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**CHINESE INFLUENCE IN LATIN AMERICA: A PERSPECTIVE ON
PREDATORY INFRASTRUCTURE PROJECTS TO LATIN AMERICA AND
THE IMPLICATIONS FOR UNITED STATES SECURITY**

By:

Ronnie D. Michael

Lieutenant Colonel, United States Marine Corps

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the author.

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PREDATORY INFRASTRUCTURE DEVELOPMENT PROJECTS TO LATIN
AMERICA AND THE IMPLICATIONS FOR UNITED STATES SECURITY**

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A paper submitted to the Faculty of the Joint Advanced Warfighting School in partial satisfaction of the requirements of a Master of Science Degree in Joint Campaign Planning Strategy. The contents of this paper reflect my own personal views and are not necessarily endorsed by the Joint Forces Staff College or the Department of Defense.

This paper is entirely my own work except as documented in footnotes (or appropriate statement per the Academic Integrity Policy).

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Abstract

As great power competition continues to escalate, the United States should take note of the risks and consequences of Chinese influence in Latin America, its strategic backyard. Latin America is the soft underbelly and critical to the security of the U.S. homeland. Although Chinese infrastructure development is categorized as economic in nature and not a threat to U.S. national interests, China's coercive capital and debt-trap diplomacy are having an impact on the geopolitical, geoeconomics, and U.S. national interests in Latin America. China's ambitions to replace the current liberal world order to one with Chinese characteristics, is a risk to Latin America countries and consequentially, the U.S. In the last twenty years, the proliferation of democratic governments in Latin America is impressive by any measure. However, corrupt governments, failing economies, and increasing violence is causing some Latin American nations to seek alternatives to the current form of governance. This thesis provides a risk analysis of the influence of Chinese infrastructure development to Latin America's political and economic instability and the consequences to U.S. national interests. To respond to the growing Chinese influence in the region, U.S. foreign direct investment and the establishment of an institutional framework to advance regional transparency and support regional governance must be considered. The U.S. might consider maintaining a persistent presence in the region, that creates, promotes, and applies a narrative that embraces the Western Hemisphere in solidarity through investment in programs that builds knowledge capital for Latin America, such as the Rhodes Scholarship Program, Peace Corps, educational exchanges, exchange programs with Latin American militaries, and technology development to sustain political and economic stability in the region.

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This research is dedicated to the United States service members, interagency partners, and rebel fighters, who fought and died in the numerous small wars in Central and South America, to bring peace and prosperity to Latin America.

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Introduction

During the last 20 years, China's increasing influence in the Latin America, the United States' "Strategic Backyard" is a cause for concern to U.S. national interests in the region. In the 1940s, Nicholas J. Spykman "worried about the Southern Cone becoming part of the encirclement strategy of a hostile power."¹ The "Southern Cone," that is Latin America, is a critical factor in the challenge of great power competition. Through the use of infrastructure development, the People's Republic of China (PRC) is fostering political and economic relationships with Latin American countries (LAC). Although the LAC have a sovereign right seek loans outside the conventional banking establishment, there must be transparency in the negotiation for infrastructure development to ensure that the hemispheric security interests are protected. Historically, the U.S. maintained a strong interest in LAC only in order to "prevent an adversary from presenting a wartime threat to its ability to defend itself."² Although the PRC is casting infrastructure development as merely economically beneficial for LAC, Chinese companies are investing in critical infrastructure required for U.S. war plans, to include the Panama Canal, a crucial geostrategic gateway between the Pacific and Atlantic Oceans for the global economy and U.S. international interests. Although the infrastructure development may have some economic benefit to LAC, these projects might contribute significantly to China's global strategy.

¹ Robert D. Kaplan, *The Revenge of Geography: What the Map Tells Us About Coming Conflicts and the Battle Against Fate* (Random House, 2012), 95.

² Jorge Domínguez, "US-Latin American Relations During The Cold War and Its Aftermath," in *The United States and Latin America: The New Agenda* (Great Britain: Institute of Latin American Studies, University of London, 1999), 34.

Since the early 1900s, the U.S.-Panama strategic alignment in the region was critical to U.S. war plans and global commerce. The Panama Canal, although of strategic importance for U.S. war plans, is a major choke point for global commerce. Hutchinson Port Holdings, a subsidiary of Hutchinson Whampoa (a Chinese-owned company), manages and operates two of the largest ports in Panama, Cristobal and Balboa, and China has plans for fifty-six other port deals on both sides of the canal throughout Latin America.³ In late 2017, Panama severed ties with Taiwan to benefit from the greater economic largesse offered by China. The offer of economic benefit in exchange for severing ties with Taiwan, is one of China's tactics as it formalized Latin America and the Caribbean as a "natural extension of the 21st Century Maritime Silk Road."⁴

As of 2019, nineteen nations in Latin America and the Caribbean agreed to the BRI, except for the four largest countries in the region, Mexico, Brazil, Argentina, and Colombia.⁵ The fact that these large and economically viable countries in the region (Mexico, Brazil, Argentina, and Colombia) did not sign onto the BRI perhaps warns that the PRC's terms are more sinister than what one sees on the surface. More frightening, the PRC's actions are met with little resistance from the U.S.⁶ While the initiatives that LACs receive from the PRC are opaque, they could affect the U.S. national interests in the region. Many of the PRC-LAC negotiations are agreed to in behind closed-door deals.

³ Chris Woody, "SOUTHCOM Chief: 4 Ways China Is Growing Influence in Latin America - Business Insider," accessed August 30, 2020, <https://www.businessinsider.com/southcom-4-ways-china-is-growing-influence-in-latin-america-2019-12>.

⁴ Pepe Zhang, "Belt and Road in Latin America: A Regional Game Changer?," *Atlantic Council: Adrienne Arsht Latin America Center*, October 2019, 2.

⁵ Mark P. Sullivan and Thomas Lum, "China's Engagement with Latin America and the Caribbean," *Congressional Research Office*, June 1, 2020, 1.

⁶ R. Evan Ellis, "Chinese Engagement in Latin America in the Context of Strategic Competition with the United States: Testimony before the US-China Economic and Security Review Commission," June 24, 2020, 457, https://www.uscc.gov/sites/default/files/2020-06/Ellis_Testimony.pdf.

These actions should create consternation, not only within U.S. policy circles but also within the Latin American region, due to PRC's notorious waging of *lawfare*—a method of using or misusing the law to substitute for traditional military purposes—against nations when they fail to meet the terms of loans. LAC, who are subjected to Chinese lawfare, could be pressured to undermine the U.S. credibility in the region, as well as, impede on another nation's sovereignty.⁷

A LAC's refusal to sign onto BRI, however, does not safeguard the nation against PRC influence in its policy-making process. Between 2005-2019, Mexico, Brazil, Argentina, and Colombia collectively received \$47 billion in PRC financing.⁸ The terms of the deals are unknown, but the significant amount of money indicates the potential for susceptibility to political pressure. Because of the implicit consequences, all of the deals serve as stark reminders of China's debt-trap diplomacy. The PRC uses debt-trap diplomacy against nations that can be cajoled to accept the seemingly “no strings attached” financial investment. Not only does the PRC target nations that are ineligible for loans through traditional means, often countries sign disadvantageous loan terms to fund infrastructure projects that benefit the PRC's strategic and economic objectives.

The PRC employs capital as a weapons system to achieve its strategic and economic objectives through debt-trap diplomacy. The PRC-Sri Lanka Hambantota Port Deal is an often cited example of China's debt-trap diplomacy for purposes of achieving a strategic objective. In 2015, after defaulting on loans, the Sri Lankan government gave

⁷ Christi Scott Bartman, *Lawfare : Use of the Definition of Aggressive War by the Soviet and Russian Federation Governments* (Cambridge Scholars Publishing, 2010), 2, <http://eds.b.ebscohost.com/eds/ebookviewer/ebook/ZTAwMHhuYV9fNTIzODA5X19BTg2?sid=cb7b4305-83e8-421c-bf00-cacf15e6baab@sessionmgr103&vid=0&format=EB&rid=1>.

⁸ Sullivan and Lum, “China's Engagement with Latin America and the Caribbean.”

control of the Hambantota Port and 15,000 acres of land around it for ninety-nine years to the Chinese government.² The Hambantota Port fulfilled a PRC objective of providing a logistical capability in the Indian Ocean. However, some African nations experienced other consequences of the PRC's debt-trap diplomacy, such as neo-colonialism intentions.⁹ Some African leaders expressed concern about the formation of Chinese companies and the billiard ball migration of Chinese nationals.¹⁰ Chinese business owners claim that Africans are lazy, untouchable, and only interested in money, to justify their need for bringing Chinese immigrants to Africa. The people in Africa, particularly Zambia and Mozambique, consider the Chinese, "swindlers, who's businesses offered terrible working conditions."¹¹

LAC are being impacted by growing environmental, social, and economic consequences of the PRC's debt-trap diplomacy. Ecuador's environmental damage is significant as vast tracts of biologically diverse forest is destroyed to meet the nation's loan-for-oil agreement with the PRC. Ecuador changed its law in 2013 that protects national lands and the indigenous populations, except for oil production.¹² As a result of Ecuador's diverse land being destroyed by oil extraction, the indigenous groups are extending hunting areas, which creates conflict with other tribes.¹³ The intensity of these conflicts are becoming more deadly, not only for the tribes themselves, but also for the

⁹ Heather Zeiger, "China and Africa: Debt-Trap Diplomacy?," *Mind Matters*, November 13, 2020, <https://mindmatters.ai/2020/11/china-and-africa-debt-trap-diplomacy/>.

¹⁰ Billiard ball migration is the philosophy that as social groups migrate other social groups are displaced or forced to a different location.

¹¹ Zeiger, "China and Africa: Debt-Trap Diplomacy?"

¹² Peter Korn, "A Village in Ecuador's Amazon Fights for Life as Oil Wells Move In," Natural Resources Defense Council, April 4, 2018, <https://www.nrdc.org/onearth/village-ecuadors-amazon-fights-life-oil-wells-move>.

¹³ Korn, "A Village in Ecuador's Amazon Fights for Life as Oil Wells Move In."

oil production workers.¹⁴ At the core of China's debt-trap diplomacy strategy, the Chinese create economic monopolies that coerce and compel countries to oblige by their rules or threaten to withhold loans.¹⁵ The implications of China's increasing economic influence for the security of the Western Hemisphere is concerning from a geopolitical and geostrategic perspective. One might suggest that to mitigate the consequences of continued Chinese influence, an institutional framework is needed that compels nations to protect its indigenous populations and diverse lands.

Historically, the U.S. created and enforced Western Hemispheric security policies regarding the security of the Western Hemisphere that protected strategic and economic interests. The Monroe Doctrine, although renounced by former-Secretary of State John Kerry in 2013 and revived by President Donald Trump in 2019, is the foundational document that provides for U.S. security in the region as a fundamental responsibility of the U.S. government. Without a doubt, LAC have a sovereign right to enter into political and economic deals with foreign nations. However, the *Ratado Interamericano de Asistencia Recíproca*, or Rio Treaty, also known as the Hemispheric Defense Doctrine, requires mutual protection if a nation in the Western Hemisphere comes under attack. The Rio Treaty should stand as a basis for Western Hemispheric awareness of economic agreements with extra-hemispheric powers. The infrastructure development projects and the terms of the negotiations could be critical to mutual security. While the U.S. turned to priority challenges in the Middle East starting in the early 1990s, all but ignoring its hemispheric allies, China garnered a political and economic foothold in the Western

¹⁴ Korn.

¹⁵ Benjamin Haddard and Alina Polyakova, "Is Going It Alone the Best War Forward for Europe? Why Strategic Autonomy Should Be the Continent's Goal," *Foreign Affairs*, October 17, 2018.

Hemisphere through expansive infrastructure development that increased with the Belt and Road Initiative (BRI). While America focused elsewhere, policymakers left U.S. diplomats in Latin America countries with unclear policy objectives and limited resources. The lack of attention the U.S. paid to Latin America and the limited resources allocated to LAC requires the U.S. to take a more deliberate approach to PRC infrastructure development to identify the associated risks and opportunities before forging new policies.

The PRC seeks to use the BRI as a mechanism to create opportunities to compel and coerce nations that sign on to the initiative, often referred to as debt-trap diplomacy. According to China's President, Xi Jinping's narrative, the BRI is a trillion-dollar global infrastructure development project intended to "help friends from around the world to seize opportunities." In reality, the BRI and China's debt-trap diplomacy has characteristics that make it prone to corruption. For example, nations receive loans from China for debt-laden Chinese projects that often come with "strings attached." Most of Chinese loans require that Chinese-owned companies develop, finance, and execute the project resulting in little gain for the host nation. The PRC props up authoritarian regimes that enables their use of debt-trap diplomacy to further its long-term goal of global influence.

Through the use of infrastructure development projects under the BRI, the PRC uses manipulative financial incentives offered to weak government and corrupt leaders within LAC to draw them into the PRC's sphere of influence.¹⁶ Often, the corrupt

¹⁶ Jessica Ludwig, "We're Underestimating China's Impact on Governance in Latin America: Three Persistent Myths," *Global Americans* (blog), November 7, 2019, <https://theglobalamericans.org/2019/11/were-underestimating-chinas-impact-on-governance-in-latin-america-three-persistent-myths/>.

politicians lack a foundation of knowledge about China and its strategic interests. These uninformed politicians easily fall prey to China's manipulative long-term access agreements in exchange for loans for infrastructure development projects. Unfortunately, for their nations, the self-interested government leaders sign agreements that enable China's predatory actions at the expense of national economic growth. The U.S. should consider options to assist these governments with undermining China's coercive practices.

Latin American leaders, who represent their people's interests, make long-term agreements with China which result in negative consequences on the geopolitical situation of the entire region. The corrupt and often authoritarian regimes that make agreements with China cease providing essential services out of obligation to repay China. The people are then forced into nefarious or illegal activities to support their family's basic needs. The associated crime and violence lead to migration for those trying to achieve a stable and secure future. The associated crime and violence lead to migration for those people trying to achieve a stable and secure future. Venezuela, for example, is experiencing migration from instability and violence equal to the exodus of Syrian refugees fleeing the Civil War. In 2019, almost 4.8 million Venezuelans sought refuge in Colombia, Peru, Ecuador, and Brazil, creating geopolitical instability in the region. The U.S. must identify the ways and means that contribute to helping these nations in distress to move toward a return to stability less the situation become more dire that directly affecting other nations.

Moreover, the PRC's infrastructure development projects in Latin America creates risk for U.S. interests. China is seeking deep water ports and port infrastructure on

both sides of the Panama Canal that threatens sea lanes that are vital for global commerce and movement of U.S. forces.¹⁷ Some of these infrastructure development projects present strategic value for future military use by the PRC. The U.S. must evaluate the risk and opportunities that the Chinese infrastructure development poses in terms of risk and consequences.

Most LAC are skeptical of China's intentions in the region. Chinese companies develop, finance, and execute their infrastructure with Chinese laborers. The PRC's infrastructure development offers little value to the local nationals as the payouts do not contribute to increasing knowledge or capital growth for the Latin American nations agreeing to China's predatory loan conditions. The PRC's loans to Latin America for infrastructure development contribute to geopolitical and geoeconomics instability, and threatens U.S. national interests in the region. Some critical recommendations that policymakers might consider are: 1) establish persistent U.S. presence in the region, with capabilities like Joint Task Force Bravo in Honduras, increased foreign direct investment in the region, and deployment of Peace Corps in a manner that promotes American influence; 2) establish institutional frameworks to advance transparency and support strong governance in the region; 3) develop sustainable employment opportunities through U.S.AID to lower unemployment numbers; 4) invest in programs that create knowledge capital for Latin America, like the Rhodes Scholarship Program, Peace Corps, educational exchanges, exchange programs with Latin American militaries, and contribute to technology development; and, 5) study China's actions from a holistic approach rather than a geographical perspective.

¹⁷ Craig S Faller, "Posture Statement of Admiral Craig S. Faller, Commander United States Southern Command," January 30, 2020, 4.

Methods

The PRC's use of predatory lending practices for infrastructure development in Latin America contributes to its effective development and application of a whole of government efforts against the U.S. to realize its political and economic objectives associated with its long-term strategy. The author's analysis of Chinese debt-trap diplomacy will contribute to understanding the PRC's long-term objectives and facilitate a more effective defense against Chinese policy development and implementation efforts, and the risks and opportunities that Chinese infrastructure development poses to U.S. interests. This paper will explore how the U.S. can manage risk and maximize opportunities to reverse the course of Chinese advantage in the Western Hemisphere and develop the concept of China's debt-trap diplomacy by conducting an extensive literature review of numerous professional journals and websites. The literature review shows that China seeks out weakly governed nations with corrupt political leaders.

The research will seek to illustrate the risks and opportunities that Chinese infrastructure development poses to U.S. national interests. This thesis uses the Chairman of the Joint Chief of Staff's Risk Analysis Methodology Framework to analyze China's infrastructure development projects in Latin America, an integral part of the BRI, to demonstrate how China's strategy seeks to gain influence in Latin America and undermine U.S. credibility in the region. China's BRI strategy allows the Chinese Communist Party's (CCP) to manipulate weak governments to deny U.S. access by promising more infrastructure development.

As a framework for developing the thesis, the author uses the Joint Risk Analysis Methodology Framework (see Figure 1) to frame the problem, assess risk, evaluate and

calculate risk, and then provide recommendations for managing risks and identifying opportunities for future development and strengthening relationships. The author organizes the research to explain how the PRC’s predatory actions in Latin America threatens the United States' national interests. Following the background (problem framing and context), the author provides an analysis of each of these problems (risk assessment and risk judgment); and, in the conclusion focuses on providing recommendations for risk management. The intent is to use the Joint Risk Analysis Framework to assist strategists and operational artists in developing a comprehensive strategy for Latin America that protects U.S. interests and bolsters nations in the region against the PRC’s predatory activities.

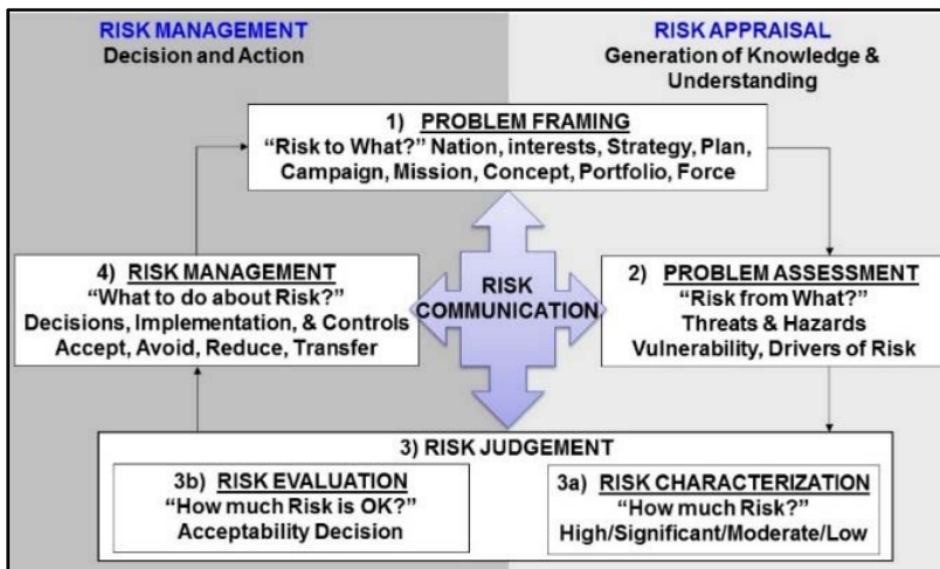


Figure 1: CJCSM 3105.01 – Joint Risk Framework

To address how the U.S. might implement policies that mitigate the risks or maximize the opportunities of Chinese infrastructure development, the author has leveraged existing literature on the topic. A variety of professional journals, websites, and

periodicals provides numerous suggestions to disrupt China's predatory methods. However, to mitigate the risks and maximize opportunities, the U.S. will need to take an innovative whole of government approach. Additionally, U.S. strategic leaders must be willing to incur some risk to reap the rewards of mitigating China's influence in the region.

Framing the Problem

One of the essential axioms from Carl von Clausewitz is, "the first, the supreme, the most far-reaching act of judgment that the statesman and commander have to make is to establish by that [as an instrument of policy] the kind of war on which they are embarking."¹ Understanding the problem of great power competition with the PRC today is different and more complex than the problems the U.S. faced with the Union of Soviet Socialist Republics (USSR) during the Cold War. China's strategic goals in Latin America are primarily for economic gain and to fulfill the "Chinese Dream." The PRC aims to create the "Chinese Dream" through a mercantilist approach designed through the "Made in China 2025" strategy to make China a healthy and prosperous state.² Chinese infrastructure development projects are a critical logistics node for access to future development. However, the U.S. should not lose sight of the LAC normative impact of economic relations with Beijing on governance.

China's port infrastructure development projects in Central and South America provides Chinese companies with ownership and operating rights to critical nodes,

¹ Carl von Clausewitz, *On War*, Michael Howard and Peter Peret trans (Princeton, NJ: Princeton University Press, n.d.), 88.

² Council on Foreign Relations, "Is 'Made in China 2025' a Threat to Global Trade?," Council on Foreign Relations, accessed November 15, 2020, <https://www.cfr.org/backgrounder/made-china-2025-threat-global-trade>.

enabling the PRC to have political and economic influence. Once the ports are secure, the PRC can dictate the port's flows, and control the host nation's political and economic actions. Additionally, the Chinese access at the ports and infrastructure development projects allow China to ensure long-term interoperability with Chinese materials and technology.³ Based on this, the PRC could deny access to ports for companies that refuse to purchase Chinese produced ships, trucks, and containers. Additionally, the political influence garnered through port development enables the PRC to pressure those who take political positions that might challenge the CCP's interests. For example, the Chinese ambassador to Chile publicly condemned a Chilean legislator who met with a Hong Kong pro-democracy activist.⁴ Beyond the political and economic aspect, PRC control of ports might allow for the People's Liberation Army (PLA) access through these facilities.

Due to China's growing overseas interests, the PRC issued a task to the PLA to protect China's economic and diplomatic investments overseas.⁵ China's advancement of global economic projects may embolden the CCP to order the PLA to conduct overseas deployments to LAC to provide security for their economic projects, much like it has in Djibouti.⁶ A critical strategic factor determining Chinese military involvement in Latin America will be the host nations' political stability and its leaders ability to withstand Chinese political pressure.

³ Judd Devermont, "Assessing the Risks of Chinese Investments in Sub-Saharan African Ports," 4, accessed October 4, 2020, <https://www.csis.org/analysis/assessing-risks-chinese-investments-sub-saharan-african-ports>.

⁴ Ludwig, "We're Underestimating China's Impact on Governance in Latin America."

⁵ Office of the Secretary of Defense, "Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2019," May 2, 2019, https://media.defense.gov/2019/May/02/2002127082/-1/-1/1/2019_CHINA_MILITARY_POWER_REPORT.pdf.

⁶ Office of the Secretary of Defense, 3.

Political Stability in Latin America

The United States' primary interest in Latin America is geopolitical stability.⁷ Since the 1980s, the proliferation of democracy throughout Latin America is impressive by any standard. The democratization of Chile, Argentina, Brazil, Bolivia, Peru, Nicaragua, and Panama created regimes with records for aligning morals and ethics with the U.S. and decreasing human rights abuses.⁸ Maintaining geopolitical stability on a positive trajectory is an emerging opportunity. Without a doubt, there are still long-term problems that need to be addressed in the region. As the history of democracy in Latin America has shown, when political and economic pressure is applied many leaders of Latin American nations return to the more traditional, authoritarian regimes of the past.

The authoritarian regimes in Mexico and the three Central American countries, Guatemala, Honduras, and El Salvador, collectively known as the Northern Triangle Nations, illustrate how nations return to authoritarian roots. An often cited reason for migration from the Northern Triangle to the United States is people's dissatisfaction with widespread political corruption and government's inability to stop crime and violence. In a 2016 United States Department of Homeland Security report, El Salvador, Honduras, and Guatemala ranked in the top 10 nations with the highest murder rates per 100,000.⁹ There is an escalating conflict between the increase in immigration to escape the violence on the one hand and the Trump Administration's stance on stricter immigration laws on

⁷ Donald Trump, "National Security Strategy of the United States of America" (White House Press Office, December 2017), 51, <https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>.

⁸ Albert R Coll, "United States Strategic Interests in Latin America: An Assessment," *Journal of Interamerican Studies and World Affairs* Vol. 39, no. Spring, 1997 (n.d.): 54.

⁹ D'vera Cohn, Jeffrey S Passel, and Ana Gonzalez-Barrera, "Immigration From Guatemala, Honduras, El Salvador Up," Pew Research Center's Hispanic Trends Project, December 7, 2017, <https://www.pewresearch.org/hispanic/2017/12/07/rise-in-u-s-immigrants-from-el-salvador-guatemala-and-honduras-outpaces-growth-from-elsewhere/>.

the other. The inability to reconcile this conflict could lead to a significant anti-U.S. movement, and an immigrate at all costs effort, which would have political and economic consequences for the United States.

The U.S. government's ability to instill political stability and perfect democracy of several nations is not assured. For example, Argentina, Brazil, Colombia, Peru, and Ecuador are far from stable. However, in several countries, the people seek to reform their political institutions as a due to the national leadership's inability to control corruption and effect social and economic problems. To combat public perception that the current democratic institutions are not fulfilling the social and economic needs of the regimes they replaced, democratic leaders often look for an example of an effective form of government. These leaders often reach out to another government, one credible and willing to offer assistance. In the past, these nations looked to the U.S. for financial support for strategies such as the Dominican Republic-Central America Free Trade Agreement and Central America Regional Security Initiative. Since 2001, the U.S. focus was on priority challenges in the Middle East. The U.S. should seek to reverse that trend and strengthen relations with the Latin American nations through persistent presence. An increase in U.S. presence and influence in the region might begin to reverse the level of corruption and instability created by its absence from the region.

The PRC's infrastructure development projects and the associated under-the-table incentives for political leaders who support these projects are a threat to the geopolitical stability of Latin America. Transparency International defines corruption as the "misuse of public power for private benefits; for example, the bribing of public officials, taking

kickbacks in public procurements, or embezzling public funds.”¹⁰ Political corruption is a significant problem in Latin America, and made worse because it is considered a cost of doing business. In Brazil, President Fernando Collor de Mello resigned after a string of scandals to influence the electoral campaign, redirection of public funds by his wife, and reports of lavish private life.¹¹ In Ecuador, President Abdalá Bucaram took funds that were raised at Christmas telethon to help the poor.¹² In Nicaragua, the former president Arnoldo Alemán has faced fraud, embezzlement, and money laundering charges.¹³ In Argentina, President Carlos Menem resigned in 1999 following several scandals and was then arrested in 2001 on charges of illegal arms trafficking and accepting millions of dollars in bribes.¹⁴ There is a precedent for politicians and government officials to succumb to financial pressure that sets the conditions for China's opaque business practices to succeed in Latin America. The Chinese government invests heavily in party-to-party and parliament-to-parliament exchanges in which participants report receiving red-carpet treatment from the Chinese government.¹⁵ Latin America must continue to combat corruption in their institutions and strengthen leaders against the PRC's attempts of bribery and economic coercion attempts.

In addition to the negative effect of China's coercive capital on the economy, the infrastructure development projects create geopolitical instability as development brings isolated groups into unwanted contract with others. For example, Guatemala has four cultural groups (Ladino, Mayan, Xinca, and Garífuna) and 25 different ethnic groups, all

¹⁰ Damarys Canache and Michael E. Allison, “Perceptions of Political Corruption in Latin American Democracies,” *Latin American Politics and Society* 47, no. 3 (2005): 94.

¹¹ Canache and Allison, 91.

¹² Canache and Allison, 91.

¹³ Canache and Allison, 92.

¹⁴ Canache and Allison, 91–92.

¹⁵ Ludwig, “We’re Underestimating China’s Impact on Governance in Latin America.”

with different dialects and cultural norms.¹⁶ Likewise, Ecuador has six different ethnic groups and three different languages.¹⁷ For centuries, these groups in Guatemala and Ecuador remained separated by culture, opportunity, language, and status. Due to poverty, lack of transportation, and bad roads, these groups remain largely isolated throughout the regions. However, as infrastructure projects begin to connect the groups, issues of inequality in access to government assistance, land rights, and wealth distribution will begin to destabilize the region. Although funded by the PRC, government sponsored infrastructure projects in predominately isolated areas could lead to tensions that erupt into violence. Conflict within groups could increase tensions due to political integration, consisting of legal, social, and political changes. Political integration of various indigenous groups should be considered a risk for infrastructure development projects.¹⁸

Economic Stability in Latin America

With the Novel Coronavirus pandemic affecting all major economies, the saying, "that when Latin America sneezes, the United States gets a cold," is more relevant today than ever before; it is also critical to understand the saying from an economic point of view. China is now the preferred lender to Latin America.¹⁹ Between 2005-2019, Latin American countries accumulated debt totaling \$137 billion from China, with Venezuela,

¹⁶ "Cultural Ethnic Groups in Guatemala - Spanish Academy Antigua," accessed November 15, 2020, <https://www.spanishacademyantigua.com/blog/2018/09/17/cultural-ethnic-groups-in-guatemala/>.

¹⁷ Central Intelligence Agency, "South America: Ecuador — The World Factbook - Central Intelligence Agency," accessed November 15, 2020, <https://www.cia.gov/the-world-factbook/countries/ecuador/>.

¹⁸ Quincy Wright, *A Study of War*, Second (The University of Chicago Press, 1964), 17.

¹⁹ Clara Nugent and Charlie Campbell, "The U.S. and China Are Battling for Influence in Latin America, and the Pandemic Has Raised the Stakes," *Time Magazine*, February 4, 2021, sec. World/China, <https://time.com/5936037/us-china-latin-america-influence/#:~:text=In%202019%2C%20Chinese%20companies%20invested,of%20the%202008%20financial%20crisis.>

Brazil, Ecuador, and Argentina being the top recipients. Brazil and Peru are the collective recipients of \$87 billion, with about 56 percent of the investments going to energy projects.²⁰ Within Latin America as a whole, from 2005 to 2019, China's construction projects were valued at about \$130 billion.²¹ Chinese lending to Latin America reached its high in 2016, with loans reaching \$21.4 billion and declining to \$1.1 billion in 2019.²² However, the U.S., who Latin America has given the highest approval rating, is not backing down from competition with China in the region. In 2019, the PRC's trade and foreign direct investment (FDI) in the western hemisphere was \$330 billion and \$180 billion, respectively, whereas the U.S. trade and FDI were \$1.9 trillion and \$250 billion.

The U.S. challenge with PRC lending to Latin America is a seemingly lack of transparency and predatory terms of the investment and loans. Although China maintains that the investment and loans support Latin America's "weak capacities of capital accumulation and heavily rely on foreign capital."²³ China argues that Latin America's poor infrastructure is a significant obstacle to economic growth, and the lack of investment is the reason behind the poor infrastructure.²⁴ Therefore, China contends they are increasing the economic stability of the region by developing Latin America's economic and trade relations. China purports that the clauses and terms of repayment and interest rates are negotiated between the two nations and follow international norms.²⁵

The majority of the investment and loans support various infrastructure development projects, which focus heavily on expanding China's capabilities to minimize

²⁰ Sullivan and Lum, "China's Engagement with Latin America and the Caribbean," 2.

²¹ Sullivan and Lum, 2.

²² Sullivan and Lum, 2.

²³ Jiang Shixue, "Latin America Debt Trap Myth," *China Daily*, September 8, 2020, sec. OpEd, <https://www.chinadaily.com.cn/a/202009/08/WS5f56c76aa310675eafe58103.html>.

²⁴ Shixue.

²⁵ Shixue.

agricultural, oil, and natural gas costs.²⁶ In 2015, China committed \$10 billion to expand petroleum production in Latin American oilfields controlled by Chinese companies. In Brazil, the PRC infrastructure development projects grew the road and port networks to increase transporting agriculture products more effectively. Although the PRC would like the international community to believe these investments are economic benefits for the host nation, these projects are self-interests for China to increase efficiency and keep costs low. Additionally, China prefers to use its labor as a substitute for local labor, generating local resistance in many cases.²⁷ For example, the São Luis Port in Brazil was designed, financed, planned, and constructed with Chinese labor, engineers, and equipment. Scholars suggest that “Chinese labor reduces the cost of training locals and helps manage employees by avoiding cultural differences.”²⁸ However, using Chinese labor does nothing to improve the nation's knowledge capital and future development, suggesting that China is looking for short-term gains in the region and not a long-term commitment.

The opportunity for the U.S. is to influence its regional partners by identifying the negative return on investment for PRC supported infrastructure development projects. If China develops, finances, plans, and constructs projects with Chinese labor, engineers, and equipment, the infrastructure project benefit China. The host nation receives no job creation, no investment in industry knowledge, and minor increase in economic benefit for the country or region. The absence of job creation in LAC fuels inequality that

²⁶ Katherine Bersch and Riitta-Ilona Koivumaeki, “Making Inroads: Infrastructure, State Capacity, and Chinese Dominance in Latin American Development,” *Studies in Comparative International Development* 54, no. 3 (September 2019): 2.

²⁷ Bersch and Koivumaeki, 7.

²⁸ Bersch and Koivumaeki, 7.

contributing to increased migration to the U.S. when the government limits legal and illegal immigration.

Why the sudden leaning toward the People's Republic of China? In 2017, the U.S. left the Trans-Pacific Partnership (TPP), and the remaining 11 countries were left to their strategies to negotiate the partnership. The U.S. departure from the TPP created a seam between the U.S. and LAC for China to exploit. Chile and Costa Rica signed Free Trade Agreements (FTA) with China. As of 2019, China and Panama are negotiating an FTA. An emerging opportunity for the U.S. is to create a favorable institutional framework that brings the Western Hemisphere together for the region's collective economic benefit. Before the U.S. departure from the TPP, Brazilian President Jair Bolosonaro was a staunch ally to President Donald Trump; however, Bolosonaro's rhetoric shifted towards China as Brazil is now partnering with Heiwai on a 5G network deal. With Latin America exporting \$165 billion to China in 2019, which accounted for 7.9% of China's imports, the U.S. sacrificed an opportunity to maintain influence in the region.²⁹ Moreover, by leaving the TTP, the U.S. enabled the Latin American nations to succumb to a mindset of focusing on the immediate economic benefits rather than the overall prosperity for the long-term social and economic stability that other nations could offer.

Although the U.S. should not attempt to restrict its Latin American partners from engaging in trade and commerce with China, there are long-term opportunities that the Latin American nations are losing sight of in favor of short-term economic gains. The trading of goods with China could be a win-win for China and Latin America. Unfortunately, China has strengthened trade relationships, minimized its costs, and

²⁹ Sullivan and Lum, "China's Engagement with Latin America and the Caribbean," 1.

maximized profits by funding infrastructure projects yet fail to benefit Latin America. The PRC and their state-owned enterprises provide loans for the projects, which then go to a Chinese state-owned company. The state-owned companies then bring Chinese construction workers, engineers, and equipment to complete the project. In most Latin American countries where infrastructure development institutions are weak, "China dominates the project by designing, financing, planning, constructing (with Chinese labor, engineers, and equipment), and maintaining a given project."³⁰ The Chinese infrastructure development projects are of minimal gain for the host country, including knowledge capital, which threatens the region's geopolitical conditions. Therefore, by building a framework that benefits Chinese long-term ambitions, China rises while sinking the nation supporting their rise. Latin America's failure to observe the unequal benefit is a critical point that conflicts with U.S. national interests in the region. The region's geopolitical and geoeconomic stability is a vital U.S. national interest when coupled with homeland security.

United States National Interests in Latin America

The U.S. enduring national interests in Latin America date back to the Spanish-American War. However, with regards to Latin America, no U.S. national interest is more vital than the geostrategic protection of the Homeland's Southern Flank.³¹ Homeland Security was a hallmark of the Monroe Doctrine, which asserted unilateral U.S. protection for the entire Western Hemisphere. The Monroe Doctrine, beyond warning European nations of future colonization within the Western Hemisphere,

³⁰ Bersch and Koivumaeki, "Making Inroads: Infrastructure, State Capacity, and Chinese Dominance in Latin American Development," 325.

³¹ Joseph Biden, "Interim National Security Strategic Guidance" (White House Press Office, March 2021), 10, <https://www.whitehouse.gov/wp-content/uploads/2021/03/NSC-1v2.pdf>.

expressly prohibited any attempt to oppress or control any nation in the Western Hemisphere, which Monroe viewed as a hostile act against the United States. In 1904, President Theodore Roosevelt added the Roosevelt Corollary to the Monroe Doctrine, which states that the United States could intervene in that country's internal affairs in cases of wrongdoing by a Latin American country. By asserting police power over Latin America, Roosevelt intended to prevent countries from seeking amends of grievances against any Latin American state. Although the Obama Administration renounced the Monroe Doctrine in 2013, the renouncement maintained the essential elements of cooperating on security and adhering to the decisions that U.S. and Latin American countries make as partners to advance the shared values and interests.³²

A cooperative neighbor, Mexico, and two channelizing deserts, Sonoran Desert and the Chihuahua Desert, mostly protect the United States' southern flank. However, the U.S. is less protected from the sea than some would like to believe, particularly the South Atlantic. The PRC now funds or operates the ports that connect the Atlantic Narrows, both in West Africa and Brazil, that Admiral Samuel Eliot Morison stated, “in unfriendly hands it would have been a serious handicap to the American cause.”³³ The Atlantic Narrows is roughly 1,400 miles wide and was used to ferry supplies between Japan, France, and Germany to the Axis powers. During World War II, the Atlantic Narrows, which connect Cape São Roque, Brazil to the bulge of West Africa (Cape Verde), was

³² Zachary Keck, “The U.S. Renounces the Monroe Doctrine?,” accessed November 12, 2020, <https://thediplomat.com/2013/11/the-us-renounces-the-monroe-doctrine/>.

³³ Samuel Eliot Morison, *History of United States Naval Operations in World War II: The Battle of the Atlantic*, vol. Volume I (Boston: The Atlantic Monthly Press, 1951), 376.

vital maritime terrain.³⁴ As Nicholas Spykman warned, this area could create an obstacle to protecting the U.S.' southern flank.³⁵

In Latin America, the China Communications Construction Company (CCCC), a majority Chinese state-owned business, and Brazilian company WPR-São Luís Gestão de Portos e Terminais is investing \$1 billion in Port São Luis on Cape Roque.³⁶ That was the most significant single investment by the Chinese in 2019.³⁷ Additionally, WPR-São Luís Gestão de Portos e Terminais sought a \$2.6 billion loan financed from the Industrial and Commercial Bank of China for the project.³⁸ São Luis Port will be financed and operated by CCCC.³⁹ If China militarizes São Luis Port and Cape Verde, like it has done with its logistics hub in Djibouti, the PRC could control the Atlantic Narrows. The Atlantic Narrows were critical to the U.S. success during World War II. In the hands of the PRC, the Atlantic Narrows would be a strategic risk for the U.S. in a conflict with China. The Atlantic Narrows and the Panama Canal are both vital to protecting the U.S. national interests. However, Chinese ambitions also seek to recreate the international world order with Chinese characteristics.

The 2017 National Security Strategy states, "for 70 years, the United States has embraced a strategy premised on the belief that leadership of a stable international economic system rooted in American principles of reciprocity, free markets, and free

³⁴ Raymond Komerowski, "U.S. Strategic Interests in Latin America and the Impact of the NATO Short War Strategy" (Strategic Studies Institute, July 29, 1977), 10–11, <https://apps.dtic.mil/dtic/tr/fulltext/u2/a047582.pdf>.

³⁵ Kaplan, *The Revenge of Geography*, 95.

³⁶ Marcela Ayres, "China to Announce Billion-Dollar Investment in Brazilian Port of Sao Luis: Sources," *Reuters*, November 13, 2019, <https://www.reuters.com/article/us-brazil-brics-china-investment-idUSKBN1XN2NM>.

³⁷ Ayres, "China to Announce Billion-Dollar Investment in Brazilian Port of São Luis."

³⁸ Aldem Bourscheit, "São Luis Megaport Conflict Intensifies," *Dialogo Chino* (blog), September 11, 2019, <https://dialogochino.net/en/infrastructure/30051-sao-luis-megaport-conflict-intensifies/>.

³⁹ Ayres.

trade served our economic and security interests." The Panama Canal and the Atlantic Narrow both serve to maintain the a stable international economic system rooted in American principles. However, China is quickly closing the gap.

China is placing increased emphasis on establishing itself as the economic leader of developing nations. In contrast to the United States, a country that seeks to maintain the liberal world order, China is attempting to replace the current world order to one with Chinese characteristics. It appears that China is seeking to divide, discredit, and weaken democracies, lessening the appeal of the membership in the democratic system, by co-opting some members, isolating and weakening others, and leaving the U.S. at the head of what will be, at best, a diminished and enfeebled coalition.⁴⁰ The threat that China poses, politically and economically, to Latin America could be considered a strategic risk to the U.S. vital interests to protect the homeland, assure allies and partners, and advance American influence.

The next chapter provides a risk assessment of Chinese infrastructure development projects in Latin America. The author will develop the threats, hazards, and vulnerabilities to the geopolitical stability of Latin America and the emerging opportunities for the U.S. to influence its partners to protect the region against predatory infrastructure projects that are detrimental to the security environment of the Western Hemisphere.

⁴⁰ Aaron Friedberg, "An Answer to Aggression: How to Push Back Against Beijing," *Foreign Affairs*, no. September/October 2020 (n.d.): 150–51.

Risk Assessment

The Joint Chiefs of Staff defines risk as the amount of harm that can be done to interests, and the ability of a geographical combatant commander to protect those interests and achieve U.S. national objectives. Risk can be categorized in terms of strategic or military risks. Strategic risk impacts U.S. national interests; whereas, military risk is the impact of the difference between required and available capability, capacity, readiness, plans, and authorities on the ability to execute assigned missions.¹

The purpose of the risk assessment in this thesis is to link potential harmful Chinese infrastructure development with likely consequences and the expected probability of a negative outcome. As an element of risk assessment, the source of risk identifies the potential harm that could come to the security, environmental, demographical, political, technical, or social conditions. The drivers of risk – the factors that act either to increase or decrease the probability, frequency, or consequence of risks arising from various sources – are then evaluated. The PRC’s predatory infrastructure development projects and coercive capital that promotes the “Chinese Dream” take advantage of Latin America’s immature political and economic institutions and create a risk for regional stability.

The single largest source of risk to Latin America’s political and economic integrity is the PRC’s infrastructure development in the region. Over the last two decades, China set the conditions to build and dominate access to and control commodities and markets. The PRC’s use of its state-owned enterprises to develop and

¹ Mark Milley, “Joint Publication 5-0: Joint Planning” (Department of Defense, December 1, 2020), V-15.

dominate the infrastructure development in Latin America allows its companies to control operations and markets to enable wealth to be generated that flows back to China. Hence, the PRC's economic benefits in infrastructure development increase when negotiating with LAC's with higher levels of the corruption, weaker forms of governance, and poor financial management. All the while, China continues to feed and resource its population that maintains the Communist Party while LAC suffer extreme poverty, unemployment, and violence.

China's actions in the region presents a threat – “a state or non-state entity with the capability and intent to cause harm” – to the U.S. National Security Strategy.² The hazards, “security, environmental, political, or social condition to cause harm,” are a decline in stable, friendly, and prosperous states in the Western Hemisphere.³ Additionally, other hazards that could affect Latin America directly and the U.S. either directly or indirectly could include a reversion to authoritarian forms of government, loss of U.S. political and economic influence in the region, loss of access to the region, and regional conflict.⁴ The risk contour graphic (Figure 2) is a subjective analysis of the region's current hazards. At a minimum, the graph can help determine the risk level.

The PRC's coercive capital investments in places like Venezuela pose a hazard to U.S. national interests⁵ The PRC's infrastructure development and coercive capital are a contributing factor to the damage of Venezuela's political and economic structures. Since 2000, the PRC's infrastructure development in Venezuela provided the populist anti-U.S.

² Chairman of the Joint Chiefs of Staff, “Joint Risk Analysis: CJCSM 3105.01” (Department of Defense, October 14, 2016), B-3.

³ Chairman of the Joint Chiefs of Staff, B-3.

⁴ Chairman of the Joint Chiefs of Staff, B-3.

⁵ Chairman of the Joint Chiefs of Staff, B-3.

regimes of Hugo Chavez and Nicolas Maduro over \$62 billion in loans.⁶ As the U.S. focused on higher priority national security interests in the Middle East, the PRC used infrastructure development as a medium that effectively increased the level of corruption in Venezuela. China continues to bolster the Maduro government, expropriate western companies, foment subversive and criminal behavior, and dismantle the liberal world order that has enabled the country to mismanage itself causing over five million Venezuelan citizens to leave the country since 2014.⁷

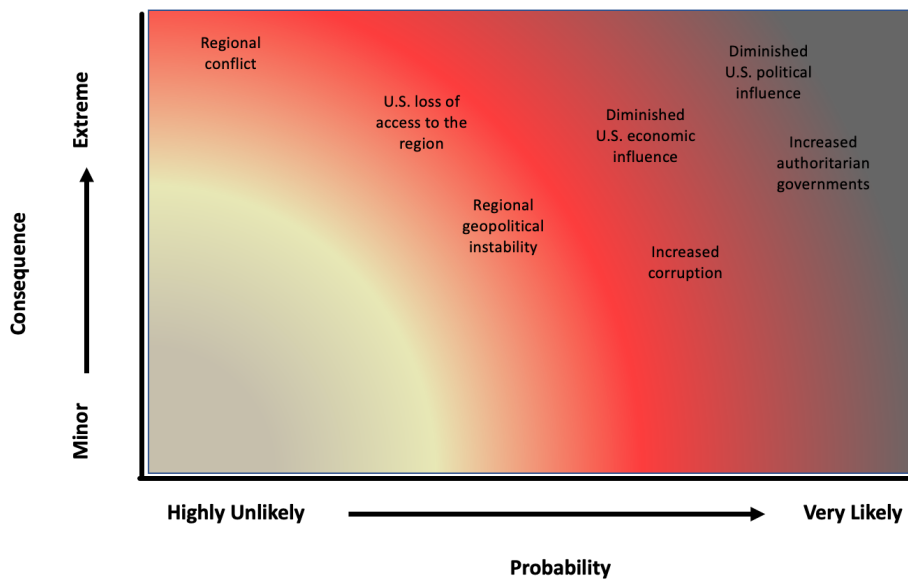


Figure 2: Risk judgment contour graphic to determine the probability-consequence of the risks to U.S. National Security Strategy

Venezuela has little to show for the enormous debt owed to the PRC. In most cases, China expects Venezuela to repay loans on PRC-funded infrastructure but now abandoned infrastructure development projects. However, China's debt-trap diplomacy scheme ensures that national-level resources repay the loans in place of cash. Typically,

⁶ Ellis, “Testimony before the US-China Economic and Security Review Commission,” 2.

⁷ Ellis, 2.

Venezuela repays the loans to China with their most precious resource, oil. Venezuela's debt to the PRC continues to build interest. As of 2019, Venezuela has repaid the loans to the PRC with \$43 billion in oil.⁸ However, Venezuela's oil production has declined sharply, and worldwide oil prices have dropped significantly since 2014, which results in Venezuela's burden to China continuing to grow.⁹

In August 2020, Venezuela's state-owned oil company, *Petróleos de Venezuela, S.A. (PDVSA)*, fell behind on meeting its repayment obligations to China for the infrastructure development projects.¹⁰ The Maduro government negotiated a grace period that allows for an interest-only payment on the \$19 billion in oil owed to China for the \$50 billion that the nation borrowed through the loan-for-oil program.¹¹ Without the grace period, Venezuela would be required to repay loans to China equal to one quarter of 2019 oil revenues.¹² The PRC's infrastructure development loans contributed to Venezuela's destabilization and contributes to the region's growing political and humanitarian crises with a large national loan-to-debt ratio and inability to make repayment obligations, which are now boiling over into Colombia, Brazil, and Guyana.

With tensions increasing between Venezuela and the neighboring countries, like Colombia, Venezuela's neighbors will likely attempt to undermine the Maduro government. Colombia claims that Venezuela is supporting Colombian guerilla rebels.¹³

⁸ Ellis, 2.

⁹ Marianna Parraga and Brian Ellsworth, "Venezuela Falls behind on Oil-for-Loan Deals with China, Russia," *Reuters*, February 10, 2017, <https://www.reuters.com/article/us-venezuela-oil-insight-idUSKBN15O2BC>.

¹⁰ Mayela Armas and Corina Pons, "Exclusive: Venezuela Wins Grace Period on China Oil-for-Loan Deals, Sources Say," *Reuters*, August 12, 2020, <https://www.reuters.com/article/us-venezuela-china-exclusive-idUSKCN2581UN>.

¹¹ Armas and Pons, "Venezuela Falls behind on Oil-for-Loan Deals with China, Russia."

¹² Armas and Pons.

¹³ Francisco Toro, "Opinion | Armed Conflict between Venezuela and Colombia Is Now a Real, and Terrifying, Possibility," *Washington Post*, accessed December 5, 2020,

In 2019, the U.S., Colombia, and nine other countries invoked the Rio Treaty after Nicolas Maduro threatened to commit his military to the border with Colombia.¹⁴ The Colombian military is one of the most proficient and combat-experienced infantry in Latin America.¹⁵ However, a security dilemma for Colombia is the Russian military troops assigned to Venezuela to defend the Maduro Presidency. Although the most significant risk for harm is to the nations that borders Venezuela, such as Colombia, Brazil, and Guyana, Latin America could continue to destabilize for the foreseeable future unless the different leaders replace those currently controlling the Venezuelan government. At best, a civil war in Venezuela is likely to replace President Maduro. At worst, an interstate conflict between Colombia and Venezuela with the likelihood of drawing in the U.S., China, and Russia. The migration of Venezuelans escaping the violence, political strife, and socio-economic situation in Venezuela further compounds the region's destabilization.

Venezuela's infrastructure development and China's willingness to provide funding to the Chavez and Maduro regimes are linked to the political and economic instability of the region. Venezuela is suffering the consequences of “the largest refugee crisis in Latin American history.”¹⁶ The Venezuelan crisis is boiling over into other countries in the region. Venezuela's neighboring countries host approximately five million Venezuelan refugees.¹⁷ Most Venezuelan refugees are fleeing to Colombia, the

<https://www.washingtonpost.com/opinions/2019/09/12/armed-conflict-between-venezuela-colombia-is-now-real-terrifying-possibility/>.

¹⁴ Toro.”

¹⁵ Eliot A Cohen, *The Big Stick: The Limits of Soft Power and the Necessity of Military Force* (Basic Books, 2016), 214.

¹⁶ John Otis, “Large Venezuelan Migration Sparks Xenophobic Backlash In Colombia : NPR,” accessed February 6, 2021, <https://www.npr.org/2020/12/29/949548865/large-venezuelan-migration-sparks-xenophobic-backlash-in-colombia>.

¹⁷ Otis.

closest Spanish speaking country. Colombia has taken over two million refugees.¹⁸ As the situation continues to deteriorate, the geopolitical crisis will magnify. A majority of Colombians have an unfavorable impression of Venezuelan migrants.¹⁹ Residents of Pamplona, a city along the highway to Bogotá, protest any initiatives to assist the migrants.²⁰ The U.S. is likely to see an increase in migration, legal and illegal, from Venezuela as people continue to flee the political and economic crisis.

Additionally, the geopolitical situation could result in a regional conflict as Venezuela's neighboring countries struggle to provide for its citizens. Politically, the U.S. should consider strong diplomatic engagement with Colombia, Guyana, Brazil to catalyze regional efforts to build security and prosperity. However, while Venezuela's neighbors are suffering the immediate impacts of the crisis, other nations within the region are affected by the corruption resulting from the PRC infrastructure development.

The anti-U.S. populist regime of Rafael Correa in Ecuador acquired \$19 billion in debt from China for various infrastructure projects, including dams, bridges, highways, irrigation, schools, health clinics.²¹ Not only do the infrastructure development projects have numerous defects, for example, the cracking Coca Codo Sinclair Dam. The loans for these infrastructure development projects are a leading factor to political corruption, and national resources being diverted to repay the loans. Like Venezuela, Ecuador is a recipient of China's loan-for-oil program, which requires Ecuador to provide 80 percent of its oil to China.²² The infrastructure development loans placed Ecuador's economic

¹⁸ Otis.

¹⁹ Otis.

²⁰ Otis.

²¹ Nicholas Casey and Clifford Krauss, "It Doesn't Matter If Ecuador Can Afford This Dam. China Still Gets Paid," *New York Times*, December 24, 2018, <https://www.nytimes.com/2018/12/24/world/americas/ecuador-china-dam.html>.

²² Casey and Krauss.

stability in peril and engulfed the country in a national scandal of debt and corruption. Prosecutors indicted the Vice President, the former electric minister, and an anti-corruption official for accepting bribes from Chinese officials.²³ The price tag for the defunct infrastructure development projects is that Ecuador is now drilling for oil farther in the Amazon rainforest to repay the loans, causing severe harm to the environment. Like other nations, China effectively used its predatory lending model in Ecuador. As a result, Ecuador is committed to repaying loans that cripple the economy.²⁴

To reimburse the Chinese for the infrastructure development loans, Ecuador is expanding its crude oil production deeper into the Amazon Rain Forest, creating an increase risk to the environment and the Ecuadoran people. Crude-oil production is a high-pollution industry. Between 2001-2011, accidental oil spills accounted for an estimated 10,000t of crude oil released into the Ecuadorian Amazon environment, which contaminated air, soil, rivers, estuaries, and underground aquifers.²⁵ The indigenous groups living in this area are at high risk of exposure either directly through inhalation or indirectly from the food supply, which might account for higher health problems in these groups.²⁶ In 2013, the Ecuadorian government authorized petroleum extraction inside Ecuador's Yasuní National Park, an area that is one of the most biologically diverse places on earth.²⁷ Just outside the National Park, which is home to the Waorani clan, an indigenous group protected by the constitution, except for oil production, continues to see their hunting lands reduced as logging and roads are created to make way for the oil

²³ Casey and Krauss.

²⁴ Casey and Krauss.

²⁵ Gabriela Coronel-Vargas, William W. Au, and Alberto Izzotti, "Public Health Issues from Crude-Oil Production in the Ecuadorian Amazon Territories," *Science of the Total Environment* 719, no. 1 June 2020 (n.d.).

²⁶ Coronel-Vargas, Au, and Izzotti.

²⁷ Korn, "A Village in Ecuador's Amazon Fights for Life as Oil Wells Move In."

producers. The roads connecting the villages and shrinking rainforests are as significant for the Waorani Tribe as globalization is for other nations, but this is part of the PRC's debt-trap diplomacy or as Joseph Nye coined, "Sticky Power."

As defined, sticky power through loans is analogous to the song "Hotel California," the loans are a "lovely place," there is plenty to go around, and the Latin American politicians are certainly "living it up." Unfortunately, the nations are "programmed to receive," and they can "check out any time you like, but you can never leave." China's infrastructure development projects in Latin America are the ultimate use of *sticky power*, which requires loans from Chinese banks. Once indebted, the Latin American countries return for loans that are even more advantageous to the PRC. Of the 15 countries in Latin America, Ecuador is among the top three borrowers of Chinese funds. Ecuador is now beholden to the loans that China provided. Unfortunately, Ecuador lacks the financing solutions to repair the Coca Codo Sinclair Dam and repairs from various other infrastructure development projects. To pay for the loans, Ecuador will continue to turn to China for loans unless the U.S., the International Monetary Fund, or World Bank steps in to provide the loans that Ecuador requires. To keep Ecuador in its sphere of influence, China agreed to pay more per barrel of oil, which dropped Ecuador's share of oil going to China from 90 percent to 80 percent.²⁸ More alarming, is that Ecuador's resources are funding defunct infrastructure projects that failed to meet the nation's economic improvement expectations. Not only has the infrastructure development failed to bring the country out of economic poverty, but the projects are destroying homes and land as mining companies dig deeper into the Amazon.

²⁸ Casey and Krauss, "It Doesn't Matter If Ecuador Can Afford This Dam. China Still Gets Paid."

As Quincy Wright suggests, "among the primitive people's warlikeness was found to be closely correlated with the number of contacts."²⁹ The shrinking Ecuadorian rainforests created tribal disputes between the various Waorani groups. Although incidental engagements between groups occurred before the Chinese infrastructure development and oil production projects, the clans say the attacks are becoming more violent.³⁰ The other groups' movements within the clan are not predictable, and unexpected encounters lead to death and revenge.³¹ One Waorani leader projected massacre; as the drilling continues and the hunting grounds shrink, the number of engagements between the uncontacted and other tribes will increase.³²

With most nations in Central and South America, the diversity of indigenous tribes ranges from uncontacted to some that have begun to assimilate into the civilized society. As the PRC infrastructure development continues, the LAC will connect ports to road and railway networks. The indigenous tribes will resist the logging that is destructive to their historical hunting grounds and will fight the loggers and other workers to save their lands. The second reaction will be similar to the Waorani tribe, where encounters with other tribes will become more frequent and violent. The third reaction will be the indigenous tribe seeking government compensation through the mechanism of identity politics. A threat to the LAC is that the indigenous tribes will turn to guerilla warfare to impede the work of corporate firms. All three reactions are risks to the region's geopolitical stability and the nation's political legitimacy. All three reactions will likely increase human rights violations and regional political instability. The PRC

²⁹ Wright, *A Study of War*, 169.

³⁰ Korn, "A Village in Ecuador's Amazon Fights for Life as Oil Wells Move In."

³¹ Korn.

³² Korn.

will likely intimidate the government to take a harsh stance against the indigenous populations, much like they have with the Uighur populations.

China's ability to intimidate governments to receive infrastructure development loans and influence policy while preventing U.S. access is a risk to U.S. national interests in Latin America. In April 2010, China cut off soybean oil purchases from Argentina in protest to anti-dumping measures adopted by the Argentina Congress. The Foreign Minister and President Fernandez de Kirchner formally apologized to China and soon after agreed to \$10 billion in infrastructure projects before China finally resumed the purchase of soybean oil.³³ The ability of the PRC to garner political influence and intimidate governments is not manifested solely in developing nations. Greece, where China has invested heavily in cargo ports, bowed to Chinese pressure and blocked a European Union statement on China's human rights abuses at the United Nations.³⁴ This type of heavy-handedness could result not only in requiring nations to take on more loans, as was the case with Argentina, but force nations to purchase emerging technologies beneficial for China. However, China may use its loans for infrastructure development to compel and coerce Latin American countries to silence criticism.

One might suggest that China's relationship with Ecuador, Chile, Peru, and Colombia for infrastructure development projects may have a cause-and-effect relationship with China's illegal, unreported, and unregulated (IUU) fishing practices within these countries' economic exclusion zones (EEZ). Although Ecuador, Chile, Peru,

³³ Global Trade Alert, "Intervention 20502: Argentina: Definitive Antidumping Duty on Imports of Certain Radiators for Motor Vehicles and Tractors from China," accessed December 17, 2020, <https://www.globaltradealert.org/intervention/20502/anti-dumping/argentina-definitive-antidumping-duty-on-imports-of-certain-radiators-for-motor-vehicles-and-tractors-from-china>.

³⁴ Haddard and Polyakova, "Is Going It Alone the Best War Forward for Europe? Why Strategic Autonomy Should Be the Continent's Goal."

and Colombia all condemned Chinese fishing in their EEZ, these nations continue to document China's proclivities to disregard legal norms. The IUU is a national security challenge for many small nations that use commercial fishing to maintain their economy.³⁵ Ecuador first reported the *Fu Yuan Yu Leng 999*, a Chinese-flagged ship, inside UNESCO-protected Galápagos Marine Reserve with 300 tons of shark on-board in 2017.³⁶ In Chile, illegal fishing annually costs the country an estimated \$300 million.³⁷ The Latin American countries and the U.S. have sternly addressed the concern in the press. Additionally, the PRC's manipulation of LAC could prevent U.S.-Latin American political and military engagements.

China's predatory infrastructure development projects risks the political and economic stability of Latin America and may have long-term implications on U.S. interests to access for political and military engagements. There are three significant challenges to successful risk analysis: complexity, uncertainty, and ambiguity.³⁸ The complexity of establishing a cause-and-effect relationship with numerous intervening and interwoven variables makes risk assessment difficult. Additionally, uncertainty and ambiguity are other considerations. However, one can see the political and economic implications of the infrastructure development projects in Venezuela, where loans-for-oil agreements from the Chavez and Maduro government crippled the political and financial institutions and sent Venezuelans fleeing for political and economic stability. In Argentina, as a result of accepting a bailout deal from the PRC, the People's Liberation

³⁵ Faller, "Posture Statement of Admiral Craig S. Faller, Commander United States Southern Command."

³⁶ Alessandro Ford, "Chinese Fishing Fleet Leaves Ecuador, Chile, Peru Scrambling to Respond," *InSight Crime* (blog), November 5, 2020, <https://www.insightcrime.org/news/analysis/china-fishing-fleet-response/>.

³⁷ Ford.

³⁸ Chairman of the Joint Chiefs of Staff, "Joint Risk Analysis: CJCSM 3105.01," B-6.

Army secured a space research and satellite-tracking station in Argentina's high desert province of Neuquén. Venezuela's political and economic instability and the resulting migration of throughout the region, and the military foothold now secured in Argentina are significant threats to U.S. national interests in Latin America. The PRC threatens the U.S.' ability to preserve demographic norms, universal values, and maintaining a U.S.-led international order (see Table 1).³⁹ China's predatory lending practices for infrastructure development projects demonstrates the PRC's capability to cast doubt on U.S. hegemony in the region. China does not have to assume the hegemonic role. It only has to diminish the U.S. role in the region.

After discussing the source of risk, drivers of risk, and assigning a risk level, in the next chapter the author will provide a risk judgment of Chinese infrastructure development projects using the hazards discussed in Chapter 2. Risk judgment is subjective and requires assigning a risk level and consequence. A visual depiction (Figure 2) of the assessed probability and consequence allows subject matter experts to determine the appropriate risk level. They evaluate the risk to determine the acceptability of risk, informing decisions on risk management. Risk management informs the decision to accept, avoid, reduce, or transfer the risk.

³⁹ Chairman of the Joint Chiefs of Staff, C-5.

Table 1: Generic Strategic Risk Matrix. Source: Chairman of the Joint Chiefs of Staff, "Joint Risk Analysis: CJCSM 3105.01."

EVENT TITLE:		Hazard Estimate (Consequence based on damage to interest, time, resiliency) (w/ Illustrative Exemplars)				Probability	RISK to Interest
Enduring National Interest	Strength of Interest HLD/Vital: 4 Global System/Ally: 3 Partner/Regional: 2 Other/Local: 1	Limited (1) Minor damage to interests, and/or short-term impacts	Major (2) Moderate damage to interests and/or mid-term impacts	Catastrophic (3) Major damage to interests and/or long-term impacts	Existential (4) Extreme damage to interests, and/or permanent destruction of defining system	HIGH 81-100% SIG 51-80% MOD 21-50% LOW 0-20%	HIGH SIG MOD LOW
The Security of the U.S., its population, civil society, Allies and Partners	HLD/Vital: 4 Global System/Ally: 3 Partner/Regional: 2 Other/Local: 1	<ul style="list-style-type: none"> - Small Scale Contingency Ops (NEO, HA/DR) - Tactical Terror Attack (Lone Wolf) - Minor domestic civil disturbance - American hostage(s) - Loss of access - Coop Security activity or arrangement cancelled 	<ul style="list-style-type: none"> - Minor Armed Conflict - Operational Terror Attack - Isolated or Minor Attack on Global Domain or critical infrastructure - Major domestic civil disturbance - Isolated Attack on U.S. Embassy or Business - Loss of Ally or Partner - Rise of Regional Hegemon - Unsecured global domains - Isolated epidemic or natural disaster 	<ul style="list-style-type: none"> - Theater War on Major Armed Conflict - Strategic Terror Attack (9/11) - Strategic Attack on Global Domain or critical infrastructure - Concurrent widespread major domestic civil disturbances - Integrated regional attacks on U.S. Embassies or Businesses - Invasion or Loss of Major Ally or Partner - Regional Security Organization (NATO) breakup - Major epidemic or natural disaster (Spanish Flu of 1918, Katrina) 	<ul style="list-style-type: none"> - Nuclear War (U.S. or Allies) - WMD Terror Attack - Domestic rebellion - Pandemic or natural disaster that threatens U.S. existence 		
Security of the U.S. Economy & the global economic system	HLD/Vital: 4 Global System/Ally: 3 Partner/Regional: 2 Other/Local: 1	<ul style="list-style-type: none"> - Limited trade, resource, or financial interruption - Limited interference in critical infrastructure - Change in currency standard - Minor cyber compromise 	<ul style="list-style-type: none"> - Extended trade, resource, or financial interruption - U.S. Recession - Extended interference in critical infrastructure - Failure of IMF - Lack of intl norms - U.S. Depression 	<ul style="list-style-type: none"> - Financial failure of major institution or market - Major Degradation of critical infrastructure - Access to Global Domain(s) disrupted by adversary 	<ul style="list-style-type: none"> - Global or U.S. economic collapse - Closed economic system - Destruction of critical infrastructure - Seizure of U.S. business/industry - Access to Global Domain(s) denied by adversary 		
Preservation, and extension of universal values	HLD/Vital: 4 Global System/Ally: 3 Partner/Regional: 2 Other/Local: 1	<ul style="list-style-type: none"> - Local Atrocities - Imposition of martial law by Ally or Partner - Democratic regression in Ally or Partner 	<ul style="list-style-type: none"> - Mass atrocities - Democratic regression in Key Ally or Partner - Local imposition of alternate value system 	<ul style="list-style-type: none"> - Genocide (Holocaust) - Regional imposition of alternate value system - Emergence of powerful totalitarian nation 	<ul style="list-style-type: none"> - Global Imposition of alternate value system 		
Advancing & maintaining U.S.- led International Order	HLD/Vital: 4 Global System/Ally: 3 Partner/Regional: 2 Other/Local: 1	<ul style="list-style-type: none"> - Local or State order undermined replaced by alternative system, neutral or antagonistic to U.S. system; sets negative precedent 	<ul style="list-style-type: none"> - Regional Order undermined or replaced by alternative system, neutral or antagonistic to U.S. system 	<ul style="list-style-type: none"> - Elements of International order undermined or replaced by alternative system, neutral or antagonistic to U.S. system 	<ul style="list-style-type: none"> - US Order Replaced in total by alternate system, hostile to current U.S. system 		
Strategic Risk: Summary discussion of strategic risk criteria and factors to each US Interest to develop an overall strategic risk assessment.							

Risk Judgment

China's infrastructure development projects and predatory lending practices present hazards to U.S. interests in Latin America. The impact to U.S. interests may include loss of political and economic access to Latin America; a reversion to authoritarian forms of government in Latin America; a decline in stable, friendly, and prosperous states in Latin America; and increasing tensions between Latin American

countries. These hazards could result in varying degrees of harm in Latin America and present a risk to U.S. interests in the region. The CJCSM 3501.01 uses a hazard estimate table to assess the risk based on the consequence and probability of an event. This chapter will focus on the probability and consequence of the hazards to the region and the effects on U.S. interests due to the PRC's infrastructure development projects.

Although the U.S. maintains strong historical and cultural, and economic ties with Latin America, the increasing PRC economic interests in the region carry significant consequences for U.S. interests. However, it is improbable that the U.S. will lose complete access to Latin America. The U.S. remains the most important contributor of foreign direct investment to Latin America. Most likely, the PRC will continue to subvert U.S. interests through government intimidation of Latin American countries, much like it has done in Argentina, Ecuador, and Venezuela. The U.S. has long suggested that democratic states connected by shared values and economic interests will reduce violence, drug trafficking, and illegal immigration that "threaten our common security."¹ The U.S. access to the region not only includes the use of economic, logistic hubs (seaports, airports, etc.); more importantly, it is the access to influence policy. Consider the potential if China threatened to withhold economic funding for an infrastructure development project due to a nation's vote on the United Nations initiative that contradicts PRC interests. Although China claims its intentions are purely economic, these economic intentions carry strategic consequences. Due to proximity and historically established relationships, it is improbable that the U.S. will lose complete access to the region in the immediate future. However, the long-term consequence is significant.

¹ "National Security Strategy of the United States of America," 51.

Therefore, Chinese actions might suggest that they have an incentive to create authoritarian governments in Latin America.

The U.S. has a history – such as Venezuela, Cuba, and Nicaragua – in attempting to isolate nations through sanctions and other hard power initiatives to compel or coerce nations with unfavorable results. With the diminishing presence of the U.S., China fills the void. The PRC incentivizes fostering a relationship with those nations that the U.S. isolates through sanctions to drive a wedge between the U.S. and Latin American countries. Therefore, the probability is high that China may employ destabilizing nations to subvert U.S. influence, install an authoritarian leader, and fill the void created by the absent U.S.

As a result of PRC’s infrastructure development projects and predatory lending practices, the hazard to the U.S. is a decline in stable, friendly, and prosperous nations in Latin America. There is a high likelihood that the U.S. will see an increase in authoritarian regimes and a decline in cooperation between the U.S. and Latin American countries on the current trajectory. The high likelihood of probability poses a consequence of major damage to interests with mid-term impacts to U.S. interests with political, economic, and security implications. The PRC will continue to grow and protect its economic power sphere while simultaneously trying not to provoke counterbalancing and containment from the U.S. The PRC’s interest in securing reliable, cost-effective, and diverse energy sources to support its economic growth drives its overseas investments.² Brazil, Venezuela, and Colombia accounted for US\$28.3 billion (or 12 percent) of China’s crude oil imports in 2019, compared to its top crude oil supplier, Saudi Arabia,

² Office of the Secretary of Defense, “Annual Report to Congress: Military and Security Developments Involving the People’s Republic of China 2019,” 12.

which accounted for 16.8 percent.³ Diminishing U.S. political influence and increasingly authoritarian regimes in Latin America ensures that cost per barrel of oil is kept low and with minimal U.S. intervention. Therefore, the U.S. strategy to isolate nations, such as Venezuela, Nicaragua, and Cuba, is an incentive for China to destabilize the region. A way of increasing destabilizing nations is through the predatory lending practicing and promoting corruption of political officials. The U.S. requires amenable relations with LAC to protect itself from security threats and transnational criminal organization's activities.

Conflicts between Latin America nations due to the unraveling of democratic institutions and discontent among the people is highly unlikely soon but represents a catastrophic consequence to advancing and maintaining a U.S. led international order. A regional conflict would present a security dilemma for both the U.S. and China. The most likely regional conflict is between U.S.-aligned Colombia and Venezuela, which is aligned with China.⁴ Colombia claims that Venezuela is harboring and training FARC fighters, which Venezuela does not deny.⁵ Additionally, Venezuela's political and economic instability created a migration crisis in which approximately five million Venezuelans fled to other parts of the region to avoid the crisis. There are 1.5 million refugees from Venezuela living in Colombia. The migration crisis creates a burden on Colombia, increases violence, and provides a willing pool of workers for transnational criminal organizations.

³ Daneil Workman, "Top 15 Crude Oil Suppliers to China," n.d., <http://www.worldstopexports.com/top-15-crude-oil-suppliers-to-china/>.

⁴ Toro, "Opinion | Armed Conflict between Venezuela and Colombia Is Now a Real, and Terrifying, Possibility."

⁵ José R. Cárdenas, "Maduro Is Playing a Dangerous Game on the Colombian Border," *Foreign Policy* (blog), accessed January 31, 2021, <https://foreignpolicy.com/2019/10/07/maduro-is-playing-a-dangerous-game-on-the-colombian-border/>.

In summary, PRC influenced infrastructure development is a risk to U.S. national interests of maintaining a geopolitically stable Western Hemisphere. This risk is increased due to the rise in authoritarian regimes in the near term. However, if the current trajectory continues, the loss of U.S political and economic access to Latin America is very likely and carries major consequences for U.S. enduring national interests. With the loss of U.S. political and economic access, there is very high likelihood that Latin America governments will move toward authoritarian regimes This move could happen as nations seek an alternative form of governance, which would create a catastrophic consequence across the region as a new regional order.

Additionally, the movement toward authoritarian regimes increases the possibility of geopolitical instability throughout Latin America. With the loss of regional geopolitical stability, the consequence with major damage to U.S. interests and long-term consequences is regional conflict. Although regional conflict is very unlikely, it must not be ruled out as a probability.

Conclusion

The Joint Risk Analysis indicates that PRC influence through infrastructure development is causing significant harm to Latin America and those nations that accept China's coercive capital. More significantly is the harm to U.S. national interests. Problem framing described the current conditions of the region and the historical significance for background and context. Although it is difficult to ascertain the exact impact of political or economic instability in Latin America due solely to Chinese infrastructure development projects in the region, it is a critical factor that contributes significantly in the disorder to the region. However, the crux of the issue is that the

probability of Latin America nations approaching China for loans is very likely, especially when established institutions will not. The consequences of PRC injecting its debt-trap diplomacy in Latin America is major when considering the vulnerabilities to a Latin America's stable governance, protection of the U.S. homeland, and U.S. political and economic access.

The PRC coercive capital for infrastructure development projects, which falls under the umbrella of the BRI and the Chinese dream, increases the probability of weakening the LAC governance through corruption and rolling back democratic governments in favor of authoritarian regimes. Ecuador is an example of the corruption that can be created due in part to infrastructure development projects. This corruption results in poorly constructed infrastructure that the nation's people must continue to repay at the cost of increasing lack of confidence in the government. A weakening governmental structure and authoritarian regimes are incentives for the PRC to isolate Latin America from U.S. access. Additionally, the weakening government and corrupt politicians creates third order effects for the U.S.

The Latin American countries are experiencing a migration of its citizens, many leaving because of politicians' inability to control political corruption, violent crime against civilians, and declining employment rates. The Chinese domination of the infrastructure development projects to develop, fund, and execute, does nothing for the region to build confidence in Latin American countries' political institutions to increase employment rates or build knowledge capital in its population. The risk to geopolitical confidence in the region is continued migration of the Latin Americans population to the

U.S. and other politically stable locations to escape violence and seek employment opportunities.

The drivers of risk are the harmful effects of the debt to GDP ratio, increased migration of Chinese workers into Latin America, and vulnerabilities associated with the political and economic instability and the security environment. PRC lending to nations with already high debt to GDP ratios provides them leverage over the nation and keeps them addicted to loans. China's reputation for violating nations' sovereignty, such as Sri Lanka, is well established and documented with its opaque lending practices. The U.S. must strengthen ties with the Latin American countries to provide an alternative perspective on the loans without damaging political relationships. Additionally, the World Bank and International Monetary Fund must place restrictions on the back alley deals and require transparency to the loan terms.

The research shows that infrastructure development projects are dominated by Chinese companies in that they develop, fund, and execute projects. The PRC's exclusion of local workers from the infrastructure development presents itself as a driver of risk for the receiving nation. Nations should demand that a high percentage of the work go to the locals. Ensuring that their citizens receive a portion of work would lower unemployment rates and increase the region's economic vitality. It is not enough to build a cargo port, airports, and roads. To secure the region's economics, the people need the jobs and the knowledge capital that is created through these projects.

Additionally, the problem framing informed the risk assessment for U.S. interests in the strategic environment, the Panama Canal and Atlantic Narrows. The Panama Canal is strategic infrastructure for U.S. War Planning efforts and a vital U.S. national interest

for the economic stability of the world's economy. With appropriately 14,000 ships transiting the canal annually, any interruption of freedom of navigation will have severe consequences for world economics.¹ Chinese control of the Panama Canal and the neighboring ports is a major impact to U.S. national interest that could allow for nefarious activity to limit navigation or gather intelligence on U.S. flagged vessels or its allies. The Panama Canal obstruction would increase the transit time for U.S. flagged vessels to transit from the Atlantic to the Pacific Ocean.

Chinese control of the Atlantic Narrows is a risk to U.S. national security. As Nicholas Spykman warned in the 1940s, controlling the South Cone became part of a hostile power encirclement strategy.² PRC control of Atlantic Narrows in combination with Terra del Fuego in Argentina and the Panama Canal risks the U.S. ability to control the southern approaches. As demonstrated during World War II, securing the 1,400 miles between São Luis Port and Cape Verde is critical for U.S. strategic interests to secure the homeland and maintain freedom of navigation if the Panama Canal is obstructed or denied. Control of the Atlantic Narrows would allow China to channelize U.S. vessels moving through the area and potentially limit access to the region. PRC funding and operation of São Luis Port and the Port of Cape Verde provide influence and support the encirclement of the U.S. by a hostile power.

Recommendations

To respond to China's growing influence on the region through infrastructure development and other means of injecting coercive capital, it will take a practical and

¹ "Panama Canal | Panama Logistics Portal," accessed November 12, 2020, <https://logistics.gatech.pa/en/assets/panama-canal/statistics>.

² Kaplan, *The Revenge of Geography*, 95.

efficiently coordinated interagency strategy with a detailed assessment process to measure its performance over time. Although Latin American countries are skeptical of China's sincerity, they have few other alternatives as a source of funding for economic development. Not only should the U.S. increase its foreign direct investment to Latin America, but the U.S. should build an institutional framework to advance transparency and support strong governance that will enable the liberal world order to proliferate in the region. These frameworks, including U.S. allied nations, would provide Latin America countries an alternative to China.

The U.S. must remain vigilant of infrastructure development projects within Latin America and intervene diplomatically when those projects pose a risk to U.S. access, such as the Panama Canal, the Atlantic Narrows, and regional ports. The Panama Canal, the Atlantic Narrows, and numerous ports in the region are strategically important for Operational Plans and the defense of Latin America under the Rio Treaty. These strategic key areas pose risks to U.S. interests and the region, especially protecting the homeland and global commerce.

A U.S. foreign policy should create a persistent presence with a strong narrative of solidarity and regional economic reform that reassures Latin America countries of U.S. commitment to the region. U.S. Southern Command maintains a presence in the Northern Triangle with Joint Task Force Bravo in Honduras. The U.S. might consider a similar Joint Task Force in Columbia and an increase in rotation forces throughout the region. Additionally, the professional militaries of Latin America should have access to International Military Education and Training. Professional militaries bolster the political institutions and protect them from malign influences.

Additionally, the U.S. should consider creating, promoting, and applying a narrative that embraces the Western Hemispheric security and prosperity. The narrative, bolstered by the presence of U.S. Coast Guard cutters, should address the significance of controlling and securing the region's natural resources, including illegal, unreported, and unregulated fishing, which provides economic security for Latin America. U.S. financial programs for Latin America through USAID and U.S. partner nations that promote employment programs would allow for a resurgence of knowledge capital for the region. U.S. investment in programs that create knowledge capital for Latin America, such as the Rhodes Scholarship Program, Peace Corps, educational exchanges, exchange programs with Latin American militaries, and technology development would create access and goodwill within the region. Educational programs advance American influence and will build lasting relationships throughout the region.

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