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Is the BRI Delivering?

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ABSTRACT: Promising the hope of a brighter future, in 2013 China launched the Belt and Road Initiative (BRI) across the world. The economic strategy of the BRI lies in partnering with countries through the signing of Memorandum of Understandings (MoU). President Xi Jinping's foreign policy is aimed at investing in countries to provide greater infrastructure and development. This analysis will examine whether the BRI is actually delivering on its promises in Latin America by examining the five priorities set forth by China: policy coordination, infrastructure connectivity, unimpeded trade, financial integration, and connecting people. The findings of this paper suggest that no major gains have been made in Latin American countries that have partnered with China. We will explore the potential risks and interdependence that has been established as a result of the BRI. Some may suggest that there has not been enough time since the signing of the MoUs to truly know whether the BRI will benefit Latin America, and we address this by making suggestions on the continuing monitoring that will need to take place in the region. The analysis will provide Latin American policy makers with suggestions on how to negotiate future deals with China to achieve the best possible outcomes for partnering with China.

KEYWORDS: Belt and Road Initiative, China, Latin America, International Political Economy, GDP (Gross Domestic Product), Economics

INTRODUCTION

Launched in September 2013, China's Belt and Road Initiative has gained the attention of the international community with supporters and naysayers alike. President Xi Jinping of the CCP (Chinese Communist Party) has explained this plan as a "win-win" for participating countries and China, as it has been said to boost multipolarity and the economies of countries that join. Whereas cynics have claimed that this initiative is simply a challenge to western hegemony. As of March 2022, one hundred forty-seven countries have signed the Memorandum of Understanding (MoU) with China and twenty-one of those countries are in Latin America. In this chapter we will explore the economies of these twenty-one countries (pre and post MoU signature) to see whether the BRI is delivering. We will test the hypothesis of whether GDP (constant) will rise after signing the MoU for each of these countries. We will also examine these twenty-one countries in relation to the rest of Latin America, as most of these countries with the exception of four do fall under the designation of high or upper middle income. We will explore the relative economic designation of each country and see if the lower income economies are increasing or decreasing at the same rate of change as the high and upper middle-income countries. This analysis will help us to understand if the Belt and Road Initiative is fulfilling the five priorities set forth by China: policy coordination, infrastructure connectivity, unimpeded trade, financial integration, and connecting people.

When examining the impact of the Belt and Road Initiative, we need to first understand why China chose to partner with Latin America. Interestingly enough, Latin America was not originally part of the Belt and Road strategic partnerships. They came later and mostly as a result of Latin American countries asking to join the BRI. According to scholars, Latin America was not actually part of the Chinese strategic agenda. Some have suggested that there are stakeholders on both sides, but it is important to note that they were not initially part of the Chinese "grand strategy."[1] Some look at this grouping of countries and see economic struggles and hardships, but China saw something much more in the lands of Latin America. They saw opportunity. Latin America is a land rich with resources. By partnering in this initiative, China has gained easier access to tapping into natural resources in the region. Some have also suggested that Latin America is of interest to China, because they see an opportunity to manage their

[1] Jenkins, R. (2022). China's Belt and Road Initiative in Latin America: What has Changed? Journal of Current Chinese Affairs, 51(1), 13–39. https://doi.org/10.1177/18681026211047871

infrastructure assets long-term.[2] But beyond this, Latin America is in need of many things that China can offer. The first being, connection. The Belt and Road Initiative is providing a vehicle for connection in the region and beyond. By opening up opportunities for economic development between countries, the BRI gives Latin America hope for a brighter financial position in years to come. In addition, Latin America is in need of infrastructure, a service that China has the resources and expertise to provide. China is able to provide assistance in getting Latin America on 5G and more advanced in their energy development projects. This push towards infrastructure related BRI projects is probably the greatest promise of the initiative. Latin America is so far behind in this area that it is not surprising that they are in need of external assistance. According to the Inter-American Development Bank there is a deficit of approximately USD 150 billion a year or around 2.5 percent of their GDP and the lack of infrastructure development in a study of six countries in the region explains that the deficit has reduced the rate of GDP growth by 1 percent per year.[3]

Looking beyond just physical benefits like infrastructure and connectivity, parenting on the BRI with China gives Latin America leverage in negotiations with the United States. Prior to their Chinese partnership, Latin American countries were primarily depending on the United States for financial assistance. In many instances Latin American countries had to wait until they gained favor and economic assistance for the US to provide them with needs. Now that Latin America has another option for assistance, they are able to use this as leverage in negotiations with the US. This provides them with the ability to get the best possible deal for funds needed to finance important projects in the region. Within Latin America, we see that positive perceptions of China are increasing (although COVID19, did provide a bit of a negative effect), whereas the perceptions of the US are going down. It is fairly obvious that the benefit of the BRI for Latin America has the potential to be great.

Seeing this potential, the world has been watching as Latin American countries have begun to join forces with China. In 2017, Panama was the first country to sign the MoU with China. Then in 2018, we saw a huge increase in partnerships, as fourteen Latin American countries joined the BRI initiative: Antigua and Barbuda, Chile, Trinidad and Tobago, Uruguay, Dominica, Bolivia, Costa Rica, Cuba, Dominican Republic, Ecuador, Grenada, Guyana, Suriname and Venezuela, RB all signed MoUs in 2018. The trend of joining the initiative began to slow down after this initial influx, but countries have continued to steadily join. In 2019, Barbados, El Salvador, Jamaica and Peru partnered with China. The BRI experienced a lull in Latin America for a few years during the pandemic, but in 2022 Nicaragua and Argentina signed MoUs. That brings us to a total of twenty-one countries that are currently enrolled in this program with China. That means that six four percent of Latin America is participating in the Belt and Road Initiative to date. This is substantial, and we will continue to see this percentage increase over the upcoming months and years. Latin America currently represents fourteen percent of the countries partnered with China on the BRI. This is certainly not a small number, especially considering the initiative was well underway five years before Latin American countries began to join.

Five years have now passed since the first country joined, and it is a good time to evaluate the impact of the Belt and Road in Latin America. We can begin to ask questions, like is the BRI delivering? China promised a lot in the marketing of this initiative and it appeared to be a win-win for countries who chose to participate. The opportunities and growth potential seemed like they were so great that countries began to sign MoUs very quickly. At this point, we will turn our attention to the analysis of how the BRI is impacting these countries financially. We will look at the overall growth of GDP, and we will examine whether the economic development level of the country comes into play in their growth rate. We will also examine potential risks for partnering with China and arrive at an overall recommendation for Latin America. Up to this point, the majority of commentary has centered on the promises and this chapter will look at the reality of the BRI.

IS THE BRI WORKING IN LATIN AMERICA?

Before we can evaluate whether the Belt and Road Initiative is effective, we must turn our attention to the data and look at whether there has been a positive economic impact on the countries who have chosen to partner with China. This analysis will focus on GDP, which is defined as, “the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources. Data is in constant local currency.”[4] By reviewing data in the constant local currency we are able to guard against the impact of inflation. It will be important for us to indicate the GDP for

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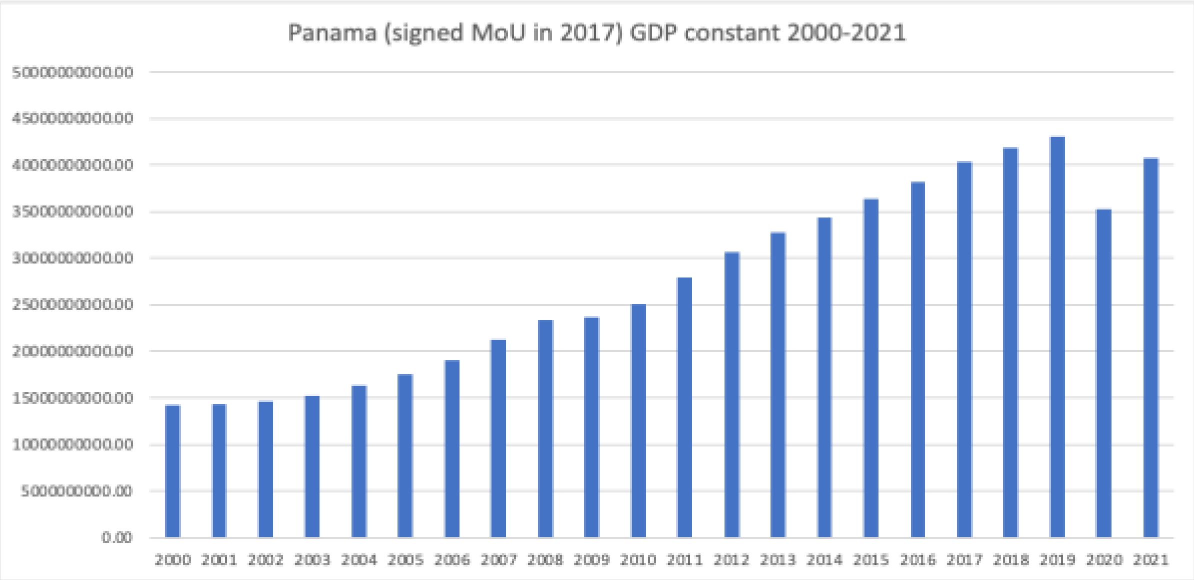
[2] Bernhard, I. (2022, July 25). What's next for Chinese investment in Latin America and the Caribbean? Atlantic Council. Retrieved October 8, 2022, from https://www.atlanticcouncil.org/commentary/interview/whats-next-for-chinese-investment-in-lac/

[3] Jenkins, R. (2022). China’s Belt and Road Initiative in Latin America: What has Changed? Journal of Current Chinese Affairs, 51(1), 13–39. https://doi.org/10.1177/18681026211047871

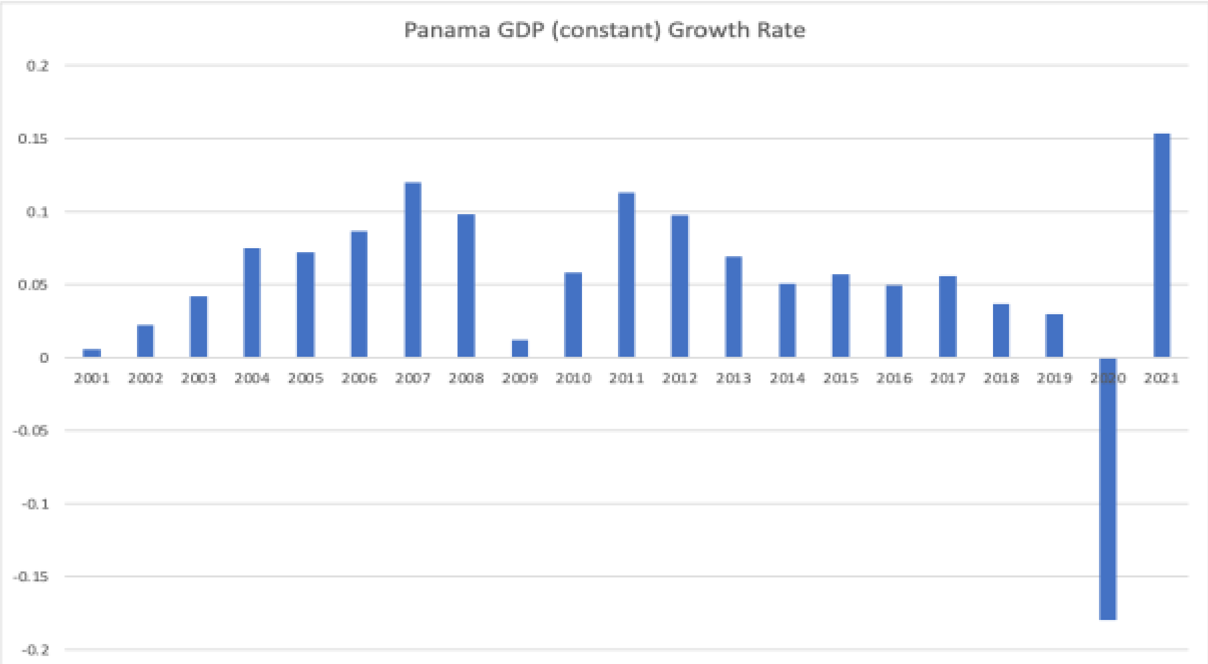
[4] GDP | Data | Databank - World Bank. (n.d.). Retrieved October 5, 2022, from https://databank.worldbank.org/databases/gdp

each country that signed an MoU with China, for the period before the signature as well as post. Each analysis will reflect an indicator marking the date that the country made the decision to partner on the BRI. We will also look at the GDP growth rate for each country that signed the MoU. This will help us to understand if the BRI is helping the economy to grow.

Panama signed the MoU first, in 2017, so it gives us the longest period of time to study. In the first year after signing, in 2018 we see a slight increase in GDP. However, this increase in GDP is actually a decrease in the growth from the previous year. In 2017, the growth rate was at five percent and after signing in 2018, the growth rate dropped to three percent. In 2019, the growth rate dropped again to two percent. During the pandemic in 2020, we see a substantial decrease in overall GDP and the growth rate falls to negative two percent. This drop during COVID, is constant across Latin America and does not seem to be related to the signing of the MoU since we see it in the countries that have not signed as well. In 2021, most countries including Panama have returned to a positive growth rate although GDP has not returned to the level it was at before the pandemic. In the case of Panama, we can say that after signing the BRI, the economic condition of the country simply has not shown signs of improvement.



Title: The above figure shows GDP (constant) in Panama for the period of 2000-2021[5]



Title: The above figure shows the GDP (constant) growth rates in Panama for 2000-2021 (growth rates were calculated by subtracting the current year GDP by the previous year GDP, and then dividing by the previous year GDP)

[5] GDP | Data | Databank - World Bank. (n.d.). Retrieved October 5, 2022, from https://databank.worldbank.org/databases/gdp

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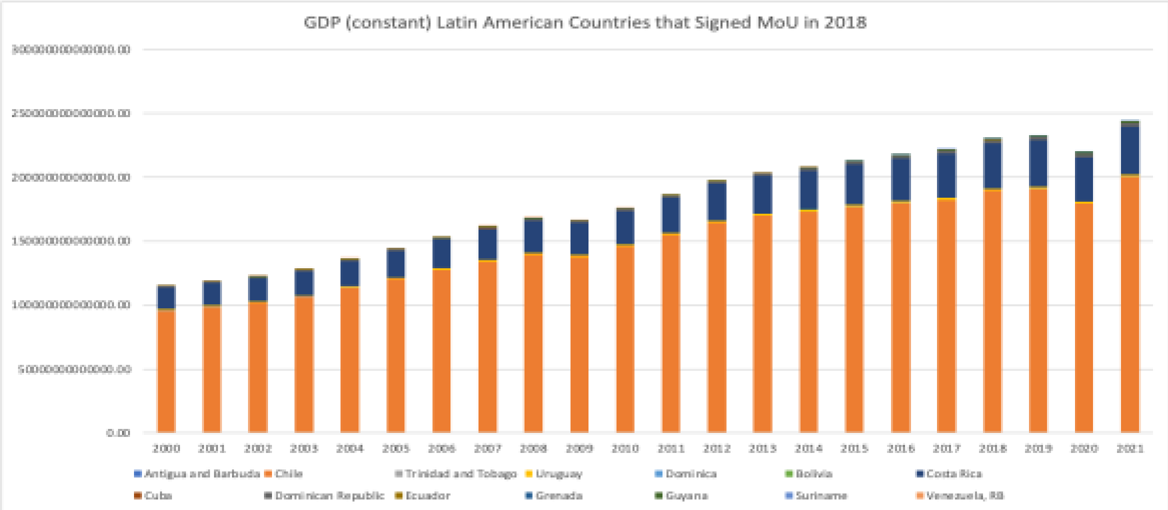
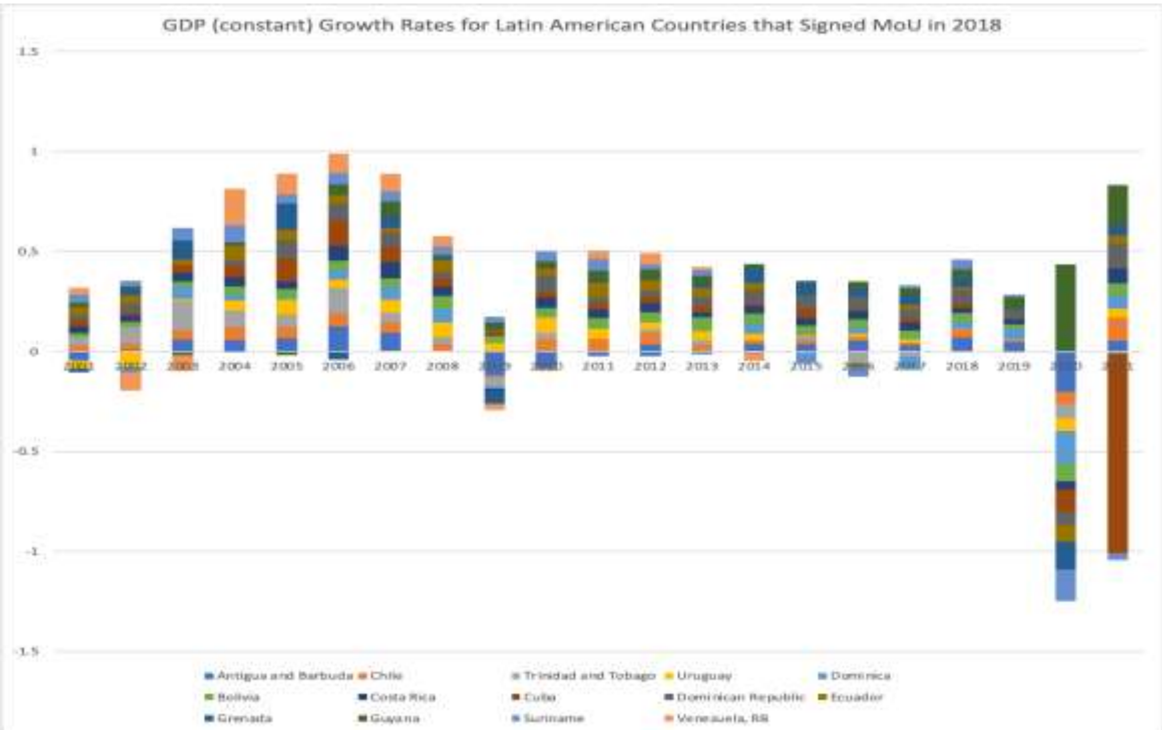
Turning our attention to the year with the majority of signatures, we will look at the GDP and growth rates for countries that signed the MoU in 2018. Overall we see a very similar trend with these countries, as what we saw in Panama. In the year immediately following the signature, 2019, the GDP (constant) value increases but this can be a bit misleading because in the growth rate again, we see that it has decreased. So the countries that signed in 2018 did not perform at the same rate of growth as they did in the year before they signed. We see the dip again in 2020, which will be accredited to the pandemic. Then in 2021, GDP is restored in most countries. Some of the countries in this grouping have still continued to experience negative growth rate, even post-pandemic (Trinidad and Tobago, Cuba and Suriname). Whereas Antigua and Barbuda, Chile, Uruguay, Dominica, Bolivia, Costa Rica, Dominican Republic, Ecuador, Grenada and Guyana are showing strong growth in 2021. Their recovery rates are showing across the board improvement from what they were at pre-pandemic, which is helping their economies to recover strongly.



Title: The above figure is showing the GDP (constant) for all Latin American countries that signed the MoU with China in 2018, during the 2000-2021 period[6]



Title: The above figure shows the GDP (constant) growth rates in all countries that signed the MoU in 2018 for 2000-2021 (growth rates were calculated by subtracting the current year GDP by the previous year GDP, and then dividing by the previous year GDP)

[6] GDP | Data | Databank - World Bank. (n.d.). Retrieved October 5, 2022, from https://databank.worldbank.org/databases/gdp

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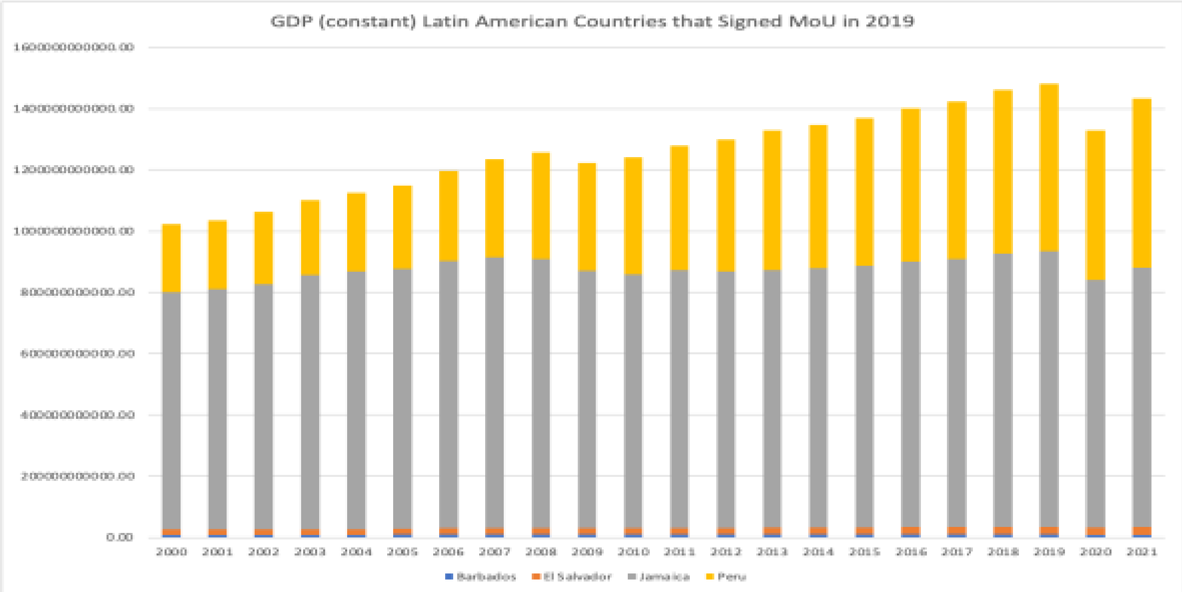
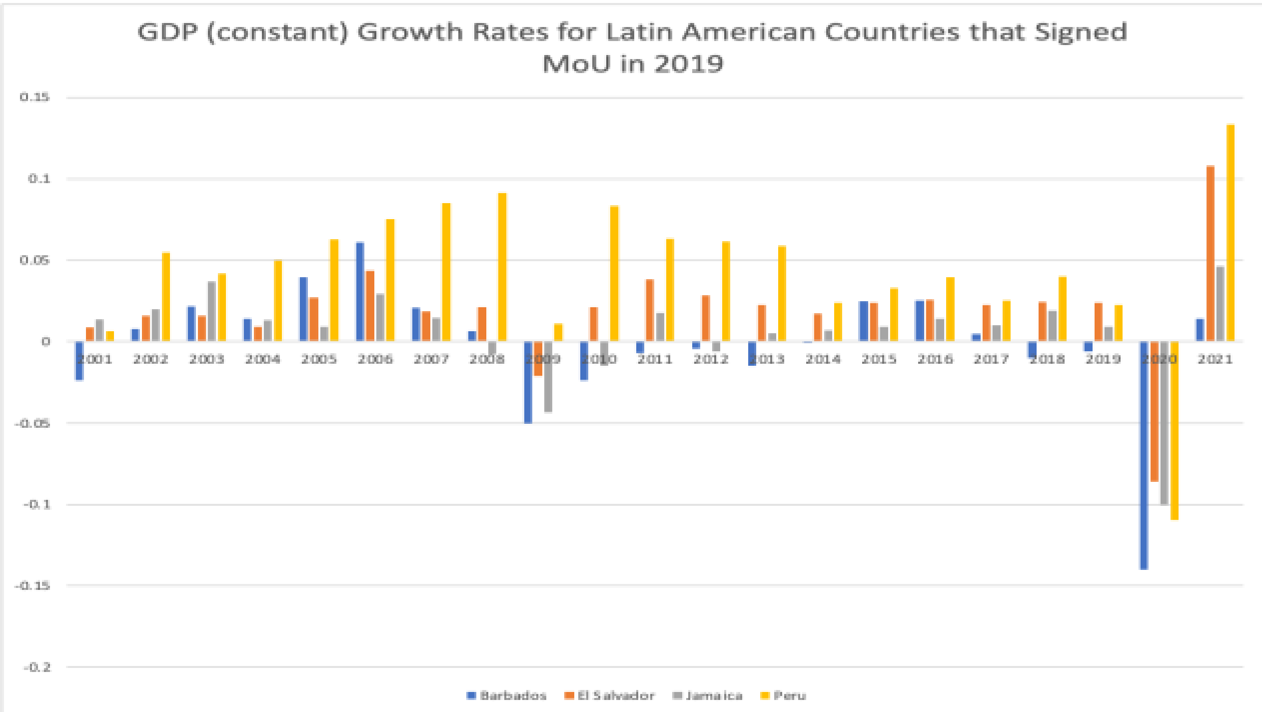
When looking at countries that signed the MoU in 2019, we see the economic condition is simply not improving at all. Similar to other Latin American countries: Barbados, El Salvador Jamaica and Peru, all took a major hit to GDP in 2020 during the pandemic. All of these countries decreased in overall GDP. The interesting thing about this grouping of countries is that many of them still did not recover in 2021. In Barbados and Jamaica, we see that GDP performance is still lower than it was before the pandemic which was also before they signed the MoU in 2019. On the other hand, we see that El Salvador and Peru are just barely over the level of GDP performance from 2019. Some may accredit this to the pandemic and not the BRI, we will need to continue to monitor performance in upcoming years to evaluate the impact of the BRI.



Title: The above figure is showing the GDP (constant) for all Latin American countries that signed the MoU with China in 2019, during the 2000-2021 period[7]



Title: The above figure shows the GDP (constant) growth rates in all countries that signed the MoU in 2019 for 2000-2021 (growth rates were calculated by subtracting the current year GDP by the previous year GDP, and then dividing by the previous year GDP)

[7] GDP | Data | Databank - World Bank. (n.d.). Retrieved October 5, 2022, from https://databank.worldbank.org/databases/gdp

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In 2022, Nicaragua and Argentina signed the MoU with China and obviously we will not be able to evaluate the impact of the BRI yet on their economies. Although, we would expect to see similar trends here.

The next question that arises in this analysis, is whether the income level of the country impacts how well their performance with the BRI will be. High income countries in Latin America that have partnered with China include: Panama, Antigua and Barbuda, Chile, Trinidad and Tobago, Uruguay and Barbados. Upper middle income countries include: Costa Rica, Cuba, Dominican Republic, Ecuador, Grenada, Guyana, Suriname, Venezuela, RB, Jamaica, Peru and Argentina. Bolivia, El Salvador and Nicaragua are considered low middle income. Dominica is considered low income.

When looking at the high income countries, we see that the only country that is fully recovered post-pandemic is Chile. In 2021, Chile had a higher GDP than they did in 2019. However, Panama, Antigua and Barbuda, Trinidad and Tobago, Uruguay and Barbados are all still struggling to reach the level they were at in 2019. Trinidad and Tobago is the only high income country that did not see an increase in GDP from 2020 to 2021. Panama, Antigua and Barbuda, Uruguay and Barbados are all doing better in 2021, but they have not recovered to the GDP level that they were at in 2019.

For the upper middle income countries of Costa Rica, Cuba, Dominican Republic, Ecuador, Grenada, Guyana, Suriname, Venezuela, RB, Jamaica, Peru and Argentina, we see that all of these countries also experienced a GDP drop in 2020. Interestly, more upper middle income countries are exceeding their level of performance in 2021 as compared to what they were at in 2019. The Dominican Republic, Guyana, Costa Rica and Peru are all at a higher GDP in 2021 than compared to where they were in 2019. The rest of the countries are still struggling to get back to their previous performance.

For the low middle income countries of Bolivia, El Salvador and Nicaragua we see that they also all experienced the drop of GDP in 2020. All three of these countries have recovered to higher GDP levels than pre-pandemic. Bolivia, El Salvador and Nicaragua are all experiencing GDP numbers that are higher in 2021 as compared to 2019. For the low income country of Dominica, we see that they took a dip in GDP during 2020 and they are still not at the level that they were at in 2019. So we can conclude that Dominica's economy is still struggling to recover.

When looking at the income level of a country, I do not think we can say whether or not they will experience GDP growth. The results are certainly interesting, but not consistent across the income level. In addition, with the pandemic in 2020 we simply can not accredit drops in GDP to the Belt and Road initiative. The world as a whole experienced a drop in GDP. However, we see that GDP at the world level has recovered when you compare the 2019 GDP data to the 2021. However, as explained above, many Latin American economies have not followed this same upward trend.

Another area that many scholars have examined is the trade relationship between China and Latin America. Many believed that the previous emphasis on trade between the two parties would be less important as China became more intertwined with infrastructure and investment in the region. This is still up for debate, but what we do see is that, "China's economic goals in LAC include securing access to raw materials (such as oil, ores, and minerals) and agricultural goods (especially soybeans); establishing new markets for Chinese goods, including high-value-added products; and partnering with LAC firms to access and jointly develop technology. China also has sought investment opportunities in Latin America for its infrastructure firms. Total China-LAC trade increased from almost $18 billion in 2002 to nearly $449 billion in 2021. China's imports from LAC amounted to $221 billion in 2021, consisting primarily of natural resources, including ores (42%), soybeans (16%), mineral fuels and oils (10%), meat (6%), and copper (5%). China's exports to the region in 2021 amounted to $228 billion, with major exports including electrical machinery and equipment (21%), machinery and mechanical appliances (15%), and motor vehicles and parts (7%). China has become the top trading partner of Brazil, Chile, Peru, and Uruguay and the second-largest trading partner for many other countries. China has free-trade agreements with Chile, Costa Rica, and Peru and, in February 2022, launched talks with Ecuador."[8] The initial investment trends that were initially seen in 2015-2016 seem to have halted. Research on OFDI, loans and contracts may be important still but research indicates that the BRI has not led to a more even distribution of trade. We see a shift towards Latin American dependence on China[9]

IS IT TOO SOON TO TELL?

By looking at macroeconomic indicators in Latin American countries that have signed MoUs, we see that from the date that they signed until now, not much has improved. In many cases, the economy is actually doing worse or they have experienced a slow down in growth. In addition, the pandemic has added an unexpected twist in the analysis. Across Latin America, countries took a

[8] Sullivan, M., Lum, T., China's Engagement with Latin America and the Caribbean (2022). Congressional Research Service. Retrieved October 8, 2022, from https://sgp.fas.org/crs/row/IF10982.pdf.

[9] Jenkins, R. (2022). China's Belt and Road Initiative in Latin America: What has Changed? Journal of Current Chinese Affairs, 51(1), 13–39. https://doi.org/10.1177/18681026211047871

big hit in GDP and economic growth. A hit that many are still trying to recover from. In the case of Pamana, since they were the first country to sign, we would expect that a five year period would give us a good indicator of whether the BRI is delivering, but even in this case we see that the BRI did not do much good in the three years post-signature and then the pandemic hit. We will need to continue to monitor the impact of the BRI to truly determine if it is working, because at this point, that simple answer is no and unforeseen factors may have impacted the delay in stimulating the economies of these countries.

In order to better understand if the BRI is going to work, we should examine whether China is engaging in projects that are known to stimulate GDP growth. Developing economies need to work on promoting literacy in their countries, getting more women to enter the workforce, human development (HDI), as well as infrastructure. One of the most promising signs of future growth that BRI may stimulate on developing economies is their focus on energy. It has been found that countries that use more energy, have a higher growth of their GDP.[10] When examining the goals of the BRI, this would be seen in their focus on infrastructure connectivity. The five goals of the BRI include improving the following: policy coordination, infrastructure connectivity, unimpeded trade, financial integration, and connecting people. Clearly infrastructure connectivity will help aid in GDP growth, but many of the other GDP multipliers are simply missing. We might expect infrastructure projects to be a central point for BRI projects in Latin America. The region also wants to get on 5G and China has the expertise to deliver that. In addition, Latin American countries need to also be on the lookout for other methods that are proven to stimulate GDP growth.

By examining the types of projects that China has historically engaged in under the Belt and Road Initiative, can help us to understand the potential impact they may have on GDP growth in the future of countries who partner with them. As previously mentioned, infrastructure building is one of the signatures of the BRI, and is clearly on the Chinese agenda for global development. According to Ray and Simmons, more than fifty percent of the finance commitments ($249 billion), are under the umbrella of infrastructure initiatives- specifically in the area of transportation and power generation and distribution. They suggest that this number is not even including the $114 billion that China has financed in the oil, gas and mining projects. One of these projects was in Latin America. Venezuela accepted $14 billion that is expected to be used on transportation, power generation, heavy industry, and public housing. Research in this area has confirmed that China will be focused on infrastructure as the goal of the BRI mentions.[11]

China had previously set a precedent for giving out large loans. The China Development Bank was notorious for giving out billions of dollars in loans to developing countries. However, the pandemic changed this and we now see a shift in China's strategy. The China Development Bank has not been giving out large loans like this to Latin America since COVID-19. We see that Chinese business people have been buying and merging with businesses in Latin America. When examining the types of activity that these acquisitions and mergers are aimed at, we see that China is mostly interested in consumer products and services, infrastructure and energy. Speculation suggests that in the future we may see an increase in entertainment and online gaming as well.[12] This was expanded on in a recent Atlantic Council interview with José Roberto Martins, a São Paulo, Brazil-based partner at the law firm Trench Rossi Watanabe Advogados. "Within energy and power, Roberto sees Chinese investment diversifying across conventional and renewable sources, including a strong interest in hydropower plants. Notable deals included China Yangtze Power's $3.59 billion acquisition of Sempra Energy's Peruvian assets in 2019 and China's State Power Investment Corporation's investment in Gas Natural Açu's liquefied natural gas power plants. (In the interest of disclosure, Baker McKenzie provided legal counsel to parties in both transactions.) When it comes to geography, Roberto notes that Brazil is the largest market for Chinese mergers and acquisitions and will continue to be so, but we should expect Chinese dealmaking to rise in Argentina, Chile, Colombia, Mexico, and Peru. Alejandro adds that although larger countries tend to see more Chinese financing, size is far from a definitive factor. Smaller countries such as Ecuador receive significant resources from China."[13] This strategy will certainly provide Latin America with access to resources for things like energy and infrastructure. The question still stands as to whether

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[10] Hannesson, R. (2009). Energy and GDP growth. International Journal of Energy Sector Management, 3(2), 157–170. https://doi.org/10.1108/17506220910970560

[11] Ray, R., & Simmons, B. A. (2020, December 7). Tracking China's Overseas Development Finance: Global development policy center. Global Development Policy Center Tracking Chinas Overseas Development Finance Comments. Retrieved October 7, 2022, from https://www.bu.edu/gdp/2020/12/07/tracking-chinas-overseas-development-finance/

[12] Bernhard, I. (2022, July 25). What's next for Chinese investment in Latin America and the Caribbean? Atlantic Council. Retrieved October 8, 2022, from https://www.atlanticcouncil.org/commentary/interview/whats-next-for-chinese-investment-in-lac/

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this will really create the change that Latin America has hoped for. There is a possibility that the China Development Bank will begin granting loans again now that the pandemic is fading out and internal Chinese economic entities are stronger.

Many people are still fearful that the BRI will have many potential risks for Latin America. Many critics come from the west and much has been said about the BRI threatening western power, but this is not the only criticism of the BRI. Some of these risks are environmental, because China does not have a track record for being very environmentally conscious. When parenting on BRI projects, this will be something that China has made a commitment to change. This will need to be monitored so that projects are accountable to maintaining environmentally safe policies. Another issue is whether China will be supportive of local populations in Latin America. This can be addressed by encouraging China to make jobs for Latin Americans rather than bringing in outsider workers who become immigrants into the region. Latin America can negotiate project terms to ensure that the local job market is stimulated rather than hurt by foreign intervention, like what has previously occurred in the Caribbean. An important aspect of successful project coordination will occur at the close of the BRI projects. Adequate close out methods will need to be implemented to ensure that more confusion and clean up will not be necessary once projects come to a close in the region. This has been an issue in Peru and ensuring that it does not continue to occur in other countries will be imperative.

Other potential issues have been identified as problems that may arise, including: a further emphasis on the unequal trade partnership, an increase in competition for local companies, and higher debt. Rather than accepting these conditions at face value, scholars suggest that Latin American countries implement policies that help avoid these pitfalls. Some scholars have suggested that the BRI in Latin America is akin to colonialism and that it will simply increase dependence on China as opposed to actually strengthening the region through connectivity. Many critics of the BRI are concerned that it will challenge the influence of the US, and push them out of global dominance even further. This sentiment has been expressed in various ways to countries who are considering joining the BRI. At this point, any country who signs an MoU is risking their relationship with the US and it may cause doubts in whether they choose to join the initiative.[14]

CONCLUSIONS

In evaluating the BRI up to this point, we can clearly see that no substantial macro-economic gains have occurred since countries have signed the BRI in Latin America. In some cases, the pandemic has made it difficult for us to truly evaluate the economic performance of these Latin American economies. In 2020, all of the countries that had signed MoUs with China were impacted negatively by the pandemic and all of the GDP numbers decreased. This was constant with what we saw in the world as a whole. Therefore, we cannot accredit the dip in GDP to the Belt and Road Initiative. COVID19 certainly complicated the global economy. However, there are about fifteen countries that signed in 2017 and 2018 and we did not see significant growth rates in any of these economies before the pandemic dropped their numbers in 2020. It might be too soon for us to tell whether the BRI is actually working to stimulate Latin American economies and we will need to continue to monitor this.

When evaluating the results of the BRI up to this point, it is important to remember that Latin America was not a part of the initial plan set forth by China. They joined later, after asking to be considered. We say that the China Development Bank did initially give large loans, but in recent years this is no longer the case. We now see a shift away from this type of lending, and a move towards mergers and acquisitions of business ventures that were once dominated by westerners. China is clearly interested in controlling and managing Latin American infrastructure. Since there is such a deficit in this area, countries in Latin America are very tempted to let China take this control. Chinese investment is now leaving many people wondering if the BRI is actually going to help Latin American countries, or result in a dependence on China. Trade between Latin America and China is strong, and appears to have an uneven distribution. Latin American countries are becoming more dependent on China. Evaluation needs to continue as the pandemic is now over, to evaluate whether countries in this region are actually able to make the economic gains that were expected.

Although we need more time to evaluate whether the BRI is actually delivering, we can make recommendations on the types of projects that will increase GDP based on research into GDP multipliers. We know that it will be imperative that Latin America works on increasing their literacy and education in the region, we also know that promoting women will be important and the more women that enter the workforce will help GDP growth. In addition, we also know that projects aimed at the development of infrastructure will provide the foundation that Latin America needs to stabilize economically and grow. There are lessons that can be learned from the past as well. Latin America will need to be cognizant of negotiating arrangements for the localization of jobs to avoid external workers coming into their countries through the BRI and taking jobs. For long term economic stability, unemployment rates will need to be kept low. In addition, projects will need to be appropriately executed so that the

[14] Jenkins, R. (2022). China's Belt and Road Initiative in Latin America: What has Changed? Journal of Current Chinese Affairs, 51(1), 13–39. https://doi.org/10.1177/18681026211047871

close of the projects do not generate more clean up. The Caribbean and Peru are excellent case studies on how elements like these two can create problems in Latin America.

Only time will tell if the Belt and Road is destined to be a success in Latin America. At this point, we can say that little economic growth has been seen and lots of potential risks are present. China may have overextended their reach when they added Latin America to the BRI. Recent strategic decisions are leaving onlookers to wonder if this initiative will simply result in a dependence on China. Post-pandemic recovery may change this, if China and Latin America are able to partner on the types of projects that will stimulate GDP growth by stabilizing the region. Unfortunately, this seems unlikely but not impossible. Latin American countries can negotiate policy terms that look out for their own interests when taking on new BRI projects and leverage the support of this rising Chinese power, while remembering that their own sovereign interests will need to be taken into account to avoid over dependence. There is a great opportunity for Latin America to advance in areas that would not be possible without external assistance. It will be imperative that they remain cognizant of their own long-term interests in all partnerships. Continuous monitoring of macro-economic indicators will help to answer questions for Latin American countries. Rather than simply looking at projects and individual venturers, we would urge them to ensure their own economies are sustained for long-term economic growth, rather than dependence on another stronger country.

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