CHINESE PORTS AND DOCKS IN LATIN AMERICA

Carlos de León¹, OBELA²

The New Silk Road embodies China's expansion strategy, of which Latin America is a part. Through investments and loans, China establishes itself in the region and wants to take a dominant role from the US. In Latin America, China's presence focuses on the energy sector, but transport is increasingly an essential part of the Asian giant's strategy for the region. This article will review the port and dock projects of the Asian economy in Latin America.

The Belt and Road initiative or the New Silk Road is a Chinese mega-project that seeks to connect four continents via land and maritime trade routes. More than USD 90 billion was invested from 2013 to 2019 in 57 countries in Asia, Africa, America, and Europe in trade infrastructure and energy projects. In Latin America, the investments listed for the mega project are new. However, Chinese investment was already notable since 2010.

The initiative targets Infrastructure and transport projects and ranges from roads and railways to port construction. In this regard, within the China - CELAC Cooperation Forum, a China - Latin America Infrastructure Cooperation sub-forum seeks to "jointly promote high-quality and sustainable development of infrastructure cooperation." Since the first meeting in 2016, all infrastructure projects are vital for international trade between China and the region.

Thus, the continent's Pacific and Atlantic sea lanes become necessary to expand the Asian country's trade. From Mexico to Uruguay, China already controls wharfs and has projects for new ports. In Mexico, Hutchinson Whampoa has piers in Baja California, Colima, Michoacán, and Morelia and a logistics base in Hidalgo. Likewise, the China Harbour Engineering Company, since 2014, has the tender to expand the port of Veracruz with an investment of almost 228 million dollars.

In another port in the Caribbean basin, in Santiago de Cuba, China Communications Construction Company modernised the port in 2017 by increasing the quay's depth for the entry of larger vessels. Hutchinson Whampoa is also present with three wharfs in the Bahamas, including one for cruise ships. In Panama, the same company controls three docks in Colon, Cristobal, and Balboa ports for ships. Former President Juan Carlos Varela initiated diplomatic relations with China in 2017.

¹ Postgraduate Faculty of Economics, UNAM, member of obela.org
² Observatorio Económico Latinoamericano. Oscar Ugarteche (Coord), Armando Negrete, Bertin Acosta, Jorge Zavaleta, Priscila Martínez, Hiromi Iijima, Mariana Palacios
to join the New Silk Road, which led to the construction of the largest port within the territory with an investment of 1.1 billion dollars by the Landbridge Group Colon. In Trinidad and Tobago, the China Harbour Engineering Company is in charge of building a port in La Brea since 2018 to export gas. The COVID-19 pandemic delayed this project.

In El Salvador, in 2018, Asia Pacific Xinhua sought to lease 13% of the national territory in Puerto de la Unión. It prompted the US embassy to warn the Salvadoran Government that China planned to install a military base. Similarly, Japan threatened to withdraw cooperation of $11 million to expand the port if the relationship with the Chinese Government continued. These projects in the Caribbean and Central American region set off alarm bells in Washington during the Trump administration. Mike Pompeo, former US secretary of state, warned about Chinese state-owned enterprises and their "predatory activity."

In South America, there are also Chinese port projects. In Argentina, Hutchinson Whampoa has a pier in Buenos Aires and possibly in Uruguay. Works for a wharf in Montevideo by Shandong BaoMa company started in 2018; however, the Government halted it in 2019 because of a lack of transparency issues. Meanwhile, the same year, in Chile, the Chinese Government started talks with the Chilean Government for the use of the Punta Arenas port for Antarctic exploration. This project is of the utmost importance for China because of the Magallanes area's geopolitical influence from the Pacific to the Atlantic.
In Brazil, China Merchants Port Co. bought 90% of the Brazilian TCP Participações, which manages the port of Paranaguá. This port is the second-largest in the country, and the operation was worth almost one billion dollars. There is a construction of new ports on the Amazon river for a waterway starting from Yurimaguas, Peru, where there is already Chinese investment. Also, in Peru, the first Chinese port in South America is being built from scratch.

Cosco Shipping Ports and the mining company Volcan invest 3 billion dollars in constructing the new port of Chancay. With Brazil and Peru, China would control interconnected ports leading to the Pacific and Atlantic oceans through the Amazon. When envisaging the construction of roads and railways around the region, an inter-oceanic trade route is apparent.

For the New Silk Road, port projects and control of piers are essential for China to continue expanding its initiative. China's strategy in the region seems to be based first on energy infrastructure and now on ports and harbours. The importance of having outflows of raw materials and inflows of Chinese goods across both oceans is paramount. However, the US will not leave Latin American territory, especially the Caribbean basin. Joe Biden's new administration has already lashed out against the New Silk Road, pointing to environmental risks and debt problems. Biden even mentioned that there should be a similar initiative to China's from "democratic countries."