

## The Strategic Context of China's Advance in Latin America: An Update

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## Introduction

During the months following the election of Donald Trump as President of the United States, the People's Republic of China (PRC) continued to make significant progress in expanding its political, military, and economic presence in Latin America and the Caribbean. In November 2016, just days after the U.S. election, China's President Xi made his third major trip to the region, visiting Ecuador, Chile, and Peru. At the annual Asia-Pacific Economic Cooperation forum leadership summit in Lima, President Xi's promotion of a China-centric "Free Trade Area of the Asia-Pacific" was particularly well-received by a Latin American audience concerned by the announcement of the incoming Trump administration that it was withdrawing from the Trans-Pacific Partnership<sup>2</sup>.

In November 2016, China quietly signed \$2.2 billion in new petroleum agreements with Venezuela<sup>3</sup>, while China's most important public utility company, State Grid, continued its multi-billion-dollar expansion in the region, completing its \$10.4 billion acquisition of almost 100% of the assets of the electric company CPFL<sup>4</sup>. As President Trump's rhetoric about building a wall on the U.S.-Mexico border prompted the cancellation of a scheduled summit with Mexican President Enrique Peña Nieto, Chinese national oil company CNOOC paid a premium to acquire rights to explore for oil in waters along the U.S.-Mexico border<sup>5</sup>. As President Trump celebrated the decisions by Carrier and General Motors to cancel plans to build factories in Mexico, the Chinese automaker JAC announced plans to build one in the Mexican state of Hidalgo<sup>6</sup>.

The discourse and U.S. policy initiatives at the beginning of the Trump administration has fueled concern and resentment in Latin America that creates an opportunity for the PRC to accelerate the expansion of its engagement with the region, with serious consequences for the commercial and strategic position of the U.S. Yet it also tempts the Chinese, in conjunction with U.S. challengers in the region, to overstep, potentially leading to trade, political or other conflict with an administration distrustful of China and disposed to defend U.S. interests globally.

2- Ana Swanson, "Trump just announced he'd abandon the TPP on day one. This is what happens next," *The Washington Post*, November 22, 2016, [https://www.washingtonpost.com/news/wonk/wp/2016/11/22/trump-just-announced-hed-abandon-the-tpp-on-day-one-this-is-what-happens-next/?utm\\_term=.a2e4c62152d5](https://www.washingtonpost.com/news/wonk/wp/2016/11/22/trump-just-announced-hed-abandon-the-tpp-on-day-one-this-is-what-happens-next/?utm_term=.a2e4c62152d5).

3- Lucas Koerner, "China and Venezuela Sign \$2.2 Billion Deal to Boost Oil Output," *Venezuelanalysis*, November 16, 2016, <https://venezuelanalysis.com/news/12792>.

4- "State Grid to own 100% of CPFL," *China Daily*, February 18, 2017, <http://www.ecns.cn/business/2017/02-18/245911.shtml>.

5- Jude Weber, "China boosts Mexico ties by grabbing blocks in oil auction," *Financial Times*, December 5, 2016, <https://www.ft.com/content/9982457e-bb31-11e6-8b45-b8b81dd5d080>.

6- Pilar Juarez, "JAC invierte 4 mil 400 mdp en planta automotriz en Hidalgo," *Milenio*, February 1, 2017, [http://www.milenio.com/negocios/jac\\_motors-hidalgo-mexico-autos\\_chinos-inversion\\_mexico-ciudad\\_sahagun-milenio\\_0\\_895110721.html](http://www.milenio.com/negocios/jac_motors-hidalgo-mexico-autos_chinos-inversion_mexico-ciudad_sahagun-milenio_0_895110721.html).

This article examines the character of Chinese expansion into Latin America and the Caribbean in eight points, with an emphasis on recent developments and their strategic implications for the U.S. and the region.



## China's Objectives are Principally Economic, but Nonetheless Strategic

In the short-to-medium term, PRC engagement with Latin America and the Caribbean is driven principally by economic needs arising from its focus on export-oriented manufacturing as its principal engine for development, and the rapid development and urbanization that has accompanied the success of that strategy.

In its November 2016 policy white paper toward Latin America, the PRC explicitly recognizes that its relationship with the region is linked to China's achievement of its goals to become a "moderately prosperous" nation by 2020, and a "prosperous" and "strong" modern socialist country by 2049<sup>7</sup>.

China's strategic objectives arguably reliable access to commodities to fuel Chinese industrial production and capital formation, including not only building factories, but also cities, to support the massive movement of people from the countryside to urban areas. Latin America's resources, including the petroleum of Venezuela, Brazil and Ecuador, and the mining products of Brazil, Peru and Chile, in addition to the resources of other regions, complement PRC needs in this regard.

China also needs access to foodstuffs, to compensate for its lack of agricultural land and water, to feed its 1.35 billion people as they become more affluent and demand a diet that includes more meat, which requires far more land and water than the production of a more vegetable-centric diet. For this reason, China National Cereals, Oils and Foodstuffs Corporation (COFCO) imports ever greater quantities of Argentine and Brazilian soybeans to feed Chinese pigs, and Peruvian fishmeal to raise Chinese chickens. While preferring to realize as much of the value-added agricultural production in the PRC as possible, China is also directly purchasing increasing quantities of meat products from Latin America, including Brazilian and Mexican pork, and Argentine and Uruguayan beef.

The PRC further looks to Latin America as a market for its goods and services, particularly in strategically-valued sectors including energy, construction, telecommunications, banking, and high technology. Large middle-income Latin American countries with access to other markets through trade agreements are particularly valuable for the PRC in this regard. These include Mexico, with access to the US through NAFTA, and Brazil, with access to much of South America

7- "Full text of China's Policy Paper on Latin America and the Caribbean," *People's Daily Online*, November 24, 2016, <http://en.people.cn/n3/2016/1124/c90000-9146474.html>.

through MERCOSUR.

Finally, through partnerships with Latin American countries, the PRC seeks access to technologies that it requires to continue to grow as a strong, economically diverse, modern state, including military, as well as commercially relevant technologies.



### China Has a Plan

Although authors frequently refer to the mystery of China and the lack of transparency in its activities, the P.R.C. has a high-level concept and roadmap for where it wants to take its relationship with Latin America and the Caribbean and how. Indeed, for the past decade, it has been open about this plan, which is consistent with its national interests, and has been relatively consistent in following it.

China's overarching design may be found in a series of documents, often overlooked or not taken seriously by those analyzing Chinese activities in the region.

In 2014, during his second trip to the region, Chinese President Xi emphasized the PRC's "1+3+6" engagement concept for Latin America and the Caribbean. "1" highlighted the unified nature of China's political, military, and economic engagement initiatives with the region. "3" highlighted the principal vehicles for doing so: trade, finance, and investment. "6" indicated the areas of greatest Chinese interest for building that collaboration in the economic sphere: energy, natural resources, construction of infrastructure, agriculture, manufacturing, science and technology innovation, and information technology. In its January 2015 summit with leaders of the region through the multi-lateral organization CELAC, the PRC presented a 5-year engagement plan with the region (2015-2019) consistent with, and referring to, the 1+3+6 concept.

The PRC has also published two official "white papers" on its policy toward Latin America and the Caribbean. The first one was released in November 2008 in conjunction with the visit by then President Hu Jintao to the region, while the second was made public in November 2016, in conjunction with President Xi Jinping's visit to Ecuador, Peru and Chile. Both papers indicate PRC intention to deepen its relationship with the region, including military and technology engagement, although as noted previously, the second goes into greater detail in linking Latin America to China's strategic economic objectives. The second "white paper" also recognizes the 1+3+6 concept and China's five-year plan with CELAC as the roadmap that it seeks to follow<sup>8</sup>.

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8- "Full text..."

While many Chinese investment projects and other initiatives in the region have experienced difficulties<sup>9</sup>, and while there is a lack of transparency regarding specific initiatives and associated Chinese intentions<sup>10</sup>, its pattern of political, military and economic activity has been remarkably consistent with the aforementioned documents and public statements.



### The PRC Seeks to Shape the Strategic Environment in Ways that Impact the U.S

China's emergence as a dominant power in the shadow of U.S. pre-eminence, and in a global system largely not of its own making, motivates the PRC to work to change that system in ways that expand its opportunities and control its risks, but in the process, adversely impacts the strategic position of the U.S. and its ability to pursue its own policy goals.

Such shaping includes consciously advancing multipolarity in the region, a goal explicitly recognized by the PRC in its 2016 white paper<sup>11</sup>. Part of that effort is the sponsorship of centers of resistance to the U.S. in the region, as well as construction of a reinforcing web of strategic partnerships, and promotion of a regional multilateralism that ties China to the region while excluding the U.S.

While the PRC has been careful not to explicitly associate itself with the anti-US rhetoric and agendas of the states of the Bolivarian Alliance for the Peoples of the Americas (ALBA), the existence of such regimes, which challenge the U.S. approach to democracy and economic policy in the Americas, both distract the U.S. and create opportunities for the PRC to acquire resources, food, and technology from the region, while securing markets for its goods and services, leveraging partners that need Chinese help to distance themselves from the West, and who are accordingly disposed to grant Chinese privileged access.

To that end, since 2005, China has loaned an estimated \$62.2 billion dollars to Venezuela, \$17.4 billion to Ecuador, and \$3.5 billion to Bolivia<sup>12</sup>, not including a new line of credit of as much as \$7.5 billion to this latter

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9- For an extensive discussion of the difficulties of Chinese commercial initiatives in Latin America and the Caribbean, see R. Evan Ellis, *China on the Ground in Latin America: Challenges for the Chinese and Impacts on the Region* (New York: Palgrave-Macmillan, 2014).

10- "US embassy in Nicaragua voices fears over Chinese-led US\$50b canal project" *South China Morning Post*, January 7, 2015, <http://www.scmp.com/news/china/article/1675966/us-embassy-nicaragua-voices-concerns-over-chinese-led-construction-us50b>.

11- "Full text..."

12- "China-Latin America Finance Database," *Inter-American Dialogue*, Accessed March 8, 2017, [http://www.thedialogue.org/map\\_list/](http://www.thedialogue.org/map_list/).

country<sup>13</sup>. In addition, China has purchased billions of dollars of commodities from those countries, often in transactions tied to those loans, in the process, helping to sustain the financial viability of their anti-U.S regimes.

The PRC also continues to construct an increasingly broad and robust set of strategic partnerships in the region. China currently recognizes 7 countries in Latin America and the Caribbean as “strategic partners:” Argentina, Brazil, Chile, Ecuador, Mexico, Uruguay, and Venezuela, a status that generally includes a bilateral ministerial-level committee to coordinate development projects and other activities<sup>14</sup>. For the five countries which China additionally recognizes as “comprehensive” strategic partners (Argentina, Brazil, Chile, Ecuador, and Venezuela), it expects a higher level of political coordination on foreign policy issues, although with Argentina and Brazil, such coordination has arguably fallen short of PRC expectations.

In engaging with the region, the PRC further seeks to promote a multilateralism which ties the PRC to the region while excluding the U.S. Although China has, for example, been an active observer within the Organization of American States since 2004, it has chosen to work through CELAC (at which the U.S. and Canada are explicitly not welcome)<sup>15</sup>, for building its 5-year engagement plan with the region and announcing loans and other assistance to its members, and has recognized that choice in official policy documents<sup>16</sup>.



### Chinese Businesses on the Ground

Particularly since 2009, growing PRC trade with Latin America has evolved into expanding activity by Chinese companies on the ground in the region<sup>17</sup>. The associated imperatives of those companies, and the Chinese government, in their operations and people there, has increased PRC stakes in the situation of the region and decisions taken by Latin American and Caribbean governments.

At the same time, the role of those companies as local employers, investors and taxpayers gives the Chinese government ever greater soft power<sup>18</sup>. The growing experience of Chinese executives and government personnel in the region, in conjunction with local

partners, means that the PRC is ever more effective in using that growing leverage.

The expanding Chinese presence in Latin America follows different patterns in different industries, including different roles of local partners, use of Chinese versus local staff, and reliance on acquisitions versus winning contracts and growing market share. Major PRC advances in recent years include Sinopec’s October 2010 \$7.1 billion acquisition of Repsol’s holdings in Brazil, CNOOCs \$15.1 billion February 2013 acquisition of Nexxen, with its substantial Latin America holdings, and Minmetals’ April 2014 \$5.9 billion acquisition of Peru’s La Bambas mine from Glencore. In Peru, the PRC has become the largest investor in the country’s mining sector, with 7 projects with a total of \$10.2 billion committed investment, 22% of all mining investment in the country. In Brazil, as noted earlier, State Grid has invested almost \$20 billion to acquire assets, including its \$10 billion takeover of CPFL, while China Three Gorges spent \$1 billion to take over the assets of Duke Energy.

Many such investments are close to the U.S., including the \$3.5 billion Baha Mar resort and the multi-billion dollar investment by Hutchison Whampoa, a Hong Kong firm, in the port of Freeport and supporting logistics facilities in the Bahamas.

While Chinese companies are often portrayed as clumsy and autocratic in their management style, they are becoming increasingly capable in navigating the bureaucratic, political, and social challenges of doing business in Latin America. China Aluminum Company, for example, successfully relocated a town of 5,000 people to begin mining operations in Toromocho (Peru), in part, through intelligent use of local management and consultants. The telecommunication company Huawei, has established itself across the region as part of the community, integrating local management and technical staffs, sponsoring local soccer teams, among other activities. In Colombia, in 2014, the Chinese construction company China Harbor successfully navigated the local bureaucracy to win China’s first-ever 4<sup>th</sup> Generation highway contract under that nation’s new public-private partnership approach to infrastructure procurement. Similarly, although the Chinese firm Sinohydro was initially outmaneuvered by the Brazilian firm Odebrecht for billions of dollars in work on the Magdalena River (Colombia), when Odebrecht was paralyzed by bribery scandals, Sinohydro was positioned to step in to rescue the project<sup>19</sup>. In Argentina, Chinese banks showed themselves adept in hedging against that country’s proclivity for cancelling procurement deals by tying financing for modernization of the Belgrano-Cargas railroad modernization to \$4.7 billion in loans for two hydroelectric facilities on the Santa Cruz River, making it difficult for the Argentine government to stop work on the latter without putting the railroad modernization in jeopardy<sup>20</sup>. In the Bahamas, when 19- Brena Sena, “Colombia’s Magdalena river project in limbo,” *Business News Americas*, June 15, 2016, <http://www.bnamericas.com/en/news/infrastructure/colombias-magdalena-river-project-in-limbo1/?position=2&aut=false>.

20- Andres Napoli and Maria Marta de Paola, “Argentina suspends Patagonia dams,” *Dialogo Chino*, January 23, 2017, <http://dialogo-chino.net/argentina-suspends-patagonia-dams/>.

13- Aine Quispe, “Crédito Chino Financiará Plan Quinquenal,” *La Razón*, 4 December 2015, [http://www.la-razon.com/economia/Gobierno-creditchino-financiar-plan-quinquenal\\_0\\_2393160694.html](http://www.la-razon.com/economia/Gobierno-creditchino-financiar-plan-quinquenal_0_2393160694.html).

14- “Full text...”

15- “Celac destaca lazos extraregionales de Latinoamérica que excluyen a EEUU,” *Yahoo*, January 24, 2017, <https://es-us.noticias.yahoo.com/celac-destaca-lazos-extraregionales-latin%C3%B3am%C3%A9rica-excluyen-eeuu-144100682.html>.

16- “Full text...”

17- See Ellis, *China on the Ground in Latin America*.

18- See, for example, R. Evan Ellis, “Chinese Soft Power in Latin America: A Case Study,” *Joint Forces Quarterly*, Issue 60, 1<sup>st</sup> Quarter 2011, pp. 85-91.

China State Construction and Engineering Corporation ran into difficulties with the local government, China Development Bank had structured project financing in such a way that in the end, it was the local non-Chinese partner, Sarkis Izmirlan who was forced out of the project, which was eventually taken forward by another Chinese (Hong Kong) company, Chow Tai Fook Enterprises, at a steep discount.



### Trans-Pacific Organized Crime

The growing flows of goods and money across the Pacific between China and Latin America, and the expansion of associated infrastructure for financial transactions, is facilitating an expansion of trans-Pacific crime for which Latin American and Caribbean security forces are little prepared.

Such flows include the smuggling of Chinese through Latin America and the Caribbean by PRC-based gangs, the purchase of precursor chemicals from China for the production of drugs in Latin America, and the illegal purchase by Chinese companies of metals from informal mining operations in areas like Michoacán Mexico and Madre de Dios Peru. It also includes limited sales in China by Mexican and Colombian narco-traffickers, although application of the death penalty against narco-traffickers in China has suppressed such business. Indeed, as of February 2017, 15 Colombians were reportedly awaiting execution in the PRC for drug convictions<sup>21</sup>.

With respect to money laundering, an increasing number of organizations, including Brazil's First Capital Command, have been implicated for laundering proceeds from their illicit activities in the PRC. In 2016, the U.S. Drug Enforcement Administration implicated Colombian narco-traffickers in laundering at least \$5 billion in drug money for Mexican cartels through banks, currency exchange houses, and contraband goods in China<sup>22</sup>.

Latin American and Caribbean security forces typically have few personnel fluent in the dialects such as Hakka and Cantonese, spoken by Chinese living in the region. Nor do they have personnel capable of penetrating Chinese communities, or contacts with their counterparts in the PRC for tracking criminal networks across the Pacific. The 2016 initiative by the PRC to send police agents to Argentina to help that nation's government penetrate the Chinese mafia

21- "China executes Colombian drug mule despite pleas for mercy," *South China Morning Post*, March 1, 2017, <http://www.scmp.com/news/world/americas/article/2074914/china-executes-colombian-drug-mule-despite-pleas-mercy>.

22- "Colombian cartels used Hong Kong banks to launder more than \$5 billion," *South China Morning Post*, September 11, 2015, <http://www.scmp.com/news/hong-kong/law-crime/article/1857155/laundering-ring-pumped-billions-drug-money-through-hong>.

Pi Xue operating in the country<sup>23</sup>, is arguably a sign of things to come, although as in other operations against transnational organized crime in Latin America, the takedown of the group's leadership reportedly started a bloody turf war in Buenos Aires between remaining parts of the organization.



### Chinese Military Engagement

The People's Liberation Army (PLA) has not yet established a permanent military presence in Latin America as it has done in Djibouti, in Africa. Nonetheless, Chinese military engagement in the arenas of arms sales, training and professional military education, and activities in Latin America and the Caribbean continue to expand in ways that present challenges for the U.S. in the undesirable event of a future conflict with the PRC. Moreover, in its 2015 Defense Strategy White Paper, the Chinese government is clear that such continuing engagement with foreign militaries are part of the strategic missions of the PLA.

In the past decade, Chinese military sales to Latin America have expanded from clothing and non-lethal gear to an ever broader and more sophisticated array of platforms. China has graduated from providing its relatively simple K-8 fighter to Venezuela and Bolivia, to selling the more capable L-15, and a credible attempt to provide the even more advanced FC-1. While China's sale of military end items was initially limited to politically sympathetic countries such as Venezuela and Bolivia, it has since sold combat platforms to a range of countries from Trinidad and Tobago to Peru to Uruguay. Similarly, Chinese military companies have branched out from providing military trucks, radars and aircraft, to sell Z-9 helicopters, an array of combat vehicles including the ZN-1 APC and the Type 90B Multiple Launch Rocket System, and more recently, offshore patrol vessels such as the P-18. Ecuador, which had temporarily stopped buying Chinese systems following a dispute over the performance of JYL-2 radars that it bought from the PRC-based company NORINCO, initiated a new round of purchases of Chinese equipment in 2016, including assault rifles and patrol craft. Similarly, Bolivia, which had experienced problems with the quality and training support for Chinese Z-9 helicopters, took delivery on 31 Chinese armored vehicles in 2016. In 2016 alone, the Uruguayan military received Chinese military construction equipment, and expressed interest in acquiring L-15 fighters and K-9 helicopters. Colombia and Costa Rica have similarly taken delivery on Chinese military transport aircraft.

Such sales support the PLA's development of all-around strong defense relationships with countries in the region,

23- Alistair Thompson and David Gagne, "Power Vacuum Leads to Fighting Among Chinese Mafias in Argentina," *Insight Crime*, February 28, 2017, <http://www.insightcrime.org/news-briefs/power-vacuum-leads-to-fighting-among-chinese-mafias-in-argentina>.

while helping its countries to test that equipment and improve its quality, maintenance and logistics support under the range of different conditions in which it is deployed in the region, helping China to develop better, more reliable systems if it must someday confront a peer competitor such as the United States.

Beyond military sales, virtually all of the Latin American countries that diplomatically recognize the PRC send military personnel to Chinese schools, including the Institute for Defense Studies at China's National Defense University in Changping (Beijing), China's Army and Navy Command and General Staff colleges in and near Nanjing, and a special-forces school near Shijiazhuang, among others. For their part, PLA personnel have come to select military schools in Latin America for training, including the Lanceros course in Toleda, Colombia, and the Brazilian jungle warfare school in Manaus. Indeed, in 2015 a delegation from Manaus visited China to discuss helping the Chinese to establish their own jungle warfare school in the south of the country<sup>24</sup>.

With respect to Chinese military operations in the region, the PLA has advanced from conducting multilateral humanitarian operations such as participation in the MINUSTAH Peacekeeping Force in Haiti from 2004-2012, to bilateral humanitarian activities such as the Angel de Paz exercise with Peru in 2010, to more visible activities, such as the PLA deployment of the hospital ship Peace Arc to the Caribbean in November 2011, then again in 2015 for a more complex, bi-coastal mission. In 2013, for the first time, as the U.S. government was partially shut down due to a fight over the federal budget, a Chinese naval flotilla crossed the Pacific and conducted combat operations with the Chilean navy and Air Force, before transiting the straits of Magellan, also for the first time, to put into port in Argentina and later, Brazil. In 2015, as the United States worked toward diplomatic rapprochement with Cuba, the 20<sup>th</sup> Chinese Task Force, an intelligence gathering unit, put into port in Havana Harbor<sup>25</sup>.



### Telecom and Space

Across the region, Chinese activities in the telecommunications and space sectors are giving the PRC ever greater potential opportunities for espionage and cyber warfare in the region. The Chinese telecommunication companies Huawei and ZTE, prohibited from entering the U.S. market over

24- Eben Blake, "Chinese Military Seeks Jungle Warfare Training From Brazil", IBT, 8 October 2015. <http://www.ib-times.com/chinese-military-seeks-jungle-warfare-training-brazil-2046473>

25- For a detailed discussion of such activities, see R. Evan Ellis, "The Security Dimension of Chinese and Indian Engagement in the Americas," in *Latin America and the Asian Giants: Evolving Ties with China and India*, Riordan Roett and Guadalupe Paz, Eds (Washington D.C.: Johns Hopkins University Press, 2016), p. 205-224.

cyber warfare concerns, have become key suppliers of telecommunications infrastructure to Latin American governments and commercial providers, as well as vendors of equipment such as telephones and data devices<sup>26</sup>.

Chinese companies have also built electronic monitoring systems in a range of cities including the ECU-911 system in Quito, Ecuador, and the BOL-110 system in La Paz<sup>27</sup>, Bolivia, based on success of Chinese surveillance systems for monitoring its own population.

In the space sector, the PRC has helped to design and launch four satellites for Brazil with two more programmed. It has similarly built and launched two satellites for Venezuela and one for Bolivia, as well as the construction of virtually the entirety of the ground control facilities of those countries, and the training of all of their space professionals. China has built and operates a space radar facility in Neuquén, Argentina, to which Argentina's own government has limited access, while the Chilean government is considering replacing its FASAT capability with the Chinese Beidou space architecture<sup>28</sup>.



### Strategic Impacts

While there is no evidence that the PRC seeks to use Latin America and the Caribbean in the near term for military operations against the U.S., the growing PRC commercial and technology presence in the region, military ties, and other relationships gives the nation expanded options in the likelihood of a conflict with the United States that U.S. planners must take into consideration. Chinese economic influence over and espionage against the region's political and business elites, for example, gives the PRC potential leverage to dissuade governments of the region from joining United Nations votes or a U.S.-led military coalition in reaction to an emerging conflict in Asia.

The ability to smuggle Chinese operatives into Latin America and the Caribbean and sustain them through the cover of Chinese companies operating in the region similarly creates opportunities for the PRC to commit espionage or otherwise act against the U.S. from there.

In an actual shooting war between U.S. and Chinese forces, if an anti-US Latin American regime chooses to allow Chinese forces to base out of its territory,

26- For a detailed discussion, see R. Evan Ellis, *The Strategic Dimension of China's Engagement with Latin America*, (Washington DC: Center for Hemispheric Defense Studies, 2013), <http://chds.dodlive.mil/files/2013/12/pub-PP-ellis.pdf>, pp. 57-69.

27- "Chinese Ambassador in Bolivia Expresses Interest in Bio-oceanic Project," *Prensa Latina*, December 14, 2016, <http://www.plenglish.com/index.php?o=rn&id=7002&SEO=chinese-ambassador-in-bolivia-expresses-interest-in-biooceanic-project>.

28- "Embajador chileno sugiere cooperación con China en desarrollo especial," *Xinhua*, April 27, 2016, [http://spanish.xinhuanet.com/2016-04/27/c\\_135316043.htm](http://spanish.xinhuanet.com/2016-04/27/c_135316043.htm).

PLA familiarity with the armed forces and logistics infrastructure of the country, based on its current activities, would significantly reduce the time required for PLA forces deploying there to move from the initial invitation to an operational capability that could be used against the United States<sup>29</sup>.



### **Conclusion**

While the PRC is not directly and immediately challenging the U.S. through its position in Latin America, as noted previously, no other region is more fundamental to U.S. prosperity and security.

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29- For further discussion, see R. Evan Ellis, "China's Activities in the Americas," Testimony to the joint hearing of the Subcommittee on the Western Hemisphere and the Subcommittee on Asia and the Pacific, U.S. House of Representatives Foreign Affairs Committee, September 10, 2015, <http://docs.house.gov/meetings/FA/FA07/20150910/103931/HHRG-114-FA07-Wstate-ElisE-20150910.pdf>,