like Peru are caught in the crossfire of accommodating economic exigencies while striving to uphold their sovereign interests. Through the lens of BRI, Peru's political trajectory may witness transformations that reflect both the opportunities and challenges of engaging with a rising China., The Belt and Road Initiative (BRI), launched by the Chinese government in 2013, has not only fostered economic ties between China and Peru but has also significantly influenced social dynamics within the latter. These dynamics encompass various aspects, including cultural exchanges, migration patterns, and the perception of China among the Peruvian populace. Analyzing these facets provides a comprehensive understanding of the broader implications of the BRI in Peru.

In recent decades, Peru has emerged as one of China's key partners in Latin America. Economic relations, defined primarily by trade and investment, have flourished since the establishment of diplomatic ties in 1971. China is now Peru's largest trading partner, and the volume of bilateral trade has surged, highlighting the shift toward an export-driven economy heavily reliant on commodities. This dependency on mining exports raises concerns regarding economic sustainability and vulnerability to market fluctuations.

The introduction of the BRI has further intensified these economic ties. The initiative aims to enhance connectivity and cooperation among various nations, and Peru's strategic geographic position as a gateway to the Pacific has been leveraged by China to foster infrastructure development and trade facilitation. Chinese investments in transport infrastructure, energy projects, and mining intensify economic interactions but also risk exacerbating environmental degradation and social inequality, particularly affecting indigenous communities. Thus, while the BRI presents opportunities for economic growth, it simultaneously poses challenges concerning social justice and environmental stewardship. Politically, China has positioned itself as a significant actor in Peru, offering an alternative to traditional Western influence. This geopolitical shift is reflected in Peru's foreign policy, which increasingly seeks to balance relations between China and the United States. The BRI aligns with Peru’s strategic goals of economic development and infrastructure improvements; however, it raises questions about national sovereignty and the extent of foreign influence on domestic policy decisions. The involvement of Chinese state-owned enterprises in critical sectors has raised alarms regarding governance, transparency, and the potential for dependency.

It’s a fair assessment to analyze that, as China assumes an increasingly dominant role in financing and executing Peru’s flagship infrastructure projects, concerns over strategic autonomy are increasing. Peru’s experience reflects a broader regional dilemma: BRI-linked projects, such as new port terminals and rail networks, promise significant economic benefits but may also deepen asymmetrical relationships that influence foreign policy decisions. To ensure these ventures support Peru’s long-term interests, transparency, strong regulatory oversight, and meaningful public involvement must remain central.

2.1 Key Agreements Signed Between Peru and China

Peru-China relations have evolved considerably over the past twenty years, shaped in large part by a series of foundational agreements. The 2009 Free Trade Agreement (FTA) laid the groundwork for expanding economic ties, serving as a precursor to Peru’s eventual BRI engagement. This deal aligned with China's broader efforts to establish trade partnerships with Pacific-oriented, market-friendly countries (Song, 2019). Since then, China has overtaken the United States as Peru’s top trading partner in both imports and exports.

In 2015, a trilateral Memorandum of Understanding (MoU) involving China, Peru, and Brazil set the stage for the proposed Bi-Oceanic Railway a bold infrastructure venture planned to connect the Atlantic and Pacific coasts, allowing interconnectivity between south American economies and a projection to the Asian market. Although still undergoing feasibility analysis, the project illustrates China’s regional ambitions in the long term and its willingness to back high risk, high reward infrastructure plans. Strategically, the railway could serve as an alternative to the Panama Canal and streamline commodity exports across continents.

Most significantly, in April 2019, Peru signed a second MoU specifically aligning it with the BRI. While The BRI encompasses the development of transport networks, energy projects, and logistics platforms, thereby enhancing Peru's connectivity not only with China but also with other nations involved in the initiative. For instance, the construction of the New Chamacocha Hydroelectric Power Plant and improvements to the Port of Callao have been earmarked as critical projects aimed at bolstering trade routes and energy supply chains. Such infrastructure developments are expected to not only facilitate Peru’s exports but also promote the import of Chinese goods, thereby enriching the country's trade portfolio.

Furthermore, through its collaborations with Chinese firms, Peru is poised to leverage investments that transcend its traditional industries. While mining has predominantly driven Peru's economic growth with minerals such as copper and gold constituting a significant portion of exports the influx of Chinese capital and expertise in various fields offers an opportunity for sectoral diversification. This transition is underscored by the Chinese commitment to invest in renewable energy projects, agriculture through technology transfer, and manufacturing sector elevation, all of which serve to broaden Peru's industrial base. This shift emphasizes a strategic vision where the nation progressively enhances its value-added industries, thereby transforming its economic profile and reducing its dependency on raw material exports.

The geopolitical implications of such economic diversification cannot be overstated. By aligning more closely with China, Peru positions itself as a crucial player within the broader geopolitical dynamics of Latin America and Asia. The BRI not only serves as a conduit for trade and investment but also alters the balance of power within the region. Countries historically dominant in the region, such as the United States, are now challenged by China's growing influence as Peru embraces this new partnership. The establishment of a diversified economic model flows into a broader geopolitical strategy, enabling Peru to assert greater agency on the international stage, while also safeguarding itself against the vicissitudes that may arise from traditional economic partnerships.

The agreements signify a strategic alignment that allows Peru to leverage China's economic prowess to bolster its own development goals, ultimately aimed at poverty alleviation and reduction of inequality within the country (Lei, 2024).

Infrastructurally, the BRI has prompted significant developments in Peru's transportation and logistics systems. Joint projects, such as enhancements to the Port of Callao and the construction of key highways, have been launched, providing tangible improvements to the nation's infrastructure. These infrastructural investments are expected to generate enhanced connectivity domestically and internationally, thus facilitating trade and economic growth. The reliance on Chinese technology and equipment in these projects, however, raises concerns about dependency and the sustainability of such an infrastructure model, making it essential for Peru to maintain a balanced approach to foreign investment and infrastructure development (Lei, 2024). The agreements signify a deepening of bilateral cooperation that strategically strengthens Peru's position in the Asia-Pacific region. This alignment with China not only offers economic benefits for Peru but also enables China to expand its influence within Latin America, which has traditionally been dominated by U.S. interests. The implications of this geopolitical shift are multifaceted, potentially offering Peru enhanced leverage in international negotiations while also sparking caution over the potential for increased Chinese influence in its domestic affairs. The need for careful management of this relationship becomes paramount, particularly considering the complex dynamics of global power shifts

(Lei, 2024).

Looking ahead, the trajectory of Peru-China relations under the BRI appears poised for further growth, contingent upon strategic dialogues and collaborative efforts addressing mutual interests. Areas for potential expansion include renewable energy, technology transfer, and sustainable development practices, responding to both environmental concerns and the need for economic diversification in Peru. Continuous engagement can foster deeper understanding and cooperation, enabling both nations to navigate the inherent challenges and opportunities in their partnership. The commitment to ongoing dialogue will be crucial to mitigate risks associated with overdependence and ensure that agreements yield equitable benefits for the stakeholders involved. Thus, the BRI heralds a transformative era for Peru and China, characterized by both promise and caution as they chart a course towards a more integrated future (Lei, 2024).

Together, these agreements reflect Peru’s recalibrated foreign policy shifting from a historically Western-aligned orientation toward a more pluralistic, diversified approach. This transition may enhance Peru's economic resilience and international leverage, but it also demands more nuanced governance to avoid pitfalls around debt management, transparency, and overdependence. While aligning with China offers concrete economic advantages, Peru must tread carefully to preserve its decision-making autonomy and meet global standards.

2.1.2 Strategic Sectors of Cooperation

The most dynamic areas of cooperation under the BRI umbrella include infrastructure, logistics, and energy, with growing interest in digital development. The Port of Chancay, currently under construction with a $3 billion investment led by China's COSCO Shipping Ports, is the flagship BRI project in Peru, and one that will work as a pilot for future ones. Now operational, the port is expected to become a central hub for Pacific maritime trade, boosting Peru's integration into global supply chains and attracting further investment. It also stands to lower logistics costs and sharpen the country's competitive edge.

The importance of infrastructure development within the BRI framework cannot be overstated. Infrastructure serves as the backbone of economic activity, affecting everything from the movement of goods to the accessibility of markets and services. In Peru, inadequate infrastructure has historically hindered economic development, limiting the potential benefits from its rich natural resources. The collaborative engagement with the BRI presents an avenue to address these long-standing challenges. Through investments in transportation networks and energy projects, Peru can enhance its logistical capacities, thereby improving both domestic and international trade flows. Furthermore, the trade opportunities arising from the BRI can significantly impact Peru's bilateral relations with China. In recent years, China has increasingly positioned itself as a critical trade partner for Peru, eclipsing traditional allies in its share of the market. China's Belt and Road Initiative is poised to deepen this relationship by facilitating additional trade agreements and increasing the volume of goods exchanged. As Peru leverages its comparative advantage in agriculture and minerals within the scope of the BRI, it stands to benefit from expanded access to one of the world's largest consumer markets.

Investment opportunities associated with the BRI also warrant examination, especially in the context of fostering a favorable environment for public-private partnerships (PPPs). The BRI encourages the mobilization of capital for infrastructure projects, thereby presenting an essential opportunity for Peru to attract foreign investment that can accelerate development initiatives. Importantly, such investments are not solely confined to physical infrastructure; they also encompass technological advancements and capacity building, which can enhance local industries' competitiveness. However, the engagement with the BRI is not devoid of challenges. Issues related to debt sustainability, environmental concerns, and socioeconomic impacts on local communities necessitate careful consideration as Peru navigates this partnership. The multifaceted implications of the BRI on Peru offer a lens through which to critically assess the strategic cooperation between the two, highlighting both the potential opportunities and inherent risks.

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Complementing this are overland transportation efforts, such as the Bi-Oceanic Railway and the proposed Pan-American Railway North. The latter, originally envisioned by Peruvian engineer Dugald McLellan, plans to span 2,740 kilometers along the Pacific coast from Tumbes to Tacna (both ends of the country). If executed, it could radically transform domestic connectivity, fuel tourism, and anchor new industrial corridors along the coast (Estrada Terrones, 2022). These projects are as much about geopolitical repositioning as they are about economic utility.

Energy collaboration has also deepened in recent times, with Chinese firms investing heavily in Peru's hydroelectric and mining sectors, which are some of the major sectors in the Peruvian economy. These ventures carry strategic weight for both sides: China secures access to essential resources, while Peru gains infrastructure upgrades and employment opportunities. Nevertheless, tensions around environmental safeguards and labor conditions persist, highlighting the importance of consistent regulation and community consultation.

Digital connectivity is another emerging front. Under the BRI’s Digital Silk Road component, Chinese tech firms are eyeing projects in telecommunications, surveillance infrastructure, and e-commerce. These efforts could modernize Peru’s digital ecosystem but also raise concerns over data governance and technological sovereignty. As other countries have learned, such initiatives must be approached with transparency and strategic caution, especially when tied to critical infrastructure, which can lead to dependence.

Based on the prior, it's not imprecise to mention that soft power is also at play. Cultural and educational exchanges, including the expansion of Confucius Institutes and partnerships between universities, are reinforcing ties on a human level. These initiatives contribute to mutual understanding and may support Peru's broader goals of educational internationalization and human capital development, even as they serve China’s long-term influence strategy.

Lastly, agriculture has emerged as a strong area of bilateral trade. Chinese markets have opened up to

Peruvian exports like grapes, avocados, and blueberries, thanks in part to the approval of sanitary protocols. This has fueled rural economic growth and helped diversify Peru's export portfolio. That said, sustaining this growth will depend on supply chain upgrades and strict quality control. Peru-China cooperation under the BRI englobes and encompasses a broad spectrum of strategic sectors. While each brings valuable opportunities, they also carry inherent risks. Peru's long-term challenge will be to harness this momentum for inclusive development while safeguarding and navigating through its autonomy and upholding a robust governance and a strong state.

2.2 Chancay Port: A game changer?

Control of the seas and maritime domain have been an historical cornerstone of global trade, facilitating the movement of goods and improving economic interdependence between states. In this context, the Chancay Port located 70 kilometers north of Lima, the capital city of Peru, has become a significant actor of global trade. The development of this port has been majorly promoted by a confluence of infrastructure advances, regional economic policies and the growing demand for improved logistics and access to the South American market.

Although the question persists, can Chancay Port be indeed a game changer? The port is rapidly emerging as a crucial asset and player in global trade. Its development is not merely an expansion of logistical capacity, it represents a paradigmatic transformation in how Peru connects with the positions itself within the new global trade architecture.

The geographic location of the Chancay Port positions itself as a vital link between the Pacific Ocean and global markets, particularly the Asian market, acting as the future main artery of Peru’s economic prowess. The port serves as a key transshipment distribution center for commercial flows, not only and exclusively for the Andean subregion, or the South American continent, but also for Asia and North America. Extensive investments in infrastructure, headed by public and private stakeholders, have catalyzed the installation from underutilized and of small proportions to a state-of-the-art port capable of accommodating the biggest container ships. The port's infrastructure is purpose-built for scale and efficiency, the combination of access to deep waters, the proximity to the main commercial routes and the strong terrestrial connectivity serves to improve its appeal to global navigation lines. The transformation of the Chancay port itself reflects a broader trend within the global shipping industry that requires the expansion of port capabilities to meet the ongoing growing demands, volumes and evolutionary needs of global supply chains.

Understanding the prior analyses is key to determine that the Chancay Port Project has an underlined potential to galvanize regional South American economic development. This is in line with Peru's ambitions to strengthen its position as a manufacturing and export hub, particularly in agriculture, mining and ocean resources. For the Foreign Ministry the port is expected to be a fundamental mechanism to facilitate these objectives. The port capacity to handle various types of loads, which extend in a wide variety of goods, from agricultural to raw materials, indicate their role as a versatile device for trade, contributing positively to Peru's economy by improving the competitiveness and diversifying commercial ties.

Some key parties that have interests in the development and expansion of this port include the Peruvian Government, playing a regulatory and promotional role on the pursuit of positioning the country as the nexus between Latin America and Asia, the private sector, which covers international and logistical companies like Volcan Compañía Minera S.A.A, stakeholder of the project with COSCO Shipping Ports Limited in a Forty-Sixty percent agreement (40%-60%). Another particular aspect are the FDI's Peru possesses, they have been fundamental to accelerate the port development agenda. These FDIs do not only provide financial resources necessary for infrastructural updates, but also introduce advanced technology and experiences, improving operational effectiveness. This interaction between infrastructure investment, trade and FDI in Chancay Port personifies the intricate synergies that define modern global commercial networks. Improved infrastructure capacities facilitate the increase in commercial flows that, in return, attract more FDI when presenting opportunities for logistics innovation and market access. This cycle, virtuous in nature, encourages an environment that is conducive to the growth of the port, allowing it to adapt to the dynamic of global economic changes. Based on this judgement we can infer that the Chancay Port will serve as a magnet for FDI, Chinese corporations, supported by the political incentives of their government, have mobilized considerable capital to modernize and expand the infrastructure of Chancay. This injection of strategic capital positions Chancay Port as a key node in China's ambition to redraw global supply routes (Dollar, 2019). From an International Political Economy perspective, such investment reflects a shift in global power balances where infrastructure diplomacy becomes a tool of influence (Banik & Chhetri, 2022).

The case of the Chancay Port also serves as a case study that highlights the importance of aligning national development strategies with commercial imperatives, which exemplifies how localized initiatives can have broader implications in international trade. A premise that has transformative effects, making the port act as a global shopping center, reinforcing its importance for regional economic development. By facilitating trade, Chancay improves economic interactions with neighboring countries, promoting cross- border associations and potentially leading to regional economic integration. This aligns with theories of functional integration, whereby shared infrastructure fosters political and economic cooperation (Mitrany, 1966). For Bolivia, Ecuador, and Brazil, the Chancay Port offers a Pacific gateway that shortens export times to Asia, a long-standing aspiration of landlocked and inland economies (Comunidad Andina, 2022).

The contribution to domestic economic transformation will be pivotal. The port opens roads for various industries, such as technology, manufacturing, and tourism. This signals shift from common dependencies on raw commodity exports, diversifying the industrial matrix. The link between infrastructure and structural transformation is well documented (Hausmann, 2014), and Chancay could provide the logistics foundation for industrial clusters in agroindustry, which is in boom in Peru, metal refining, a common economic activity, and value-added manufacturing.

In this context, the Chancay Port embodies not just a logistical asset, but a strategic pivot for Peru's integration into the global economic systems. It can enable the country to reposition itself in the international trade hierarchy, from a primary export dependent economy to the promised logistical hub and industrial platform of South America. This transition aligns with a broader development strategy promoted by the OECD and UNCTAD, which emphasize infrastructure growth as a driver of industrial upgrading and economic resilience, especially for emerging economies, like Peru and the Global South. The port's capacity is directly linked to functional economic corridors, particularly the Pacific market and the Pacific Atlantic interconnection via the Interoceanic Highway, this enhances continental trade fluidity, offering new trade corridors to Brazil, Bolivia, and Paraguay, countries whose connectivity to the Pacific ports remain a key constraint to their competitiveness. In this regard, the Chancay Port is not only about maritime logistics, but is about reconfiguring the spatial economics of South America, providing a strategic road to the ocean for landlocked countries and internal regions, which is key to reducing regional disparities.

On a geopolitical level the port's development highlights China’s strategic deepening in Latin America, As Dollar (2019) asserts, the BRI is not merely about trade, it is about geostrategic positioning. Infrastructure diplomacy which is characterized by long term concessions, investment asymmetries, and operational control risks exacerbate asymmetric dependencies, particularly when recipient states lack robust regulatory oversight or bargaining power (Cabestan, 2022). In the case of Chancay, there is a growing concern that contractual asymmetries may lead to limited sovereign control over a port that is essential to Peru’s economic future, something key if we are to consider a “game changer”.

This raises an important question, regarding international political economy - To what extent can infrastructure projects funded by foreign powers contribute to national development without compromising policy autonomy? Indeed, there is a tradeoff between capital inflows and regulatory control is central to understanding the political economy of port infrastructure. According to Banik & Chhetri (2022), the perceived benefits of FDI must be weighed against the risk of external influence, a concern particularly relevant when foreign entities hold majority stakes in operational control, as is the case with COSCO 60% ownership of the Chancay terminal. Now, extrapolating this and analyzing it from a governance perspective, this new dynamic, to act as a “game changer” needs to be backed by robust institutions, transparent and a long-term strategic vision from the Peruvian state. The challenge will be to ensure the port’s development remains embedded in national development priorities, rather than subordinated to external commercial strategies.

Simultaneously, Chancay Port acts as an emblematic figure of the infrastructural prerequisites for deeper integration into global value chains. As Baldwin (2016) theorizes in *The Great Convergence*, the second unbundling of production wherein design, manufacturing, and assembly are geographically dispersed, it requires reliable, fast and cost-effective trade infrastructure. By reducing shipping times to Asia and improving inland connectivity, Chancay provides a physical platform for industrial upgrading. Environmental and social concerns can also hinder the port’s legitimacy and sustainability. Risks like, habitat degradation, community displacement and ecosystem disruption are real. As such, for Chancay to truly be a game changer, its development must not only be economically transformative but also socially inclusive and ecologically resilient, in line with the SDG’s (Sustainable Development Goals) and sustainable port development frameworks, in accordance with the OECD.

Ultimately, by revisiting the analysis provided by Apostolopoulou and Pizarro (2025), it becomes evident that while Chancay Port represents an opportunity for Peru to elevate its position in global maritime logistics, it must navigate a multitude of challenges and risks associated with economic dependence, environmental degradation, and social inequality. Addressing these issues in a proactive and comprehensive manner is critical for ensuring that the projected economic benefits translate into genuine and sustainable growth for all stakeholders involved., To maximize the transformative potential of Chancay Port while addressing the challenges it poses, a robust framework of policy recommendations is essential. Firstly, comprehensive and adaptive regulatory frameworks must be established to oversee port operations and trade practices. These regulations should not only focus on enhancing logistical efficiency but also emphasize environmental sustainability and social equity. Implementing stricter environmental assessments prior to project launches, as suggested by Barboza-Sanchez (2024), can help mitigate negative impacts on local ecosystems and ensure that industrial expansion does not compromise the natural resources upon which local communities depend. This is particularly vital given the proximity of the port to vulnerable coastal environments that may be sensitive to increased maritime traffic and industrial activity.

This, together in tandem with regulatory measures, fostering community engagement is crucial for the success of Chancay Port. Engaging local communities through transparent communication channels enables stakeholders to collaboratively develop initiatives that address their concerns and aspirations. This engagement can take the form of regular public consultations and forums where community members can offer input on port-related developments. The incorporation of local knowledge can help tailor the port's growth to better align with the socioeconomic realities faced by these communities. As Barboza-Sanchez (2024) highlights, inclusive policymaking not only fosters goodwill but also empowers residents, ultimately resulting in a more resilient local economy that can capitalize on the new opportunities offered by the port.

By establishing continuous monitoring systems is paramount to track the impacts of Chancay Port on local communities and the environment. A multi-stakeholder committee could oversee the implementation of monitoring programs that evaluate a range of indicators, including economic benefits, environmental health, and social dynamics. Such systems will provide necessary data to assess the effectiveness of existing policies and inform future decision-making, ensuring that strategies remain responsive to community needs and environmental considerations. Regular reporting on these indicators will also serve to maintain accountability among stakeholders, thereby reinforcing community trust in the port's operational management.

And, by prompt g strategic partnerships among government agencies, private sector players, and civil society can create synergies that enhance the port's role as a crucial player in global maritime logistics while ensuring that the benefits accrue equitably across regional populations. These partnerships will be key to ensuring that the Chancay Port not only serves as a catalyst for economic growth but also respects the social fabric of the surrounding communities. Adopting these policy recommendations will be instrumental in navigating the complexities associated with Chancay Port's development and ensuring it fulfills its potential as a significant asset for Peru's economic future., The Chancay Port presents a transformative opportunity that significantly alters regional trade dynamics while enhancing Peru's economic growth and expanding its role in global maritime logistics. This research has elucidated the multifaceted impacts of Chancay Port, emphasizing its potential to drive local community development and position Peru as a key player in international trade. As established by Craig-Scheckman (2025), the port's strategic location serves as a nexus for trade routes, effectively linking Peru to larger markets in Asia and beyond. This positioning not only facilitates the movement of goods but also catalyzes economic activities that ripple through the local and regional economies.

The development of Chancay Port has the potential to uplift local communities through job creation, skill development, and improved livelihoods. This port is estimated to generate thousands of jobs during both the construction phase and the subsequent operational stages, which is critical considering the high unemployment rates faced by many rural communities around the port. The growth of ancillary services—such as logistics, transportation, and tourism—will further contribute to the region's socio-economic fabric. Thus, the port's influence extends beyond mere economic indicators to encompass broader social welfare measures, which are essential for sustainable regional development.

Nonetheless, it is vital to recognize the challenges that accompany such expansive infrastructural developments. Environmental concerns, potential cultural displacement, and socio-economic inequalities warrant a thorough examination. Local populations may experience disruptions to their traditional ways of life, and hence, an integrated approach to trade and local development is crucial. In this context, stakeholder collaboration becomes imperative, suggesting that local communities should be engaged actively in the planning and operational processes surrounding the port. Such engagement would mitigate adverse social impacts and ensure that the economic benefits are equitably distributed across the demographic spectrum.

This infrastructural upgrade is anticipated to bolster Peru’s position in the global supply chain, potentially attracting foreign investment and supporting local industries through enhanced access to international markets. The implications of this transformation extend beyond mere economic statistics; they hold the promise of job creation and development of ancillary industries within the region. By facilitating increased trade activity, the port can stimulate growth in sectors such as agriculture, fisheries, and manufacturing, creating a ripple effect that could benefit diverse local communities. This, in turn, can empower these communities by providing them with greater economic opportunities and improved livelihoods. The success of Chancay Port is not solely dependent on its physical infrastructure but rather on a holistic framework that encompasses local engagement, regulatory support, and sustainable practices. By pushing for policies that foster inclusivity, equity, and environmental sustainability, policymakers can position Peru to maximize the port's potential. This necessitates a call to action for interdisciplinary research and policy formulation that leverages insights from global best practices while tailoring strategies to the unique context of Peru. Ultimately, recognizing the interconnectedness between economic growth, local community enhancement, and global maritime dynamics will be essential in ensuring that Chancay Port fulfills its promise as a transformative force within Peru's broader socio-economic landscape.

The socio-economic impacts of increased foreign investment in Chancay Port underscore a multifaceted interplay of benefits and challenges. Economic growth and increased global connectivity must be carefully weighed against potential displacement, environmental degradation, and cultural shifts. Addressing these complexities requires stakeholder collaboration to balance foreign interests with the enhancement of local welfare, thereby fostering a more equitable approach to development in the region., The regulatory framework governing Chancay Port's operations plays a crucial role in determining the facility's impact on Peru's economy and trade dynamics. Established under the auspices of the Ministry of Transport and Communications and the Ministry of Foreign Trade and Tourism, the legal context is designed to promote efficient port operations while ensuring that environmental, social, and economic standards are upheld. This regulatory structure aims to facilitate streamlined logistics and trade processes, ultimately fostering global connectivity.

One of the central pillars of this regulatory framework is the integration of public-private partnerships (PPPs) that allows for significant private investment and expertise in port management. Collected regulations prioritize modern operational standards, which include the adoption of digital technologies for cargo management and tracking, aligning with global best practices. However, this reliance on PPPs raises questions regarding the balance of power between governmental oversight and corporate interests. While the influx of private capital can stimulate growth and efficiency within the port, it risks prioritizing profitability over community welfare—an issue manifesting in many development projects worldwide. Additionally, regulations imposed by international maritime organizations, along with domestic policies, strive to maintain standards in areas like safety, environmental sustainability, and labor practices. Effective monitoring and enforcement of compliance are critical to mitigating the potential negative externalities associated with expanded port activities. Despite these intentions, challenges remain in the execution of these regulations. For example, instances of non-compliance with environmental protocols have surfaced, leading to concerns over the ecological impacts of increased shipping traffic on local marine ecosystems. Thus, while a robust regulatory framework exists, its effectiveness hinges on vigilance and transparency in enforcement. Furthermore, the local communities surrounding Chancay Port are at the intersection of opportunity and threat due to the evolving regulatory landscape. Provisions aimed at protecting local jobs and industries are essential to prevent displacement or marginalization of indigenous labor forces. The current regulatory structure has incorporated community engagement initiatives, intending to involve local stakeholders in decision-making processes. Nevertheless, there have been critiques regarding the actual implementation of these measures, with claims that community input is often sidelined in favor of large-scale economic benefits projected by the port's expansion. The nexus between trade facilitation and regulatory effectiveness raises questions about whether the governance framework has adequately prioritized sustainable development. As shipping and logistics evolve, so too must regulations governing trade routes and port operations to ensure that local industries benefit equitably from the economic opportunities presented. Moreover, as Chancay Port aims to establish itself as a competitive player in the regional shipping landscape, it must align its regulatory practices with international trade agreements that may impose specific standards and tariffs, affecting the dynamics of Peru's trade policies.

The dual realities underlined by the authors illustrate the transformative potential of Chancay Port in terms of creating a global gateway for Peru, driving not just trade but also urbanization. They argue that successful urbanization is contingent upon effective governance and stakeholder engagement; only with comprehensive planning can the local government ensure equitable development. To this end, Apostolopoulou and Pizarro advocate for collaborative approaches that involve local communities, urban planners, and industry stakeholders. The aim is to balance economic priorities with social responsibility, ensuring that the benefits of the port's development extend beyond immediate economic gains.

Apostolopoulou and Pizarro (2025) elucidate that the Chancay Port embodies a paradigm shift in Peru’s connectivity and economic dynamics while simultaneously posing significant challenges related to urban planning, infrastructure, and community cohesion. The intricate web of opportunities and challenges outlined by these authors necessitates a multifaceted approach to urbanization, emphasizing the need for long-term strategic planning that prioritizes the well-being of local communities amidst transformative economic transitions., The development of Chancay Port stands as a pivotal milestone in the transformation of Peru's trade dynamics and broader economic landscape. Positioned strategically along the central coast, approximately 58 kilometers north of Lima, Chancay Port is anticipated to significantly alleviate existing logistical hurdles that have long constrained the country’s trade potential. Traditionally, Peruvian export routes relied heavily on the more congested ports of Callao and Paita, which often resulted in inefficient cargo handling, extended transit times, and increased operational costs. In contrast, the enhancements brought about by Chancay Port are poised to reshape these dynamics by introducing modern infrastructure and state-of-the-art logistics capabilities.

By pushing for policies that foster inclusivity, equity, and environmental sustainability, policymakers can position Peru to maximize the port's potential. This necessitates a call to action for interdisciplinary research and policy formulation that leverages insights from global best practices while tailoring strategies to the unique context of Peru. Ultimately, recognizing the interconnectedness between economic growth, local community enhancement, and global maritime dynamics will be essential in ensuring that Chancay Port fulfills its promise as a transformative force within Peru's broader socio-economic landscape.

However, it is essential to underscore that while the prospects are promising, they come with notable challenges that must be addressed through robust and balanced policy frameworks. The rapid development that may accompany the commissioning of Chancay Port could precipitate adverse consequences for local ecosystems and traditional ways of life. Concerns regarding potential environmental degradation, displacement of local populations, and increased competition for resources must be considered. Policymakers need to engage with local communities to ensure that their voices are heard in the planning processes, thereby promoting inclusivity and social equity in the economic benefits generated by the port.

Furthermore, the influx of business activities associated with Chancay Port could lead to increased urbanization and pressure on local infrastructure, necessitating careful urban planning and investment in essential services. It is vital that policymakers establish regulations that not only protect local interests but also promote sustainable development practices. As industries expand, ensuring that they adhere to environmental and social standards will be critical in fostering a responsible growth framework. In synergy with government initiatives, the collaboration among private sector stakeholders, community organizations, and non-governmental entities will be paramount in navigating the complexities associated with this transformative project. Creating a governance model that effectively balances economic interests with social and environmental considerations will be fundamental to mitigating potential adverse impacts. Thus, while Chancay Port holds the potential to redefine Peru's economic landscape and enhance its global trade capabilities, the path forward necessitates a comprehensive and inclusive approach. This will ensure that the benefits of trade expansion are equitably shared among all stakeholders, particularly those in local communities who are often most vulnerable in the face of rapid economic shifts. The dual need for proactive economic policy and sustainable development practices cannot be overstated, signaling a crucial juncture for Peru's future on the international stage.

Calling it a definitive “game changer” requires the recognition of the virtuous cycle it can trigger, as the interaction between infrastructure, trade and FDI results in a decrease in commercial costs, improving reliability of the supply chain and improved market access. This, translated into practical terms, is the manifestation of an integration into the global value chains, enhancing investment attractiveness, ergo recalibrating Peru’s economic model towards an outward oriented development (Baldwin, 2016). Consequently, vulnerabilities are also a critical factor to underline and analyze, basically on simple terms, the major vulnerability of the Chancay Port would be the contractual agreements between Peruvian and Chinese companies, that can embed provisions that grant extensive operational control to foreign entities, which can potentially marginalize local actors. This reflects something that can transform into a broader debate on sovereignty and dependency in infrastructure financed development, particularly under the BRI (Cabestan, 2022). Under this scope, the Chancay Port may indeed change the game, but it could also redefine the rules in favor of foreign stakeholders if national governance does not maintain strategic control.

2.2.2 Economic Implications (A Global Trade Hub)

At first instance the interaction between infrastructure, trade and foreign direct investment has, in correlation with development, become more obvious because modern ports attract national and international capital aimed at improving logistics. The economic implications of this phenomenon are notable; The complete development of infrastructure results in a vertical decrease in commercial costs, improving the reliability of the supply chain and improved market access. Stakeholders must navigate the complexities associated with environmental considerations and social impacts, in order to ensure sustainable growth. In addition, a robust and strong maritime framework positions Chancay under the BRI as not only a conduit for goods, but as a catalyst for broader economic development in the region, promoting the environment conducive to foreign investments and sectoral growth.

The evolution of trade in Peru illustrates a marked trajectory which has continuously aligned the importance of port infrastructure as the development of economic activity and global connectivity, paving the way for the emergence of Chancay Port as an important factor in contemporary trade relations. In addition, besides Chancay being a natural port, it has a specific advantage of the site that extends beyond its geographical position to include its accessibility to the main terrestrial transport networks. The port is connected to a complete road system that connects to the Pan-American highway, providing terrestrial transport routes that further facilitate the distribution of goods throughout the region. This combination of maritime and terrestrial connectivity significantly improves the economic development of the region. The surrounding economic environment plays a crucial role in supporting the strategic meaning that Chancay Port possesses.

Chancay will enable the value chains and export diversification of Peru to boom, it will act as a catalyst for export diversification in Peru, facilitating nontraditional sectors such as high value agriculture like blueberries and avocados, were Peru ranks among the world’s top producers, fishery products and light manufacturing. Enhanced connectivity reduces perishable loss rates and increases competitiveness in Asian markets, particularly Chuna, South Korea and Japan. For landlocked Bolivia and remote parts of Brazil, the port opens new export opportunities for soy, lithium, and rare earth minerals, providing a faster route to Asia and reducing dependency in Atlantic ports.

Adjacent to the port, current plans are underway for the creation of Special Economic Zones (SEZs) and logistics parks, aimed to boost and foster manufacturing, assembly, and value-added services. These clusters could attract investment in areas like automotive components, electronics, and agro-processing.

Government policies must focus on promoting economic development, including incentives for companies, likely Chinese owned, to establish operations in the area, to strengthen the economic impact, creating jobs and technology transfer within the region, developing a robust ecosystem around the port. The economic implications and the functionality of the Chancay Port cannot be minimized, as it aligns with China's objectives to improve commercial routes and economic partnerships all over the world (Rodríguez & Gurol, 2023).

2.2.3 Actors involved and strategic analysis for regional and global trade

As the Chancay Port portrays an emblematic feat of the emerging global order, where infrastructure is increasingly becoming a domain of geopolitical competition, regional economic development, and transnational governance. This mix of factors brings together a wide array of actors, with varying degrees of influence and power. Deepening on the stakeholders involved in this mega project we have:

1) *The Peruvian State and Multilevel Governance*

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The role exerted by the Peruvian government in the Chancay Port projects goes beyond initial facilitation. Peru assumes the responsibility for land use regulations, tax and customs incentives, environmental oversight, and alignment with national development priorities. However, there exists a fragmentation between different levels of government, like national ministries, regional authorities, and local municipalities, resulting in coordination challenges. Additionally, the OEFA (Agency for Environmental Assessment and Enforcement) has become increasingly relevant as concerns arise about the environmental sustainability of the project. Peru's National Port Authority (Autoridad Portuaria Nacional) also plays a role in integrating Chancay into the national port system and harmonizing its operation with ither terminals such as Callao in Lima, and Paita in Piura.

2) *Chinese State-Owned Enterprises and Strategic Leverage*

At the core of foreign involvement is COSCO Shipping Ports Limited, a subsidiary of China COSCO Shipping Corporation, which acquired a 60% stake in the port's development. This partnership has elevated

Chancay into the flagship project under the BRI (Belt and Road Initiative) as we have analyzed. COSCO's participation is not merely economic, it brings with it logistical intelligence, digital tracking systems, and integration into the global shipping network that spans though Asia, Europe, and Africa. The port project is the representation of China's broader strategy of maritime presence and trade dominium in Latin America, complementing its port investments in Brazil, Panama, and Chile. COSCO's ownership of a majority stake also grants its operational authority, which has stirred debates around influence over Peru's strategic infrastructure.

3) US and Western Diplomatic Responses

The United States has no direct investment in Chancay, but nonetheless it remains an influential actor through diplomacy and economic policies. Mechanisms like the Americas Partnership for Economic Prosperity (APEP) and enhanced cooperation with Pacific Alliance countries, Washington has sought to counterbalance China's growing influence. U.S. interests have also been represented in public-private dialogues on infrastructure transparency, debt sustainability, and adherence to international financial norms.

4) *Latin & South American Integration Actors*

The Andean Community General Secretariat (SGCAN), the Pacific Alliance, and regional development banks such as the CAF (Development Bank of Latin America and the Caribbean) and the Inter-American Development Bank (IDB) are indirect but significant actors. These organizations promote regional connectivity and development, as well as standardization of trade procedures, such as harmonized customs systems and digital single windows, which are essential for Chancay to serve efficiently beyond Peru's borders.

5) Local and Indigenous Communities

Often marginalized in megaproject planning local populations have mobilized around issues of environmental impact, displacement, labor rights, and equitable development. Coastal and fishing communities fear pollution, marine ecosystem degradation, and restricted access to traditional fishing zones. Indigenous and rural groups, often farmers further inland, have expressed concern over land rights and resource extraction pressures exacerbated by new transport corridors linked to the port, megaprojects such as the planned Bio-Oceanic corridor between Brazil and Peru.

Strategic Positioning in Global Trade Flows

Chancay Port will disrupt Pacific Maritime Logistics, is uniquely positioned to disrupt the traditional logistics chains that rely on the Panama Canal or transshipment hubs such as Manzanillo in Mexico and Callao also in Peru. The sheer capacity to hold ultra large container vessels, the port shortens trade routes between South America and Asia by enabling direct shipments without intermediate stops. Reducing time, lowering costs, and improving reliability of this new upcoming supply chain. Furthermore, Chancay is expected to become a gateway for Pacific-Atlantic integration, linked to inland logistics that extend into western Brazil, northern Chile, and landlocked Bolivia. These connections may reshape the geopolitical economy of South America, shifting trade gravity from the Atlantic, through the Buenos Aires-Santos corridor to the Pacific coast, boasting influence. Although Chancay is a complement to the existing Peruvian ports like Paita or Callao by handling specialized cargo and serving as a high-capacity node, it also introduces much needed competition. The Callao port, which is currently the country's largest port, is losing volume in certain shipping segments, especially when Chancay offers superior logistics performance. Ports in Ecuador and Chile may also start to face challenges as regional shippers reconsider their routes.

Foreign investment in strategic infrastructure often brings a tradeoff, capital and technology in exchange for long term influence. COSCO's operational control and the 99-year concession raise concerns over sovereignty, reminiscent of similar debates around Chinese investments in ports in Sri Lanka (Hambantota), Greece (Piraeus), and Djibouti. The challenge planted for Peru is to maintain infrastructure sovereignty, the ability to oversee, regulate, and benefit from its ports while having international investment competition. This demands a firm and robust contract negotiation capacity, regulatory independence and transparent procurement processes.

2.2.4 Infrastructure, Trade & FDI

The development of the port illustrates the fundamental role of infrastructure in enabling trade expansion and attracting foreign direct investment (FDI). With its strategic location, the upgrade is not only physical but systematic, incorporating intermodal transport connections, digital logistics platforms, and customs automation. These infrastructure advancements are designed to increase efficiency, lower transport costs, ad reduce bottlenecks that have historically limited Peru's export potential. By linking maritime and terrestrial networks, Chancay positions itself as a logistical hub for the Andean region, facilitating trade flows from Bolivia to Brazil, to markets across Asia and North America (Gracia, González-Ramírez, 2022).

Trade facilitation though improved infrastructure has led to a significant surge in Peru's attractiveness to foreign investors. The ports modernization directly supports export diversification by improving access to global markets for agriculture, mineral, and manufactured products. In response to this, foreign capital, particularly from China through COSCO Shipping Ports has flowers into the project as the jewel of the BRI in South America, marking one of the largest FDI undertakings in Peru's history (Rodríguez & Gurol, 2023). The influx of investment has brought with it not only financial resources by also operational expertise, supply chain integration, and advanced technologies. The Peruvian government's proactive use of public-private partnerships (PPPs), free trade agreements (FTAs), and tax incentives has further amplified FDI appeal, framing Chancay as the main cornerstone of Peru's export development strategy (Maúrtua De Romaña, 2024).

However, the tight combination of infrastructure, trade, and FDI also raises strategic and operational challenges. While foreign investment has accelerated port development, it has also heightened the growing concerns of economic dependence and governance interests. Ensuring that FDI aligns with national interests requires strong regularity oversight, transparency in concession agreements, and a balance between efficiency and sovereignty. At the same time, infrastructure shifts. If Peru successfully navigates and overcomes these complexities, Chancay Port will in fact become not only a facilitator of commerce, but as a magnet for capital and lever for a broader economic transformation.

2.3 Political Considerations/ Sovereignty and Dependency concerns

Chancay Port comprehends one of the most ambitious infrastructure initiatives in Latin America. While it promises enhanced connectivity, facilitation in trade, and foreign investment, it also introduces a series of complex political risks. Including diminished sovereignty over strategic assets, institutional asymmetries favoring foreign actors, and increased dependency on a single geopolitical partner. COSCO's involvement must be understood within the broader United States - China strategic rivalry. Ports not only comprehend trade assets, but they are also critical infrastructure with a dual capacity, military and commercial. China's investment in Latin American ports reflect a major effort to extend logistical influence, secure a trade corridor, and deepen political relationships with the host nations. The United States has responded with diplomatic and economic countermeasures, including the Americas Partnership for Economic Prosperity (APEP), aimed at reasserting influence and offering alternative financing and governance models.

COSCO has been granted a concession to operate the port, including control over security logistics systems, and cargo prioritization. The integration of digital customs infrastructure also is also considered a main asset for COSCO. This level of operational control allows the foreign investors to influence the supply chain flows on their favor, pricing, and commercial partnerships, functions that hold strategic implications beyond commerce itself. This hinders Peru's capacity to assert sovereignty over the asset. Strategic autonomy is compromised when key national infrastructure is functionally managed by a foreign entity, with limited state leverage to intervene in times of economic and geopolitical tension.

Going more in depth into Peru's political landscape, which is fragmented with frequent executive turnovers, and weak institutional checks have damaged effective negotiation and general oversight of the Chancay project. Infrastructure agreements have often been concluded in short time frames with little inter ministry coordination and a lack of strategic foresight. The absence of long-term infrastructure planning exposes Peru to ad hoc decisions mainly driven by fiscal pressures or political cycles. In this context, foreign actors with access to financing, technical expertise, and global networks often gain disproportionate influence. Local communities, especially fishing and coastal populations have expressed concerns about displacement, water pollution, and irreversible ecological damage. Broader nationalist narratives have framed the project as a Chinese takeover of national interests, raising historical sensitivities about resource control and foreign intervention. The absence of public hearings, impact disclosure and participatory planning is undermining the port's legitimacy and increases the risk of social unrest.

Overreliance on Chinese capital and supply chains may expose Peru to systemic vulnerabilities. If geopolitical tensions escalate, if Chinese domestic economic policy shifts, or if COSCO alter their commercial strategy, Chancay's operational stability could be compromised. Single source dependency restricts Peru's bargaining power and may discourage investment from other alternative partners who perceive the port as a Chinese dominium. This added with weak regulatory enforcement and limited capacity within the National Port Authority and Ministry of Transport have impeded effective oversight. The operational freedom the COSCO possesses raises further questions about compliance with national (Peruvian) labor laws, environmental standards, and fair competition practices.

Chapter 3: Peru on the International and regional context: Challenges and Opportunities

3. Strategic Challenges of Peru's Engagement

The commitment of Peru's participation in the BRI presents various strategic challenges that must be navigated. A challenge provides for concerns regarding the sustainability of the dent, since financing infrastructures of many of the BRI projects are linked to loans that can weight down developing countries with significant tax liabilities, an "addiction" to Chinese capital could maybe lead to a complication of the panorama of Peruvian foreign policy and prevent the establishment of a balanced interstitial relationship (Serrano Moreno, 2021.) Also, in addition, there are some stressors on the possible environmental impacts that are associated with the construction and operation of major infrastructural projects, which can contradict Peruvian commitments for sustainable development and environmental conservation.

It is essential for Peru to maintain a cautious negotiation position, to ensure that terms of commitment with China do not undermine or affect its medium and long-term interests, and sovereignty. The idea of the strategy adopted can be described as limiting the possible pitfalls associated with BRI investments, at the same time, maximizing the benefits. This requires a global approach that involves the commitment of the parties concerned in the political, economic, and civil sectors. By strategically positioning Peru to commit in its totality to the BRI, while safeguarding national interests, Peru can positively exploit the opportunities presented by this initiative, guiding the country's trajectory of economic growth towards sustainable development in a dynamic and shifting international landscape. The proper interaction between infrastructure investments, commercial connectivity and foreign investments within the BRI framework is a vital aspect of the economic rebirth of Peru, on a regional and global level. Peru's commitment to the Belt and Road Initiative (BRI) is not exempt from challenges that justify a proper analysis. The center of these challenges is the concern regarding the sustainability of the debt, especially because Peru describes the infrastructure spending with the BRI projects mainly financed by Chinese investment. The potential of a growing debt raises serious questions about economic viability, since Peru already has heavy liabilities in other sectors (Gocłowska-Bolek, 2025). If the expected economic benefits of these projects do not materialize, Peru is running the risk of falling into a cycle of unsustainable loans, reflecting some situations observed in other nations involved in the BRI. This precarious financial situation threatens to undermine the sovereignty and tax autonomy of Peru.

Governance problems further complicate the "proper" participation of the BRI in Peru. The implementation of projects usually stumbles into bureaucratic inefficiencies and corruption, which hinders transparency and responsibility for the management of projects funded by Chinese (Jauregui and Tussie, 2022). The lack of solid institutions in Peru contributes to the poor management and embezzlement, increasing public skepticism on foreign direct investment, and specifically, commitment to China. In addition, if governance challenges persist, they can encourage local dissent against the Peruvian government and Chinese entities, undermining the planned development results of the BRI.

The impact on national industries is another critical challenge that Peru faces. There is a growing concern among local companies that the influx of Chinese goods and services, which are often cheaper due to labor costs, could suffocate competition within Peruvian markets (Leiva, 2021). Local industries may have difficulties competing, which leads to harmful effects on employment and economic diversification. These dynamics present a nuanced image of a dependence that threatens the growth of local companies, pushing the economy towards a model based on extraction that could hinder sustainable development. In addition, checking these economic challenges is the broader risk associated with the expanding influence of China in Peru. As China emerges as a dominant economic partner, the growing dependence on investments and Chinese technology raises critical questions about Peru's ability to negotiate beneficial terms and maintain a balanced foreign policy that considers their interests in relation to those of global powers (Gocłowska-Bolek, 2025).

Tensions between the central government and several regional actors can exacerbate these risks, potentially leading to delayed projects and increased resistance to foreign investment. In general, the commitment of BRI of Peru is a complex interaction of opportunities and challenges that require an act of delicate balance to take advantage of the benefits of infrastructure development while mitigating the risks associated with a greater foreign dependence and difficulties related to governance. The involvement of Peru in the BRI also offers significant implications for regional dynamism particularly in the context of the geopolitical landscape of South America. Strategic partnerships with China and other BRI participating countries can influence their relationships with neighboring nations and regional powers, potentially creating tensions, but also opportunities for collaboration (Wu, 2024).

The emphasis of the BRI in infrastructure development by itself presents a mix of opportunities and challenges for regional interaction. Peruvian involvement in the initiative is key to enhance connectivity not only with China, but with other South American countries as well. But this interaction inadvertently positions Peru in a subservient role within a regional order centered on the economic benefits and infrastructure projects are considered to favor the Chinese interests over Peru and Peru's neighbors. This is a dynamic that can promote resentment between neighboring countries and complicate diplomatic relations. Tensions can manifest in concerns about sovereignty, the environmental impact of large-scale projects and the unequal distribution of benefits, causing dissent among regional stakeholders. On the other hand, the potential for cooperative opportunities resulting from BRI engagement justifies attention. Peru can serve as a point of view for broader regional cooperation in South America, which is the idea. This can establish the foundations of shared projects, encouraging a more collaborative approach to economic development. For example, a joint infrastructure program may allow a comprehensive regional planning that incorporates the sustainability and distribution of equitable resources, aligning the regional growth objectives with the general objectives of responsible governance (Wu, 2024).

Finally, the regional implications for Peru's participation in the BRI present a complicated picture of challenges and opportunities. Though the risks of geopolitical conflict and economic competition are significant, they must be balanced with the clear perspectives of a greater collaboration and economic integrative efforts among the South American nations. Understanding these dynamics will be essential for policy formulation in Peru. Domestic political factors will play an important role in modeling Peru's commitment with the BRI, since the interaction between local governance, political will, and public representation influences the effectiveness and reception of Chinese investments and infrastructure projects. The political will, mainly derived from the agenda and the ideology of the party in power, particularly important in the erratic nature of South American politics, directly affects the strategic approach of Peru to FDI and cooperation. Angelo (2024) states that the various degrees of support for the BRI through different political administrators highlight the importance of leadership in negotiating the complexities that surround FDI. The current government has positioned itself as open to international investments, including Chinese ones, to stimulate economic recovery. However, this approach has aroused conflicting reactions from various segments of the population, demonstrating the need for political leaders to effectively navigate various interests.

3.1 Balance of Power: Navigating between China, The U.S and other actors

Peru occupies a strategically significant position in South America, sharing borders with five countries, including Brazil and Chile, with access to the Pacific Ocean and Amazon River. This particular and unique geography places Peru at the crossroads of geopolitical dynamics, making it an important participant in regional, and progressively, global affairs. Historically, Peru was seen under the influence of the United States, which began with the establishment of significant diplomatic ties in the nineteenth century. U.S. dominance was at its height during the Cold War, where Washington's interests to fight leftist movements led to extensive political, military and economic support to regimes in Peru. During the twentieth century, this relationship reinforced a structure within which Peru's foreign policy operated, after the dissolution of socialist regimes in Latin America, neoliberal economic reforms took place, culminating in the liberalization of Peru on trade and FDI. However, the geopolitical landscape began to change with China's rise as a global economic power in the early 2000s. China's growing demand for materials meant a significant increase in Chinese investments, in mining and energy sectors. By promoting robust economic relations through the Belt and Road Initiative (BRI) China positioned itself as not only Peru's, but most South American countries main trade partner, overtaking the role the United States historically had, with different interests and agendas that do not align, Peru is stuck in a complicated we of two competing influences between these two global superpowers. This can be understood as being at the edge of a two- edged sword for Peru, where caution and delicate balance must be put into play.

As Peru navigates these competing influences, the implications go beyond mere economic calculations. At a time when regional stability is challenged by external geopolitical pressures, the balance of power involves not only economic but also strategic considerations. A perceived alignment with one power over the other could cause serious measures, either through economic sanctions or diplomatic isolations, threatening the delicate balance in South America. Peru's policies face the formidable challenge of leverage foreign investment while saving national interests and maintaining regional stability. The balance of these competing influences will require a strong diplomatic strategy to navigate a landscape characterized by multipolarity. The historical context of the relations of Peru with the United States reveals a complex interaction of economic and political influences.

From an analytic and strategic point of view, Peru has always maintained solid diplomatic relations with the United States, mainly due to shared democratic values and regional security interests. However, the growing economic and political affirmation of China in Latin America complicates this relationship. Chinese investment in Peru means that Peru must carefully consider its strategic partnerships. The historical influence of the United States is increasingly being offset by the BRI. This, on an institutional level means that Peru must maintain commitment in national interests while participating in a broad geopolitical framework. The United States has traditionally exploited established multilateral organizations such as the Organization of American States (OAS) and the Pacific Alliance, promoting executives that emphasize democratic governance and institutional integrity. On the other side, China operates through a set of more loose institutional provisions, prioritizing economic development and the improvement of infrastructure, often to the detriment of strict adhesion to democratic standards. This different approach poses a dilemma for Peru because it strives to balance the advantages of Chinese investment with the values adopted by its traditional partners in the United States

Technologically speaking, the competition between the United States and China extends in the infrastructure of Peru and the digital terrain. The prowess of Chinese technology, backed by telecommunications and projects of intelligent cities, can facilitate significant progress for the economic development of Peru. This involves potential risks associated with dependence also in Chinese technology and the conjunct implications for data sovereignty and cybersecurity. American companies promote technological solutions aligned with Western standards, emphasizing privacy and regulatory frameworks that resonate with the governance structures of the Peruvian government. On the economic level, China has exceeded the United States in terms of FDI in Peru, particularly since the signing of the China-Peru Free Trade Agreement (FTA) in 2009. This growing economic partnership represents important opportunities to strengthen Peru's GDP through major projects and export industries. But the high dependence on Chinese markets for natural resources increases concerns for economic vulnerabilities and the loss of negotiation power. The economic dimensions must be analyzed with caution by the Peruvian dependence on a singular economic partner can change the balance of power in favor of China, if Peru looks to maintain a status quo based on its geopolitical position between these two powers, a proper approach on its international relations must be clear.

In maintaining such partnerships also requires continuous surveillance. The potential risk for conflict resulting from bilateral tensions between the United States and China is plausible and real, this could force Peru to take sides, compromising their strategic autonomy. In addition, regional stability depends on Peru's ability to mediate and calibrate its relationships to extract benefits, remaining a neutral player within the largest geopolitical contest. Therefore, the meaning of these strategic partnerships is not merely economic, they present an essential facet of Peru's approach to affirm their sovereignty and promote stability in a multipolar world.

Various emerging scenarios which could have a major impact on its national sovereignty and regional stability, a plausible scenario is to deepen economic ties with China, within the context of continuous expansion of the BRI through Latin America, with an export-oriented economy, the influx of Chinese investment and infrastructure projects can strengthen Peru's economy. However, the dependency question arises again, limiting Peru's capacity to formulate independently of the policies that align with its national interests. Pu and Myers (2022) stated that, "these dependencies can lead to a precarious balance, in which China could exert substantial influence on the interior and foreign policy decisions of Peru, potentially undergoing its autonomy". Opposite, a strengthening of links to the United States can become a strategic counterattack against potential providence on China. The United States remains an important trading partner and an ally in the promotion of democratic governance and regional stability. Based on this, Peru can take advantage of its position to obtain favorable trade agreements, engage in capacity building initiatives and diversify, minimizing vulnerabilities associated with economic dependence on one nation. In addition, the geopolitical changes that influence the American Chinese rivalry are likely to play an essential role in the formation of future trajectories in Peru. One of these scenarios sees the United States increasing, or more precisely, re-increasing its presence in Latin America in response to Chinese expansion. This could involve increased collaboration in security, economic partnerships and efforts to counter Chinese investments perceived as undemocratic standards. Within this context, Peru could find itself at a crossroads, balancing commitments and protecting its own interests.

Another critical consideration is the matter of increasing multilateralism and regional cooperation which can result from these dynamics. While Peru assesses its relations with the United States and China, it can play a more proactive role in regional organizations, such as the Pacific Alliance, Andean Community, and MERCOSUR. By promoting a more rigid intra-regional collaboration and collective negotiations, Peru can improve its negotiation power vis-à-vis the two external powers, affirming its sovereignty and interests while contributing to regional stability at the same time. Initiatives aimed at sustainable development, climate change and social equity could further strengthen alliances in the region. Adding to this, the potential economic volatility, given the cyclical nature of global markets, must also be recognized. Any slowdown affecting the United States or the Chinese economy could have direct effects on Peru, if the economic ties are of disproportionate nature, this can exacerbate. Based on this, it becomes of imperative nature for Peru to adopt a more resilient economic strategy which capitalizes on its resources without becoming too dependent, diversifying the Peruvian economic portfolio.

The projection of future scenarios concerning the commitments of Peru with the United States and China reveals the complexities inherent in international relations and the delicate balance of power in the region. Considerable attention must remain on how Peru can embrace its agency to navigate these influences, for the purpose of promoting sustainable development, improve national sovereignty and contribute to regional stability. The interaction in progress between these geopolitical forces will considerably shape the trajectory of Peru in the years to come, highlighting the critical need for strategic foresight and the development of adaptive policies. Throughout the last two decades, Peru's economic policies have reflected a growing dependence on both superpowers, revealing a delicate act of balance that circumnavigates several sectors, including trade, investment and diplomacy.

Therefore, Peru's navigation of the influences of the world's major superpowers is the new reality of the multipolar world order we are stepping in, inherent to the dynamics of smaller nations. While Peru continues to negotiate their relations with these superpowers, the challenges for their national sovereignty and regional stability remain of the utmost importance. Balanced economic dependencies while striving to maintain autonomy will be critical since Peru traces its future trajectory in the new world order. Peru should adopt a strategy of nuanced foreign policy which protects its sovereignty while effectively engaging with China and the United States.

It is imperative for Peru to prioritize the diversification of its economic partnerships. By looking for investments and trade opportunities beyond the United States or China, exploring deeper relations with the European Union, Japan and the regional powers of Latin America, with this Peru can mitigate any risk associated with a statement on any country. Diversification strengthens economic resilience and can provide the answer for Peru to lever effect when negotiating terms.

Secondly, Peru should strengthen its participation in regional organizations, such as the previously mentioned Pacific Alliance, the Union of South American Nations (UNASUR), and MERCOSUR. These platforms facilitate collaboration between countries of Latin America, allowing Peru to defend collective positions which support regional interests. By promoting unity and cooperation on a regional level, Peru can successfully assert its sovereignty and promote a stable regional scenario, which is essential in an increasingly multipolar world. Navigation through potential tensions, reducing the risk of being taken into a rivalry can be the formula. Regular summits and bilateral consultations can help express the interests and concerns of Peru, to promote mutual understanding and potentially pave the wave for cooperative projects that reflect shared objectives. In addition, as previously mentioned, it is critical for Peru to have the capacity of proper policy formulation, a well-defined national strategy that can articulate Peruvian priorities in foreign engagement will allow political decision makers to make informed decisions that serve the country's interests. Investing in the already excellent Peruvian diplomatic training and capacity building initiatives, to continuously prepare civil servants to negotiate and defend the country's needs in the competitive context of American Chinese interactions.

Peru should also focus on taking advantage of its natural resources while guaranteeing sustainable practices. Given the growing demand of raw materials in the United States and China, Peru has in its hands a unique opportunity to negotiate better commercial conditions which do not only benefit its economy but respect environmental sustainability and social equity. The implementation of proper negotiations and managers can improve the negotiation power of Peru by positioning it as a responsible and innovative partner in the world supply chains.

Finally, the strengthening of civil society's commitment to foreign policy issues is crucial. The diversified population of Peru and variable interests require an inclusive approach where civil society, the university and academic worlds, and the indigenous groups play a role in the development of foreign policy. This commitment can produce a richer dialogue around the issue of sovereignty, dependence, regional stability and collective interests, in consequence it will generate balanced perspectives in negotiations.

3.1.2 Geopolitical Considerations: South America's role in the emerging global order

In an era characterized by a fluid and often fragmented global order, the geopolitical meaning of South America emerged as an area of crucial investigation. The rich gamma of resources on the continent, several economic and regional political dynamic alliances present a case asking to understand how emerging powers navigate the complex panorama of international relations. The importance of South America is underlined by its growing influence in a global economic discussion, by its strategic positioning in exchanges and unique environmental activities that hold implications for politics.

The geopolitical meaning of South America in the context of an emerging global order is a question that deserves a complete analysis, particularly the layers of economic alliances, regional conflicts and other policies. While the world is preparing for changes in the dynamics of power and the realignment of international relations, South America is emerging as a critical actor who is exerting more influence at a regional but also global level. This influence is underlined not only by its natural resources and different economies, but also its geographical position, which offers paths for trade and connectivity between North and South, as well as an interface for activities that connect both the Atlantic and the Pacific oceans.

In a world of interdependent global economy, South America plays a fundamental role in modeling economic alliances that have deep implications on international trade. The establishment of regional integration initiatives, such as the MERCOSUR block exemplify the search for economic collaboration between the South American nations, often in contrast with the heavy influence of external powers, such as the United States and China. These platforms are fundamental not only in the elimination of commercial barriers and in promoting intraregional trade, but also in the affirmation of a collective position against hegemonic policies by dominant global actors. The dynamics of these alliances are further complicated by external investments and the growing unilateral presence of foreign powers, which try to form partnerships that may not align with the unified objectives of regional leaders. In addition, the geopolitical panorama of South America is significantly marked by historical and contemporary conflicts, many of which are rooted in ideological differences, territorial and border disputes of former Spanish colonial demarcations, and allocation of resources. This generates a complex interaction that translates into a fragmented political environment, where nations can show tendencies towards collaboration or response to internal and external pressures. As an example, the controversial relationship between Venezuela and Colombia or Chile and Bolivia has implications that extend beyond bilateral disputes, influencing other Latin American countries and attracting attention form global political actors. As regional security dynamics evolve, conflicts have the potential of remodeling alliances, causing a revaluation of both foreign policy and economic strategies.

In recent years, scholars have posted the emergence of a multipolar world order, highlighting its implications for South America. The transition from a global unipolar structure dominated by the United States to a more balanced system, in which multiple powers such as China, Russia and regional entities exercise influence, offers unique opportunities and challenges to South America. With the vast natural resources, it is becoming more at the center of new economic partnerships that transcend traditional western affiliations. Peters suggests that in the emerging multipolar context, South American nations must skillfully browse their alliances to improve their power over the global phase.

Adding to the economic and security dimensions, the environmental policies of South America have a substantial weight in international relations, in particular regarding climatic problems and sustainable development. South America holds critical ecological areas, including the Amazon rainforest, which acts as a carbon sink and biodiverse habitat. The political decisions taken by South American nations regarding deforestation, conservation efforts and sustainable practices are not only crucial for local and regional environmental health, but also significant in contributing to global ecological stability. The interaction between environmental management and geopolitical strategy is highlighted by the South American countries that engage in international agreements aimed at climatic action, positioning themselves as vital partners in global environment governance, competing on economic development interests.

Now, understanding the geopolitical meaning of South America therefore requires an approach that considers the complex interrelationships between economic alliances, regional conflicts and environmental policies. In the context of a new global order characterized by power sales, the role of South America as a supplier of resources and as a potential mediator in regional conflicts positions it as an influential player capable of modeling international solidarity and cooperation. As the nations within the continent continue to commit themselves to the global community, the branches of these interactions will be fundamental in determining how South America will navigate with the complexities of the geopolitical chessboard of the 21st century. The geopolitical panorama of South America is characterized by its rich tapestry of historical contexts, social dynamics and economic realities that has modeled contemporary international relations. The geopolitical meaning of the continent derives from its different key resources; strategic positions and the role played in the wider picture. South America has experienced a historical trajectory marked by colonial exploits, independence wars and changing alliances, which contributed to its modern geopolitical identity (Flint, 2021).

The geopolitical meaning and identity have become increasingly pronounced with the rise of Brazil, Argentina and to a minor extent Peru, countries that have tried to exploit their economic power to assert leadership roles. Brazil, as the largest economy in the region, has been particularly active in establishing itself as a key factor in the BRICS alliances together with Russia, India, China and South Africa. This alignment tries to create a counterweight for institutions dominated by the West and has major implications for the position of South America in the global evolution order. Brazil's foreign policy initiatives often reflect its attempts to navigate in the complex interaction of regional cooperation and global competition, a balance that is crucial in an era of "uncertainty" and shifting geopolitical scenarios. Also, in addition, the Amazon rainforest, which extends to different South American countries, has become a focal point in the international discourse. This historical context of South America is characterized by a dose of colonial inheritance and socio-political tensions, together with changing economic alliances and environmental changes, constitutes a multifaceted geopolitical scenario. While the continent by itself navigates the complex past while shaping its future, its influence in the new global order is becoming increasingly significant. Economic alliances in South America are key in the configuration not only of regional stability but also in global trade. Two of the most significant economic blocks in this context are the common market of the south (MERCOSUR) and the Pacific Alliance. These organizations incorporate different geopolitical orientations and approaches to economic integration, influencing the position of South America in the global order in general.

MERCOSUR, including Argentina, Brazil, Paraguay and Uruguay as its full members, with several associated states and observers in its periphery. As an economic block, MERCOSUR was designed to promote free trade and the movement of goods, services and people among member countries. The fundamental premise is based on regional cooperation and socioeconomic development. However, political turbulence within the Member States has often undermined unity and the effectiveness of the block. The ability of the block to influence external commercial relations depends not only on the internal cohesion but also in its power of negotiation with larger economies, particularly the European Union and the Chinese. Although MERCOSUR has the potential to serve other geopolitical influences in South America, its success depends on improving relations between members and aligning economic policies in various political landscapes, (Power, 2019).

On the other hand, the Pacific Alliance, formed in 2011, under the surveillance of former Peruvian president Alan García, consists of Chile, Colombia, Mexico and Peru, adopting a more market-oriented approach. The Pacific Alliance aims to integrate its members into the economic framework of Asia and the Pacific and has encouraged economic cooperation through initiatives focused on trade liberalization, mobility and investment. By prioritizing economic ties with Asia, particularly China, the Pacific Alliance reflects a clear strategic pivot adapted to improve regional economic resilience. Power (2019) argued that the Alliance offers a simplified approach to commercial negotiations and is better positioned to attract FDI, given the commitment of its member countries to open markets and reduced rates. This orientation is not only beneficial for a trade block but also positions the alliance as a key player in global supply chains.

The ideas provided by Singh, Correa da Cunha and Mangal (2024) clarify the complexities of commercial dynamics within Latin America, especially with respect to geopolitical risks that have pronounced effects on commercial patterns. Fluctuating political climates and economic instabilities within member countries can lead to different levels of commitment to regional agreements. The recent political changes in countries such as Brazil and Argentina, characterized by movements towards more protectionist policies, highlight the fragility of the original objectives of MERCOSUR. As these nations emphasize their foreign economic strategies, growth once constant, has faced challenges, revealing the vulnerabilities inherent to depend on collective economic prosperity.

The influence of external actors complicated the scenario of South American economic alliances. The growing presence of global powers like China and the United States creates a competitive environment where regional blocks must navigate complex geopolitical tensions. Power (2019) postulated that the intertwining of economic interests and external geopolitical strategies that requires that South American countries adopt a more cohesive and proactive approach to their alliances to safeguard their interests in the international scenario. With external powers, such as China and the United States, increasingly competing for influence in South America, economic alliances within the region have to adapt to external pressures. The diversification of business partners has become a strategic priority. Therefore, understanding the mechanisms and implications of these economic alliances provides interesting ideas that divulge the geopolitical importance of South America in the configuration of a new global order. While they evolve, their ability to promote proper regional stability, improve collective bargaining power and respond to external pressures will be essential to determine their role within the broader context of international relations. China as a global economic power has fundamentally reshaped the economic landscape of South America, in particular through the BRI. In 2019, Chinese investments and financial aid had increased considerably in various sectors in South America, effectively supervising the continent as a crucial component of the global economic strategy of China (Montoya, Lemus and Kaltenecker, 2019).

The political influence of the countries of South America vis-à-vis their relations with world powers such as the United States and China reflect a complex interaction of economic ambitions and alignments. By analyzing the postures of research such as Gachúz Maya and Urdinez (2022), we can discern the multifaceted implications of these interactions, revealing the essential role of South America in the formation of the emerging world order and the redefinition of international relations and the security dynamics. When analyzing the geopolitical importance of South America, it becomes increasingly evident that the vast environmental resources of the continent are fundamental in the configuration of its role within the emerging global order. With many critical minerals, such as lithium, copper and rare earth elements. South America is placed in the center of a transformative change in global supply chains. And, as the world goes to more advanced technologies, in the context of renewable energy and electric vehicles, the demand for these minerals increases. Countries like Chile, Bolivia and Argentina are increasingly recognized as fundamental players in the lithium market, which is projected to dominate the future of energy technologies. The lithium triangle formed by these nations represents not only a significant geographical concentration of mineral wealth, but also collaboration for economic alliances that can improve their negotiation power on the world stage. It is crucial to recognize that these alliances are not simply of economic substance, but also extend into the political sphere, since the participating nations' world collectively establish regulations and policies that govern the extraction and export of these vital resources.

Based on this, it is true to conclude that the geopolitical importance of South America is intricately linked to its natural resources, which act as a catalyst for the formation of economic alliances and source of political leverage. The proper navigation will be determined in how the South American nations can navigate their relations with external powers while promoting internal cooperation, shaping their positions in the global order. The interaction between these elements expresses the need for a nuanced understanding of how natural resources influence international relations and security dynamics within the continent. In contemporary geopolitics, environmental policies and sustainability efforts emerge as decisive critics of South America, because South America serves not only as a tank of ecological wealth, but also strategic goods in the global research of sustainable development.

In this context, the geopolitical significance of South America is amplified, because the countries of the regions are not simply passive investment beneficiaries, but active agents who must negotiate their interests in the face of external pressures. The implications of the BRI are extending beyond economic cooperation, turning into matters of regional stability and governance. The growing commitment with China requires a reassessment of foreign policy frameworks in South America, strategies to leave the traditional spheres of influence and commitments to sustainable development, The dynamic interaction characterized by the creation of an economic alliance, the potential of increased regional conflicts and the global challenges show that the role of South America in the new world order is both multifaceted and evolving, requiring scientific attention and continuous political innovation. Peru's commitment with the BRI marks the complex interaction of economic cooperation and strategic vulnerability that is shaping the geopolitical chessboard of South America.

3.2. International and Regional context

In the field of international relations, Peru's geopolitical role arises as a significant player within South America, particularly due to its strategic location and economic potential. Its positioning allows it to serve as a bridge, as we have seen, facilitating regional integration and economic stability. Peru's economic strategies focus on taking advantage of their natural resources and increasing their agricultural sector, aligning with their general geopolitical interests. The country is equipped with a variety of mineral resources. The government has embarked on various initiatives aimed at improving national production while guaranteeing that its economic growth is sustainable and inclusive.

In relation to its neighbors, Peru maintains a nuanced, crucial diplomatic balance to navigate in regional tensions and foster cooperation. Sharing complex relations with Bolivia and on current day affairs, based on Gustavo Petro's comments, Colombia. This on issues such as land limits and the allocation of resources. However, these relationships also present opportunities for dialogue and collaboration projects, exemplifying Peru's diplomatic approach that emphasizes conflict resolution, peace and mutual benefit.

In the world stage, Peru's relations with great powers such as the United States and China underlines its strategic geopolitical role. When analyzing the multifaceted geopolitical role and the dynamic economic strategies of Peru, it becomes clear that the country is not only a fundamental regional actor but also a vital participant in the international community. The interaction between its geographical advantages, resource management and diplomatic relations embodies an integral approach to improve its position in the current geopolitical panorama. Peru's relations with its neighboring countries such as Brazil and Chile, are key in understanding its foreign policy. These obligations not only favor regional cooperation, but also affect Peru's position in global policy, in negotiations involving wider interests in South America (Snow White, 2022). The historical context of these relationships reveals a complex interaction of competition and collaboration. An example of this is the relationship between Peru and Chile, as they have had controversies on territorial and commercial policies, recent efforts for economic integration have illustrated a shift to cooperation. The establishment of commercial agreements has facilitated the improvement of bilateral trade, positioning both nations to exploit their abundant natural resources and economic potential in the global market.

Likewise, the relationship with Brazil is characterized by both mutual benefits and strategic alignment. Being the largest economy in South America, Brazil's commitment with Peru in various regional blocks, means a robust commitment to face transnational issues ranging from environmental conservation to security challenges. These cooperative efforts reflect Peru's strategic pivot towards the promotion of alliances that improve its regional influence while guaranteeing its amplified item in international platforms.

Peru's approach to its neighbors is not simply reactive but is, in fact, rooted in a well calibrated foreign policy that emphasizes economic diplomacy. The Andean Community (CAN), the oldest and most robust International Organization for regional integration, of which Peru is a founding member, and the Headquarters are in Lima, acts as a crucial framework for regional integration. Through CAN, Peru tried to harmonize commercial regulations and unify the economic strategies between the Member States, thus increasing its competitiveness within the global economy. This regional block represents an essential aspect of Peru's foreign policy, allowing the country to counterbalance in a small measure the disparate economic powers outside of South America, such as the United States and China. In addition, the Peruvian pursuit of belonging to larger commercial agreements, exemplified by its participation in the global and progressive agreement for transpacific partnership (CPTPP), and the Asia-Pacific Economic Cooperation Forum (APEC), reflects its intent to commit itself to global power blocks, guaranteeing a full actor status within South America. This scheme to strengthen regional partnerships, while aligning with global economic powers, suggest a sophisticated understanding of geopolitical dynamics. By promoting strong relationships both within the region and beyond, Peru is strategically positioning itself as a fundamental actor in the international community, capable of filling interests in different geographical and political landscapes.

Besides, the intricate network of relationships that Peru maintains with Brazil and Chile is fundamental for its geopolitical and economic strategies. This interconnection facilitates regional stability and collective progress, modeling the voice and position of Peru within the South American landscape and the wider international arena. By constant reflection on these dynamics, it becomes increasingly evident that the cultivation of these relationships is not simply a diplomatic exercise, but a critical component of Peruvian aspirations to improve its stature and relevance on the global stage. The promotion of regional alliances exemplifies my perception of Peru's commitment to economic integration and mutual prosperity. Proactive commitment translates into a broader strategy that aligns national interests with those of its neighbors. In conclusion, the geopolitical evolution of Peru is intricate for its internal policies, which emphasize social inclusion and sustainable development. By aligning its international strategies with domestic needs, Peru establishes a precedent doe the way in which emerging economies can assert their influence on the global stage by addressing critical social issues. This multifaceted approach positions Peru not only as a mere participant in the global speech, but also as a proactive architect of a future that gives priority to cooperation and stability among the multiple changes on geopolitics and the international scene, paving the way on once again becoming a hegemon in the Pacific.

3.2.1 South American Reactions: Convergence or Divergence in Regional Strategies

Analyzing the innumerable responses of South American countries to regional challenges reveals a sort of spectrum of strategies based on collective action or divergent national interests. With an historical context marked by the legacy of colonialism, economic dependence and socio-political instability. These factors have not only shaped the individual identities of nations but have also influenced their responses to regional problems such as economic integration, environmental concerns and social inequality. Brazil, as the largest economy, is often positioned as a leader, advocating collective responses to challenges. Their commitment to initiatives such as the Organization of the Amazon Cooperation Treaty highlights an inclination towards regional unity. However, Brazil's own economic interests can often lead to unilateral actions that may not align with the collective objectives of their neighbors. On the contrary, countries like Chile and Argentina demonstrate a more divergent approach to regional challenges, especially in economic policies and commercial agreements. The adoption of Chile to the principles of free market, with the backup of numerous bilateral commercial agreements, reflects a prioritization of national interests that sometimes can undermine collaboration efforts within the framework of different organizations such as MERCOSUR. The recent protectionists measures of Argentina, promoted by national pressures, illustrates how national priorities can overshadow regional objectives. This divergence can be further complicated by the ideological changes that regularly occur throughout the continent, with changes to populism and nationalism that promote policies that prioritize national sovereignty over regional cooperation.

When exploring the complex interactions of convergence and divergence between South American states, it becomes evident that, although the mechanisms for greater unity exist and are present, the general influence of national interests often prevails. The historical context, economic priorities and political landscapes of each nation shape their responses to regional challenges, revealing a universe of interactions that reflect and distort the ideals of collective action. This intricate and interesting relationship between unity and individualism will continue to evolve as South America sails through the rapidly changing geopolitical scenario. Starting from convergence, it is essential to analyze the paintings that can illustrate the collaborative responses of the South American nations. By existing platforms and International Organizations, they serve as vital arenas to promote dialogue and develop collective strategies. Hoffman (2019) underlined the meaning of regional governance structures, underlining their role in facilitating conversations that produce mutual benefits. The very existence of these structures suggests and intrinsic recognition that regional solidarity can improve the skills of individual nations to respond to shared adversities. Furthermore, the impact of presidential, or "in turn" ideologies on regional collaboration cannot be overrated. Baracaldo Orajuela and Chenou (2019) argue that the political trends of leadership can significantly model the trajectory of collective regionalism.

Responses added to the pressing regional crises, such as the humanitarian situation in Venezuela, exemplify cooperation and collective action between the various South American states. Countries such as Colombia and Brazil have implemented policies that not only face the influx of Venezuelan migrants but also try to provide support and help through coordinated efforts. Through regional dialogues and partnerships, the nations have traversed the complexities of transnational migration, exemplifying the way in which convergence can manifest itself in the political approaches designed to collectively face humanitarian crises. The analysis of responses of South American counties to regional challenges reflects a scenario in which convergence exists through unity together with cases of divergence. This duality shows the dynamic nature of international relations within the region, led by collective aspirations and individual imperative. However, the theory of divergence serves as a counterpoint, explaining how national interests often replace collaboration efforts. In the case of Peru, there is a complex interaction with the BRI, where the country navigates the need to develop against the concerns of the sustainability of debt and environmental impacts (Oliveira; Myers, 2021). Mendez and Santos-Marquez (2022) claim that these concerns at the national level often led to a fractured regional approach, where countries prioritize their unique situations on collective advantages. This is not only exclusive to Peru, but also emblematic of a broader trend in the South American landscape. Each nation has distinct economic, political and social contexts that shape their interactions and responses to regional challenges. Moreover, the political ideologues that dominate and proliferate in South America still complicate the debate on convergence against divergence. Countries led by populist regimes, such as Venezuela, can continue an isolationist strategy which favors ideological alignment with states sharing the same ideas on pragmatic regional collaboration.

This divergence questions the notion of a South American collective identity, which suggests that if regional bodies exist, their effectiveness is often blocked by the prioritization of agendas. While nations continue to struggle both with internal challenges and shared regional threats, understanding this complex dynamic will be crucial for any future effort aimed at promoting real collaboration and resilience in the region. By examining the divergence in the strategies adopted by the South American nations, it is imperative to consider economic disparities that fundamentally shape their responses to regional challenges. Such disparities produce significantly divergent political responses in critical development sectors such as health, education and infrastructure. While the rhetoric of regional cooperation permeates South American discourse, reality is often bogged down in the complexities of national imperatives that lead divergent paths. The persistence of individual policies presents challenges and openings for dialogue and opportunity to promote greater sense of unity through innovative and context sensitive approaches to regional issues.

3.2.1.2 Strengthening Intra-South American Economic Cooperation

To exploit the full potential of economic cooperation in South America, it is imperative to meet current challenges while actively seeking collaboration opportunities. As Fortin, Heine and Ominami (2023) precise, the recognition of the interconnection of these factors and the priority for collective action will allow the South American nations to deal with their challenges while simultaneously seizing opportunities to forge a more integrated and more prosperous regional economic framework. The fragmented nature of trade relations between the South American nations considerably complicates the creation of complete trade agreements, which are crucial for growth. Unlike other regions that have succeeded in forming cohesive commerce pacts, South America continues to fight against a patchwork of bilateral and multilateral actions which often lack depth. This fragmentation is both a consequence of historical models of commercial dependence and the various political layouts that characterize the continent. Also, political instability in several South American countries have exacerbated the fragmentation of trade relations. Changing political tides often lead to sudden changes in economic policy, eroding the necessary confidence in supported commercial partnerships. Economic policies are frequently influenced by ideological changes, resulting in an inconsistent approach to negotiations, pricing regimes and regulatory standards. Countries that could benefit from cooperation are often disagreed because of these various political agendas, undermining the potential of a unified commercial strategy.

In addition, as Geddes (2023) precises, politicians face considerable dilemmas in the promotion of cohesive economic policies that can improve cooperation between nations. In a climate where internal political pressures and social disorders often dictate governance priorities, commitment to regional cooperation can decline. This volatility not only affects the negotiation process, but also affects the long-term viability of trade these are established. Trade barriers, including nontariff rates, still complicated the scenario. The different regulations and standards of each nation create an environment where companies find it difficult to navigate in the complexities of cross border trade, it is true that some blocks provide some harmonization, like the Andean Community, but not on a large-scale collective level. The absence of harmonized regulations can increase costs of business, discouraging trade and investment. Mutual recognition of standards and practices are essential to reduce charges and improve trade flows, but this remains a challenge given political and economic disparities among nations.

A comprehensive approach that synergizes cultural, educational and economic dimensions is essential to promote sustainable development throughout South America is needed to tackle this issue. By leveraging local cultural inheritances and community strengths, development initiatives can explore the intrinsic motivations of communities, facilitating participation and property. It is necessary that educational programs involving local populations in vocational training and skill development establish the foundations for greater preparation for the workforce, contributing to economic stability. Linking education and training to local industries, governments can generate synergies that promote individual empowerment and collective economic advancement. With this integrated approach, popular movements play a significant role in promoting economic cooperation. These movements are not only reactions to economic policies, but they are proactive movements that advocate the inclusion of local voices in decision making. Adding to this, community development initiatives are frequently involved in cooperation to challenges. By establishing platforms for dialogue and collaboration, nations can align their policies and priorities, promoting a sense of regional identity that transcends historical political divisions. Partnerships formed through community development efforts can evolve into more extensive alliances, giving rise to cooperative economic structures that reinforce regional integration.

Community development initiatives presented a promising road to improve economic cooperation in South America. By adopting integrated approaches that combine culture, education and economic policy, these initiatives not only meet the immediate needs of the community but also open the way for a regional collaboration. Base movements play a key role in this scenario, as evidenced by several case studies highlighting successful projects that strengthened regional ties and facilitated cooperative economic development. In this context, the request for a shared vision for economic cooperation between the South American nations is fundamental. The promotion of multipolar commitments allows a more diversified and resilient economic strategy that exploits the unique advantages of each Member State. Tackling the identified challenges while capitalizing opportunities requires an intentional commitment to dialogue and political alignment supported in all sectors. By creating platforms for collaboration that transcend individual nationalistic agendas, South American nations can work to develop coherent strategies that improve regional economic cooperation.

Furthermore, the exploration of innovative solutions represents a fundamental component to overcome existing obstacles and seize the opportunity for progress of development. The integration of advanced technologies, sustainable practices and inclusive economic strategies can provide the financial lever necessity to transform the current economic scenery. Investing in research and new economic models, financing mechanisms and capacity construction programs, these countries can not only overcome barriers but also strengthen a picture that feeds economic resilience and collective, continental growth and unity.

To conclude, the forward path for economic cooperation in South America requires unwavering commitment for collaborative practices that recognize the value of shared prosperity. Involving constructively in the process of dialogue, while remaining open to innovative solutions, it will be essential to exploit the full potential of the region. The need for aligned interests, unified strategies and a collective, continental vision cannot be left behind, since in the end they will determine the success of the South American nations in promoting a resilient and interconnected economic future.

3.2.2 U.S and European perspectives on China's expanding influence in South America

Throughout these years, the influence of China in South and Latin America has aroused several responses from the United States and Europe, with implications for the region's economic, political and cultural scenarios. These contrasts are essential to understand to visualize the two points of view of these two western powers and how they manage the dynamics at stake in South and Latin America, while navigating their relations with China. Weeks and Allison (2022) point that the commitment of Latin America with China is often seen through the objective of both strategic opportunities and potential dependence.

The United States approach to the expanding presence of China in LATAM as a whole is mainly characterized by concerns for national security and the conservation of its traditional sphere of influence. Historically, the United States had a remarkable lever and influence in the region, based on economic bonds, political lineage and alliances, and cultural connections. China's involvement is often perceived as a direct challenge to the hegemony of the United States. American politicians generally focus on the implication of Chinese investments in critical infrastructures, fearing that these projects can provide China not only economic influence, but also exploit in geopolitical contexts. The United States strategy has therefore evolved into a countermeasure, including economic partnerships, security initiatives and diplomatic awareness designed to reaffirm its commitment to South America.

The European perspective on the role of China in South America is informed by a distinct part of priorities, focusing more on the partnership and shared interests rather than on containment. Europe perceives China's commitment as an opportunity to strengthen multilateralism and promote sustainable development through commercial and cultural exchange. The European Union highlighted the collaboration on climate change and development objectives. Chinese investments can integrate rather than competing directly with European objectives. This approach reflects the desire to integrate China's influence into a wider narrative of global governance, in which European powers support a balanced geopolitical panorama that recognizes the flourishing economic interdependence between all regions.

Diving into economic implications, both the United States and European meetings with China highlight the duality of opportunities and risks. United States officials express concerns for the fact that Latin American countries can become economically dependent on China, hindering their sovereignty and economic diversification. In the meantime, European interest parties tend to focus on how these addictions could be navigated in a way that improves rather than decreasing South American autonomy. This divergence in the strategic vision underlines the interaction of external influences in the region and reflects the wider ideological differences between the United States and Europe, ultimately modeling the outlines of the geopolitical landscape evolving in Latin America. The economic scenario of Latin America is significantly remodeled by the BRI, which presents distinct challenges and opportunities perceived though the lenses of the United States and European politicians. From the point of view of the United States, the expansive investments of China in Latin America act as a clear face to the American hegemony. In clear contrast, the European perspective on the influence of China is characterized by a more nuanced understanding of potential benefits. European leaders are increasingly recognizing that Chinese investments could provide vital resources to face the infrastructure deficiencies of Latin America, which prevented regional growth and integration for decades. Europe largely supports the commitment that aligns with its own values of sustainability and growth (Ikenberry, 2024). This reflects a wider strategic vision in which European politicians promote narratives of green growth trying to ensure that investments will not only serve immediate economic interests but also favor stability and resilience within South and Latin American nations.

The different strategies adopted by the United States and the European Union as regards Chinese influence reveal the ideological divisions at the base. The United States approach tends to give priority to guarantee its interests and contrast China’s rise through measures that could include greater diplomatic pressure or strategic partnerships with traditional allies in the region. The European Union seems willing to engage in a more collaborative picture, potentially exploiting economic and diplomatic ties to ensure that Chinese investments adhere to international standards. This divergence highlights the complexities of global interdependence and the multifaceted nature of international relations in an era marked by changing dynamics of power.

However demanding, the growth of "Chinese flu" in South America requires a revaluation of both the United States and European roles. For the United States, supporting its influence can request innovative strategies that deal with contemporary regional priorities rather than relying on historical domain. The European Union on collaborative commitment can offer a model of a more constructive interaction, promoting the development that not only benefits external actors, but also gives priority to the needs and aspirations of Latin American countries themselves. In summary, the economic implications of the BRI amplify the need of both the United States and Europe to carefully consider their strategies in Latin America, balancing competition with collaboration in a context of evolving geopolitical reality. Politically, the United States adopted a defensive position in response to China's growing influence in Latin America, realizing it as a strategic challenge to its long hegemony in the region. This perspective aligns with U.S emphasis on combating authoritarianism and promoting democracy governance as a central component of its foreign policy goals. U.S strategies include strengthening ties with regional allies, providing support for anticorruption initiatives, and improving political dialogue with Latin American governments Graaff and Van Apeldoorn (2018) mention that this approach is rooted in a traditional view of geopolitics, where the main concern is to maintain the influence on allied nations and prevent the emergence of rival powers. The United States thus perceives its role as protector of democratic ideals and stability in Latin America, based on the Monroe Doctrine, which leads to a political structure characterized by military partnerships and economic assistance, with the aim of making China's influence less attractive to Latin American countries.

On the other hand, the EU's political response to China's advances in Latin America is remarkably more pragmatic and characterized by a vision of constructive involvement. Instead of seeing China only through a competitive lens, European nations advocate a cooperative approach that emphasizes multilateralism and diplomacy. This perspective, as articulated by Ikenberry (2024), seeks not to isolate China, but to integrate it into an international order based on established rules. This is particularly evident in initiatives designed to promote development partnerships in the region that focus on establishing structures for collaboration. European strategies often involve promoting sustainable development, human rights and cultural exchange, reflecting the belief that engagement can lead to shared benefits and greater stability.

As South American countries drive through the complexities of their relationship with emerging powers, they must strive to cultivate a strong sense of identity that honors their various cultures and stories. The process of affirming this identity amid external influences, particularly in the context of Chinese expansion, will probably define the 21st century trajectory of Latin America. In the exploration of these dynamics, a richer understanding must be grasped of how these nations can affirm their presence and define their futures in a globally interconnected environment. The varied responses of the United States and the European Union to the growing influence of China in Latin America highlight the intricate and dynamic evolution that defines international relations in the region.

The interaction of economic initiatives, political strategies and cultural considerations shows the complexity of Latin America's positioning in a multipolar world. As China expands its footprint through investments and commercial agreements, Latin American countries exhibit influence in their external relations, seeking to take advantage of the best each partner has to offer at the same time as they affirm their sovereignty. By getting involved with Western powers and China, they can cultivate a dynamic outlook of collaboration, which mixes opportunities with the risk of excessive dependence on any power. Finally, the understanding of these contrasting perspectives is vital to understand the potential trajectories of South and Latin American countries. Continuous change in global dependence obliged them to adopt adaptive strategies that promote economic growth, protect their sovereignty and promote cultural dialogue. This engagement will be fundamental as it will position themselves within an increasingly interconnected structure shaped by historical legacies and contemporary geopolitical realities, ensuring that their voices resonate in the global scenario as they steer in an era defined by deep transformation.

Chapter 4: Conclusion and Geopolitical Implications

4.1 Summary of Key Findings

The initial hypothesis that guided this research postulated that the BRI would not only reinforce the economic domain of China but would also catalyze varying degrees of economic development among participating countries, with implications for global governance, trade policies and geopolitical dynamics for Peru and South America. I was able to identify recurring themes around the balance of power, theory of dependence and regional cooperation, all key in the complex context of South America. Peru' formal adhesion to the BRI in 2019 marked a turning point in its foreign policy and economic strategy. Building on earlier frameworks like the 2009 China-Peru Free Trade Agreement (FTA), Peru has positioned itself as a pragmatic and reliable partner for Chinese investment. This reflects Peru's broader objective of diversifying international partnerships to close its infrastructure shortcomings and enhance its long-term competitiveness. This research confirms that Peru's participation in the Belt and Road Initiative (BRI) must be understood through competing theoretical lenses within International Relations and International Political Economy. The findings demonstrate that the BRI simultaneously reflects realist power expansion, liberal interdependence, and dependency-structure dynamics. Rather than fitting neatly into one paradigm, Peru's case illustrates how infrastructure diplomacy operates at the intersection of material power, institutional capacity, and structural asymmetry.

From a realist perspective, the BRI represents a strategic instrument of statecraft through which China consolidates influence across critical nodes of global trade. The Port of Chancay exemplifies this dynamic. Infrastructure is not neutral; it reconfigures geography in ways that shift power balances. By embedding Peru within transpacific trade corridors, China deepens its structural presence in the Western Hemisphere. This aligns with realist interpretations of competition, particularly amid intensifying U.S. China rivalry. Peru's participation thus unfolds within a shifting balance-of-power system characterized by a transition from U.S. unipolarity toward multipolarity.

However, from a liberal interdependence perspective, however, the BRI also creates mutual economic benefits. Infrastructure development reduces transaction costs, enhances connectivity, and facilitates integration into global value chains. The findings confirm that Chinese investments in logistics, mining, and energy sectors offer Peru tangible modernization opportunities. Increased trade interdependence can, under stable conditions, promote cooperation and shared growth. Yet dependency theory offers a cautionary interpretation. Structural asymmetries between capital exporting China and capital importing Peru can evolve into a center periphery dynamic. Majority ownership structures, long-term concessions, and concentrated trade flows may embed Peru more deeply in extractive patterns tied to Chinese demand. Sensitivity to external shocks increases when export diversification remains limited. The research confirms that the asymmetry of capital and technological flows is a critical variable shaping long-term sovereignty and bargaining power.

Economically, the BRI has injected massive investments into Peru's infrastructure, mining and energy sectors. These flows bring employment and technological transfers but also expose the country to risks of dependency. COSCO's majority control over Chancay marks the structural asymmetry of the partnership, raising the explored concerns about sovereignty and bargaining power. They key challenge for Peru is to transform Chinese capital into inclusive and sustainable development while avoiding excessive reliance on a single partner. On the geopolitical realm, The Peruvian Chinese partnership and growing "friendship", unfolding during the growing intensification of U.S.-China rivalry leads Washington to view Chancay as a strategic node that extends China's influence across the Pacific, which can lead to a scalation of frictions and diplomatic encounters, as well as competing integration initiatives. For Peru and South America, these dynamic offers opportunities to leverage multipolarity and expand its strategic maneuvering space but also places them in the middle of an escalating global competition. However, while there are major opportunities, the asymmetrical nature of Chinese capital flows reinforces structural vulnerabilities. The challenge remains how to convert foreign capital into inclusive and sustainable development without compromising sovereignty or policy autonomy.

Institutionally, the extent to which Peru benefits from the BRI is strictly conditioned by its institutional strength. Weak governance, political instability, and corruption scandals reduce the state's capacity to regulate foreign investment and negotiate equitable terms with Chinese enterprises. This institutional fragility increases the likelihood that BRI projects will reinforce dependency rather than serve as catalysts for structural transformation. Beyond physical infrastructure, the BRI also advances through the Digital Silk Road, which companies such as Huawei and ZTE expanding in Peru's telecommunications and surveillance sectors. These investments improve connectivity and modernize digital infrastructure, they raise concerns about data governance, cybersecurity, and technological dependence.

Peru distinguishes itself as one of China's most pragmatic partners in South America, with early initiatives. Compared to Brazil, Chile, or Argentina, Peru has presented fewer ideological barriers and greater openness to Chinese enterprises. This positioning strengthens Peru's role as a "bridge state" for China's engagement with South America, and consequentially Latin America. Brazil plays a decisive role in shaping this regional dynamic. As the largest economy in South and Latin America and China's primary trading partner in the region, Brazil's relationship with Beijing is structurally anchored in commodity interdependence, especially soybeans, iron ore, and crude oil. Unlike Peru, Brazil has greater market size and industrial capacity, which increases its bargaining leverage. However, high export concentration toward China reinforces exposure to fluctuations in Chinese demand. Brazil's alternating political administrations have oscillated between strategic partnership and geopolitical caution, illustrating how domestic ideological shifts mediate the depth of economic alignment with China.

On the other hand, to the south-west of the continent, Chile offers a contrasting example of institutional continuity. Its early free trade agreement with China and stable regulatory framework have allowed it to integrate into Asian markets with relative predictability. Strong macroeconomic management and transparent legal institutions reduce transaction risk and strengthen the state's negotiating position. Yet, like Peru, Chile remains heavily dependent on copper exports. The persistence of commodity concentration suggests that even institutionally robust states face structural constraints when their comparative advantage remains tied to extractive sectors.

Argentina's trajectory underscores the fiscal dimension of asymmetry. Recurrent macroeconomic crises and limited access to international capital markets have increased reliance on Chinese loans, in contrast to recent governmental claims, swap arrangements, and infrastructure financing. In periods of financial stress, Chinese credit has provided liquidity and investment when Western capital retreated. However, this dependence amplifies negotiation asymmetries, particularly when repayment is linked to commodity exports or long-term concessions. Argentina demonstrates how structural vulnerability in the global financial system can translate into deeper external dependence.

Ecuador presents a similar but more concentrated case. Chinese financing during the commodities booms funded hydroelectric dams, transportation infrastructure, and energy projects. Many of these loans were secured against future oil exports, embedding fiscal commitments within commodity cycles. When oil prices declined, repayment pressures intensified. Ecuador's experience illustrates the interaction between dependency theory and fiscal governance: infrastructure may expand state capacity in the short term, yet poorly diversified revenue streams limit long-term autonomy.

Bolivia's engagement centers on strategic resources, particularly lithium. As global demand for battery technology increases, Bolivia's reserves offer potential leverage within emerging supply chains, with a new government willing to expand its trade and commerce with Asia. Chinese firms have sought partnerships in extraction and processing, positioning Bolivia within the global energy transition. However, without domestic technological upgrading and value-added industrialization, lithium extraction risks replicating historical patterns of raw material export without structural transformation. The critical variable remains whether Bolivia can convert resource wealth into industrial capacity rather than export dependence.

In contrast, Colombia historically maintained closer political and security alignment with the United States, which shaped a more cautious approach to Chinese engagement. However, expanding trade flows and infrastructure interests indicate gradual diversification. Colombia's more diversified export structure reduces immediate vulnerability to a single market, yet its Pacific connectivity remains importantly less developed than Peru's due to geography, infrastructure and demography. As Chinese firms increase participation in energy and transport sectors, Colombia's strategic calculus may evolve toward greater economic pragmatism within a multipolar environment.

However, Uruguay, between two giants, illustrates how smaller states can exercise agency through institutional credibility. With stable governance indicators and prudent fiscal management, Uruguay has pursued deeper trade integration with China while preserving diversified diplomatic relations. Its exploratory negotiations toward a bilateral trade agreement demonstrate proactive strategy rather than reactive dependency. Uruguay's case suggests that institutional strength can partially offset asymmetry in economic size.

Paraguay represents an exception within South America, as it maintains diplomatic recognition of Taiwan rather than the People's Republic of China. This position limits formal engagement with the BRI and restricts direct access to Chinese markets and financing. Paraguay's stance reveals how diplomatic recognition remains intertwined with economic opportunity in the region. It also demonstrates that geopolitical alignment choices can shape development pathways in tangible ways. At the regional level, fragmentation weakens collective bargaining capacity. South American integration mechanisms, including MERCOSUR, Andean Community, and the Pacific Alliance, have not articulated unified frameworks for engagement with China. Negotiations therefore occur bilaterally, reinforcing asymmetries between a consolidated major power. Regional coordination could enhance leverage, standardize regulatory safeguards, and reduce competitive concessions. The absence of such coordination strengthens China's relative structural advantage on the region.

China's growing presence across South America reflects strategy. Investments in ports, energy grids, telecommunications, and logistics corridors extend influence without formal military deployment. Infrastructure becomes an instrument of positioning within global trade networks. As U.S. China rivalry intensifies, South American states increasingly find themselves navigating external competition over strategic nodes. However, increased trade and investment generate mutual gains. Chinese demand supports export revenues, infrastructure financing addresses chronic deficits, and connectivity reduces transaction costs. Interdependence may stabilize relations through shared economic interests. Yet this stability depends on diversification and balanced exchange. Where trade remains concentrated in primary goods, interdependence becomes asymmetric rather than reciprocal.

Dependency theory remains salient across the region. Structural asymmetries in capital, technology, and production prime despite modernization efforts. The pattern of exporting raw materials in exchange for manufactured goods and technological infrastructure mirrors historical center periphery dynamics. Without strategic industrial policy and domestic innovation systems, integration into Sino spheric supply chains may reproduce rather than transform structural hierarchies. Therefore, Institutional capacity consistently emerges as the decisive mediating variable. Countries with stronger governance frameworks, regulatory oversight, and macroeconomic stability negotiate more balanced arrangements and manage external shocks more effectively. Political instability and corruption reduce bargaining power and increase the risk of opaque agreements. Institutional resilience determines whether infrastructure diplomacy facilitates structural transformation or entrenches dependency.

Finally, while it is true that the immediate benefits are primarily economic, the implications of projects as the Chancay Port are geopolitical. As global competition between China and the United States intensifies, infrastructures nodes built under the BRI may acquire dual functions, shifting from commercial assets to strategic outposts. Peru risks becoming an arena for a great power rivalry, where its infrastructure becomes embedded in broader geopolitical competition.

4.2 Implications for Peru

The consequences of Peru's adhesion to the Belt and Road Initiative (BRI) are profound. Its economic trajectory and strategic positioning are major focal points. Peru is standing to benefit from large scale infrastructure, especially the Chancay mega port, which will transform the country into a global hug for transpacific trade. Domestically, the sustainability of BRI linked projects will depend on governance, transparency, and accountability. If managed responsibly, these projects can reinforce Peru's long-standing ambition to modernize its economy and advance toward OECD membership. If mismanaged, they risk exacerbating inequality, triggering social resistance, and undermining strategic autonomy. Peru therefore faces a historic opportunity coupled with significant risk. Its future will hinge on its ability to channel Chinese investment into inclusive growth, maintain equilibrium in great-power politics, and ensure that sovereignty and national priorities remain at the center of its development strategy.

The most important implication is that Peru is becoming structurally embedded in Asia centered trade architecture in a way that changes its geopolitical gravity. Infrastructure such as the Port of Chancay is not only about reducing shipping time; it alters trade orientation. When export corridors, port capacity, and logistics chains are optimized around transpacific routes, Peru's economic center of mass shifts further toward China and East Asia. Over time, this shapes elite incentives. Ministries of finance, trade, and energy begin to prioritize stability in China relations because domestic growth becomes more tightly correlated with Chinese demand. That does not require overt pressure from Beijing. The influence operates through market dependence. In geopolitical terms, Peru's "sensitivity" to China increases. Sensitivity is different from vulnerability. Sensitivity refers to how quickly one actor is affected by changes in another's behavior. Vulnerability refers to how costly it is to adjust. Peru is highly sensitive to Chinese commodity demand because of copper and mineral exports. The BRI, by improving logistics and lowering trade friction, increases this sensitivity. The vulnerability question is whether Peru retains viable alternatives. If export diversification remains limited and infrastructure is optimized primarily for China trade, adjustment becomes more costly. That narrows policy flexibility in crisis scenarios.

At a geopolitical level, Peru's alignment with the BRI redefines completely is place within the shifting international order. Peru's adhesion to the BRI takes place in the context of intensifying competition between China and the United States. The global order is undergoing a transition from unipolarity toward a more contested and multipolar configuration. The United States has historically maintained deep political, economic, and security ties with Peru. Cooperation on narcotraffic, defense, and democratic governance has been a cornerstone of bilateral relations. At the same time, China's economic footprint has expanded rapidly. For Peru, the challenge is not choosing one partner over the other but managing both relationships without becoming overly dependent on either.

Participation in the BRI may be perceived in Washington as a sign of closer alignment with Beijing. The United States has launched its own infrastructure initiatives, such as the Partnership for Global Infrastructure and Investment, partly in response to China's expanding influence. Peru thus finds itself navigating a competitive landscape in which infrastructure financing is intertwined with strategic signaling. Failure to strike balance could expose Peru to diplomatic or economic pressure. For example, overreliance on Chinese financing could limit policy autonomy if disputes arise. Conversely, overt alignment with U.S. countermeasures could jeopardize Chinese investment flows. Strategic hedging, rather than alignment, appears to be the most viable path.

Second, strategical concerns signaling in great-power competition. Peru's BRI participation, especially through high-profile projects like Chancay, has become symbolically significant beyond Peru itself. In an era of U.S. China rivalry, infrastructure in the Western Hemisphere is interpreted through a strategic lens. When a Chinese state firm operates a major port in Peru, Washington does not see only cranes and containers, it sees influence infrastructure. Beijing does not see only commercial investment; it sees a durable foothold in a region historically aligned with the United States. This mutual suspicion transforms otherwise commercial arrangements into geopolitical markers. For Peru, this means that domestic regulatory or contractual disputes can escalate into international incidents. Sovereignty debates around port oversight or legal frameworks become magnified because external actors interpret them as signs of alignment. The geopolitical implication is that Peru's internal governance choices are now entangled with global rivalry. Even routine administrative decisions risk being framed as either concessions to China or resistance to U.S. influence.

Third, the BRI changes Peru's leverage profile. In theory, engaging China increases Peru's bargaining power by giving it alternatives to Western financing and markets. That diversification can strengthen autonomy. However, leverage is asymmetric when scale is unequal. China's economy outshines enormously Peru's. If Peru becomes highly dependent on Chinese trade flows while China's exposure to Peru remains relatively small, the leverage differential favors Beijing. Peru can threaten to restrict access or renegotiate terms, but China can more easily redirect trade to other suppliers. The geopolitical implication is that leverage exists but is limited; it must be used strategically and sparingly to avoid retaliation.

A fourth implication, the BRI reshapes Peru's development model in ways that carry geopolitical consequences. If infrastructure investments primarily support extractive exports, Peru risks reinforcing a commodity growth pattern. Commodity dependence has geopolitical effects because it exposes the state to external demand shocks and price cycles. Governments under fiscal strain are more susceptible to external influence and less capable of independent foreign policy. Conversely, if Peru uses BRI infrastructure to move up value chains, build processing capacity, and attract diversified industrial activity, it can convert Chinese engagement into greater strategic resilience. The geopolitical trajectory depends on whether Peru remains a raw material node or becomes a processing and logistics platform with diversified capabilities.

While Chinese investment offers opportunities to modernize infrastructure and enhance competitiveness, they also deepen Peru's exposure to suffer the consequences from the strategic rivalry between China and the United States, where ongoing strategic measures to counteract the influence of both hegemons on Peruvian soil is taking place. Based on these actions, Peru must carefully balance its relationship with both powers, leveraging Chinese investment while safeguarding its long ties with Washington. A failure to strike balance could expose Peru to diplomatic or economic pressures that can compromise its autonomy. In the domestic sphere, the sustainability of BRI-linked projects will depend on governance and accountability. If managed responsibly, the BRI projects can support Peru's ambitions for OECD membership by advancing its National Infrastructure Plan for Competitiveness. But, if these issues are neglected, there is a risk that projects could exacerbate inequality, triggering social resistance, and in consequence undermine strategic autonomy.

Fifth, digital infrastructure under the BRI framework introduces a different form of geopolitical entanglement. Telecommunications networks, port digitization systems, surveillance platforms, and data management technologies create technological ecosystems. Once integrated, these systems are difficult to replace without high cost and operational disruption. If Peru's digital backbone, especially in critical infrastructure like ports and energy grids, relies heavily on Chinese vendors, Peru's regulatory and security choices may gradually align with those ecosystems. In periods of heightened technological decoupling between the United States and China, Peru could face pressure to restrict or replace certain technologies. The cost of doing so would be high. Thus, digital integration reduces flexibility in strategic alignment over time.

Sixth, the BRI has implications for Peru's regional standing. By positioning itself as a Pacific hub for China South America trade, Peru increases its strategic relevance within the continent. That can enhance diplomatic weight and economic attractiveness. However, it also exposes Peru to competitive dynamics with neighbors. If Peru becomes the primary gateway for Chinese trade flows, Chile and other Pacific states may respond by strengthening their own ties or adjusting their policies. Regional competition can fragment collective bargaining with China, reducing the possibility of coordinated standards on labor, environment, or contract transparency. From a geopolitical standpoint, China benefits when regional actors negotiate separately rather than collectively.

Seventh, domestic political stability becomes geopolitically salient. Peru has experienced significant political volatility in recent years. When infrastructure projects tied to major powers intersect with unstable domestic politics, uncertainty rises. A future government might seek to renegotiate contracts, adjust regulatory frameworks, or rebalance foreign relations. Such moves could trigger diplomatic friction or economic retaliation. Investors may perceive Peru as a higher-risk environment, raising borrowing costs. The geopolitical implication is that domestic institutional weakness magnifies the strategic stakes of foreign investment. Stable governance strengthens Peru's autonomy; instability increases its susceptibility to external influence.

Eighth, environmental and social conflict can translate into geopolitical constraint. Peru's extractive sector frequently intersects with indigenous territories and ecologically sensitive areas. If BRI linked infrastructure accelerates mining expansion without adequate safeguards, domestic backlash could intensify. Large scale protests or legal battles could delay projects and strain bilateral relations with China. At the same time, environmental controversies can attract attention from international NGOs and foreign governments, adding another layer of external involvement. The geopolitical outcome is that environmental governance becomes part of Peru's strategic credibility. Poor management not only damages ecosystems but also weakens Peru's negotiating position internationally.

Ninth, Peru's military and security are indirectly affected, even if no overt military dimension exists in BRI projects. Infrastructure with dual-use potential, such as deep-water ports, does not automatically imply military basing. However, in geopolitical competition, perception often matters more than intent. The presence of Chinese operated strategic infrastructure in Peru has influenced U.S. security planning in the region, leading to increased engagement, scrutiny, or counterbalancing initiatives. Peru could find itself in a position where its territory becomes symbolically significant in narratives about hemispheric security, even if it seeks to avoid that role.

Ultimately, the core geopolitical implication for Peru is strategic entanglement. Engagement with the Belt and Road Initiative increases economic opportunity and connectivity, but it also embeds Peru more deeply in Chinese systems at a time when global politics is increasingly polarized. The risk is not immediate domination or overt coercion. It is gradual constraint. Policy choices become more costly to reverse and have impact. Alignment signals become more consequential. Economic shocks transmit more directly.

Diplomatic neutrality becomes harder to maintain in moments of crisis. Peru’s challenge is to convert entanglement into managed interdependence rather than asymmetric dependence. That requires diversifying trade partners even as China grows, strengthening domestic institutions to oversee contracts and regulation, investing in value-added sectors, and maintaining active diplomatic engagement with multiple major powers. If Peru can sustain that balance, BRI participation may enhance its autonomy by widening its options. If not, the same infrastructure that promises connectivity could narrow strategic flexibility in a more divided global order. For Peru, the BRI offers a historic opportunity to modernize its economy and consolidate its role as a strategic Pacific gateway. Nonetheless these benefits are not guaranteed to a maximum. Peru’s future will hinge on its ability to channel Chinese investment into inclusive growth, maintain equilibrium in great power politics, and ensure that sovereignty and national priorities remain at the center of its development strategy.

4.3 Implications for South America

The BRI acts as a powerful catalyst for addressing chronic infrastructure deficits across the region. Investments in ports, railways, energy plants, and digital infrastructure can integrate Latin America more deeply into global value chains, particularly for resource rich economies in agriculture, energy and mining. BRI projects encourage knowledge transfer in telecommunications and renewable energy offering opportunities for South American countries to modernize and innovate. However, growing weight on Chinese financing and investments introduces new political dynamics. On one hand, Chinese engagement strengthens bilateral cooperation and positions Beijing as a vital development partner. On the other, concerns arise regarding transparency, governance standards and the potential weakening of democratic institutions.

China's Belt and Road Initiative is often described as an infrastructure program, but in geopolitical terms it works more like a prolonged duration method of rearranging incentives and implications. By financing and constructing ports, power plants, transmission lines, highways, rail corridors, and digital networks, China shapes what a country can export, where it exports to, what kinds of firms dominate key sectors, and which external partners become hard to replace. In South America, where infrastructure gaps, fiscal constraints, and commodity growth models are common, the BRI's appeal is practical. The geopolitical effect comes from the way these practical projects harden into structural dependence over time. A first implication is that the BRI accelerates a quiet reorientation of South American economic geography toward the Pacific and toward Asia supply chains. The flagship example is Peru's Port of Chancay, the main hub designed to shorten shipping times and deepen direct links between South America and Asian markets, sort of a "trade highway" intended to turn Peru into a strategic commercial hub between South America and Asia. If export corridors and logistics platforms become optimized around China-bound commodities, then the region's "default settings" for trade shift. That kind of shift is geopolitical because it changes who has the strongest day-to-day influence overgrowth, employment, and foreign exchange stability.

Once a country's exports rely heavily on a particular terminal, shipping ecosystem, and set of operators, switching is expensive and politically disruptive. That creates a form of leverage that is not always visible in a crisis, but shows up in bargaining situations: regulatory disputes, contract renegotiations, diplomatic spats, or competition over standards. Recent reporting on Chancay illustrates how governance questions around oversight can become geopolitical flashpoints. The Associated Press reported a U.S. warning that Peru could "lose its sovereignty" to China via the port, triggered by a Peruvian court ruling that limited local regulatory oversight in certain ways, and the dispute itself became part of a wider U.S.–China narrative struggle. Even if one rejects the rhetoric, it underscores the mechanism: when critical nodes are foreign-financed and foreign-operated, domestic legal and administrative decisions can acquire international strategic meaning.

A second major implication is that the BRI deepens South America's role as a supplier of strategic resources for China's industrial model and energy transition, which can reinforce an old center–periphery dynamic in new clothes. China's interest in the region is tightly tied to commodities, including copper, iron ore, soy, oil, and increasingly lithium and other energy-transition minerals. The BRI facilitates extraction by reducing transport and energy bottlenecks, and by bundling construction with financing and contractor networks. Over time, this can lock in a pattern in which South American economies remain optimized for exporting raw materials, while importing higher-value manufactured goods and advanced technology. Geopolitically, that matters because commodity dependence tends to amplify vulnerability to external demand shocks and price cycles, which in turn constrains foreign policy space. A government under stress from falling export revenues generally has fewer options, not more. At the same time, the resource dimension creates bargaining opportunities for South America if governments can use strategic minerals to negotiate upstream value creation, such as refining, battery supply chains investment, or port industrial zones. The geopolitical hinge is whether states can turn commodity leverage into industrial policy wins. If they can, BRI participation can support strategic autonomy. If they cannot, BRI participation can deepen dependence by making growth even more contingent on one external buyer and one set of financiers.

Third, development finance as a tool of geopolitical positioning. One reason the BRI is influential is that it arrives with financing that can be faster and, in many cases, less politically conditional than traditional Western channels. This changes the "market" for influence. When a South American state can plausibly choose between Chinese policy banking style financing, multilateral lending, private capital markets gain leverage. But the opposite also happens, if Chinese financing becomes the lender of last resort for a country with limited alternatives, dependency grows. Scholarship on Chinese development finance in South and Latin America emphasizes that borrowing decisions are not just economic; they are entangled with political conditions and strategic preferences. Debt and contract structure are where geopolitical risk becomes concrete. The stereotype of "debt trap diplomacy" is debated, but a simpler reality holds large projects with opaque terms, weak oversight, or optimistic revenue forecasts can create fiscal pressure, and fiscal pressure can translate into policy concessions or a reduced ability to resist external influence. This is not unique to China, but the BRI's scale and speed can intensify it. Ecuador's experience with major Chinese-financed hydropower projects is often discussed in this context, including debates over project performance, governance, and environmental and social impacts. The geopolitical point is not that a lender automatically controls a borrower; it is that financial stress narrows sovereignty in practice, because fewer choices are feasible.

Fourth, the BRI can reshape domestic political coalitions inside South American states, and those coalitions, in turn, shape foreign alignment. Infrastructure and extractive projects create winners and losers. Construction firms, logistics operators, export-oriented agribusiness, and mining interests often benefit directly. Communities affected by land use changes, environmental harm, or labor disputes may bear costs. When the winners have strong political access, a pro-BRI coalition can stabilize and push for deeper engagement. When the losers mobilize effectively, backlash can politicize China ties and make foreign policy swing with election cycles.

A fifth implication is that the BRI intensifies great-power competition in the region, changing how Washington, Beijing, and South American capitals interpret each other's moves. U.S. responses are increasingly direct. Reporting on Panama's decision to exit the BRI, which Reuters linked to U.S. pressure and broader concerns about Chinese presence near the Panama Canal, shows how infrastructure participation itself can become a marker in geopolitical contestation. This competition affects South America by raising the cost of ambiguity. Many South American states would prefer to hedge, taking Chinese capital while maintaining U.S. security and financial ties. The geopolitical implication is that BRI projects can become entangled in disputes that are not fundamentally about the projects themselves, but about signaling alignment in the broader U.S. China competition.

Sixth, increasingly important, is the Digital Silk Road angle, telecom infrastructure, cloud services, undersea cables, satellite cooperation, and smart port systems. Digital infrastructure creates a different kind of dependency than roads or dams. Physical infrastructure affects trade flows; digital infrastructure affects information flows, standards, and security assumptions. If a country's critical communications backbone, port operating systems, or public-sector digital services rely heavily on Chinese technology ecosystems, then switching costs become not only financial but also operational and security related. That can shape regulatory choices and foreign alignment, especially if U.S. China technology decoupling continues; digital influence also plays out through standards. If Chinese vendors help set the de facto technical and governance standards for port digitization, customs processing, surveillance systems, or city management platforms, then future upgrades and interoperability may pull countries deeper into that ecosystem. This is geopolitics through path dependence: once systems are compatible with one stack, it becomes easier to keep that stack.

Seventh, involves strategic narratives and legitimacy. China's messaging emphasizes mutual development, non-interference, and South–South cooperation, while U.S. messaging often emphasizes transparency, governance, and strategic risk. The "information politics" around the BRI can influence elections, public trust, and the perceived legitimacy of governments that pursue or reject Chinese investment. The Chancay controversy illustrates how quickly competing narratives can escalate: U.S. officials framing port control as sovereignty risk, and Chinese outlets framing U.S. criticism as hegemonic interference. South American governments then operate in a contested narrative environment where every procurement decision can be interpreted as geopolitical alignment. Large infrastructure and extractive projects intersect with the Amazon, Andean hydrographic systems, and sensitive coastal zones. Research and reporting on Chinese-backed projects in the region highlights recurring tensions around environmental and community impacts, particularly in large hydro and resource projects. If BRI linked growth drives deforestation or water stress, the backlash could reshape domestic politics and invite external pressure, which then loops back into geopolitical alignment. Conversely, if projects shift toward higher environmental standards and renewables, China's presence can be framed as part of a "green transition," improving soft power and political durability.

Finally, an eight implication is the way BRI participation interacts with diplomatic recognition and China's broader foreign policy goals, including its preference for partners to adhere to the "One China" principle and its interest in support in multilateral forums. In Latin America and the Caribbean, there is a history of countries switching diplomatic recognition from Taiwan to China around the period of deepening economic ties, including BRI engagement, though motivations vary by country. More broadly, as more countries sign BRI cooperation plans, China can point to participation as evidence of global legitimacy and leadership, and partners may feel subtle incentives to avoid actions that would be interpreted as hostile. Reuters' report on Colombia signing a BRI cooperation plan in 2025 is an example of how formal BRI linkage continues to expand in the region, reinforcing China's institutional presence.

Pulling these threads together, the deeper geopolitical implication is that the BRI changes South America's strategic environment less through dramatic "takeovers" and more through cumulative constraint and opportunity. It creates new possibilities for infrastructure and growth, which can strengthen autonomy if managed with strong institutions, transparent contracts, and diversified partnerships. But it also creates new forms of dependence through trade concentration, financing exposure, vendor lock-in in digital systems, and the political entrenchment of project-centered coalitions. The region's challenge is not simply deciding whether to "accept" or "reject" the BRI, because the economic gravity of China will remain. The real geopolitical question is whether South American states can convert engagement into durable national capability and bargaining power, or whether engagement hardens into a new version of externally driven development where the core strategic decisions are shaped elsewhere. China's expanding footprint in South and Latin America alters the traditional balance of power historically dominated by the United States. The projects and investments do not just serve economic purposes but also function as instruments of diplomatic influence, enabling Beijing to secure favorable alignments in international forums, deepening the competition between China and the United States in the hemisphere, placing South and Latin American countries in a delicate position, where much needed development is needed, but can be a great cost to pay, with their hands tied in case of tension and conflict.

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