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The Backbone of The Dragon

The Integrated Financial and Banking System of Chinese State-Owned Enterprises' Foreign Direct Investments in Latin America

中国国有企业于拉丁美洲的外国直接投资综合金融与银行体系

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To my dear Zheng Yi & dear friend Maurizio

To my grandparents Maria Antonietta, Bruno, Margherita & Severino

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引言

2024 年，中华人民共和国与拉丁美洲和加勒比地区的双边贸易额达到创纪录的 5184.7 亿美元，巩固了中国作为南美洲主要贸易伙伴和该地区最大单一官方债权国的地位（中国商务部 2025；Yueh 2024, 276）。这些经济流动建立在中国国有企业与为其对外直接投资（FDI）提供融资的国有银行体系之间紧密协调的关系之上。2005 年至 2021 年间，仅中国国家开发银行和中国进出口银行就向该地区提供了超过 1300 亿美元的主权和准主权信贷，这一数额往往超过世界银行和泛美开发银行的总和（Myers and Ray 2023；Gallagher 2016）。本论文从批判性政治经济学的视角出发，探讨这一融资-投资关联体。该视角在肯定该地区发展前景的同时，将中国党-国家视为一个通过其企业和银行引导积累的集体资本家。

0.1 研究背景与目标

0.1.1 研究问题的界定

尽管规模如此庞大，学术界倾向于孤立地考察两种主要工具：一部分文献分析中国国有企业的投资行为，另一部分则研究政策性银行的贷款，而很少关注将股权、债务、建设和运营捆绑成一个统一方案的协同作用（Jenkins 2019, 233；Gallagher 2016）。第二个局限性是倾向于将"中国在拉美投资"视为一个整体，忽视了葡萄牙语巴西（其与中国贸易额约占该地区对华贸易总额的三分之一）与西班牙语美洲共和国之间的差异，即便中国正占据该地区进口的日益增长的份额（Zhao and Zhao 2022, 108；Dussel Peters, Cook, and Alter 2024；Serbin 2022）。近期研究开始描绘大宗商品超级周期之后的“后繁荣”范式，但其背后的综合金融架构仍未得到充分的理论化（Guo 2023, 113）。

本论文通过分析支持中国国有企业对西班牙语拉丁美洲进行对外直接投资的综合金融与银行体系来填补这一空白。核心研究问题可表述为：在综合国内金融体系支撑下的中国国有企业如何在该地区实施对外直接投资战略，并对东道国经济产生何种影响？

0.1.2 研究问题与假设

本研究由一个主要研究问题指导：中国综合金融与银行体系如何影响国有企业在西班牙语拉丁美洲的对外直接投资，以及该模式与传统外国投资有何区别？七个次要问题对其进行了分解：自 21 世纪初以来该地区被优先考虑的战略驱动因素；国有企业兼具追求利润的企业和政策工具的双重属性如何制约其投资和风险行为；管辖这些投资的法律框架，以及“一

带一路”倡议作为协调而非僵化结构的作用；建立存在的进入渠道；构成该体系的金融工具；其在矿业、能源、基础设施和电信领域的影响；以及在实施过程中产生的冲突及引发的反应。

本文提出五个假设。H1 认为，中国国有企业投资受到综合金融体系的促进，该体系赋予其相对于西方投资者的竞争优势，即更长的投资期限、更大的资本规模和更灵活的条件。H2 假设，国有企业的双重特性导致其战略性的行业集中（自然资源、基础设施、能源），这既符合中国的发展需求，同时也追求商业回报。H3 主张，“一带一路”倡议并非一个连贯的总体规划，而是一个伞式框架，为各种通常独立驱动的投资和流动提供政治合法性和协调（Lee 2017; Jenkins 2022, 13-15）。H4 认为，这些投资通过基础设施和资本带来显著收益，同时也造成可持续性挑战（债务、环境影响、社会冲突），这些挑战因东道国治理能力而异。H5 认为，进入模式的选择主要由行业特征和资源获取的紧迫性决定，而非中央计划，尽管这得到了综合金融体系的支持。

0.1.3 方法论路径与局限性

本论文采用混合方法设计，结合了投资和融资流量的定量分析与定性文件分析和案例研究。定量部分利用美洲对话组织的中国-拉丁美洲金融数据库、中国全球投资追踪器、拉美经委会和经合组织统计数据，以及中国商务部和波士顿大学的公报（Ray and Dussel Peters 2025）；定性部分考察主要文书（投资条约、自由贸易协定、“一带一路”谅解备忘录以及公开的贷款协议），以及国有企业和政策文件。四个案例研究按行业、国家和进入模式区分，以锚定分析：中远海运在秘鲁钱凯港的投资（基础设施，绿地投资）；中国三峡集团-葡萄牙电力新能源公司在智利塔尔塔尔风电场的合资企业（能源，绿地投资）；中国中车在墨西哥城地铁 1 号线现代化项目（基础设施，棕地投资）；以及紫金矿业收购阿根廷特雷斯克布拉达斯锂矿项目（矿业，棕地投资）。

必须承认若干局限性。首先是数据不透明：中国和东道国的数据通常不完整且定义存在差异。2024 年，中国商务部记录中国在该地区的直接投资为 147.1 亿美元，而国际收支指标显示的数字要低得多，例如，拉美经委会仅将约 2%的地区流入归因于中国，大量中国资本通过第三国转移或采取优惠贷款和建设合同等不属于外国直接投资定义的形式（ECLAC 2025）。这种差异本身就是分析对象。其他局限性包括缺乏精英访谈，这将研究局限于公开文件和二手资料；主题的动态性和政治敏感性，因此研究结果反映的是截至 2024-2025 年的情况；“一带一路”项目缺乏官方名单的定义模糊性；以及刻意排除葡萄牙语和法语地区，这保证了制度一致性，但牺牲了普遍性。

0.1.4 研究意义

本研究对多个文献领域有所贡献。在学术上，它通过考察国家主导经济体的企业如何海外运作，推进了对跨国公司行为的理解；通过分离该领域仅进行描述性处理的金融机制，丰富了“全球中国”文献（Lee 2017; Serbin 2022）；通过聚焦西班牙语拉丁美洲，填补了一个公认的空白，因为大多数综合分析要么汇总该地区，要么侧重于巴西（Dussel Peters, Cook, and Alter 2024）。在实践上，研究结果为东道国政府的投资审查、债务管理和谈判提供信息，有助于使中国融资方案与国家发展目标保持一致，而中文文献本身也强调了扩张伴随的资源民族主义、环境和社会风险，尤其是在锂矿领域（贺双荣 2022, 48；宋亦明，戴璐璟 2024, 49）。对于中国企业而言，它们识别出在环境绩效、本地就业、社区参与方面影响其社会经营许可的经常性冲突根源。最后，随着全球秩序从单极向多极转变，准确理解中国在战略区域参与的行为体和激励因素，对于知情的参与至关重要（Ellis 2022）。

0.2 理论框架

分析中国在拉美的国有企业投资需要一个能够同时解释外国直接投资逻辑、国家主导投资者的阶级特征以及发展型国家协调的框架。本论文结合了三个互补的视角：邓宁的折衷范式提供了外国直接投资发生地点和原因的描述性逻辑；国家资本主义理论，以其马克思主义和新马克思主义的表述，刻画了投资者（作为集体资本家的党-国家）的特征；发展型国家理论解释了国家为何积极推动对外投资。三者互补而非竞争。

0.2.1 邓宁的 OLI 范式：所有权、区位和内部化优势

约翰·邓宁提出的折衷范式（OLI 范式）仍然是解释跨国公司外国直接投资的标准框架。当三个条件同时满足时，企业会在海外投资：企业特有的所有权优势（O）、东道国特有的区位优势（L）以及使内部交易优于市场交易的内部化优势（I）（Dunning 2000, 163; Dunning and Lundan 2008）。在他后来的重述中，邓宁将该范式视为各种经济学和商业理论的“外衣”，允许不同制度体制下的企业可能行为不同，但仍可在其框架内进行分析——这种灵活性使其适用于国有投资者。

对于中国国有企业而言，所有权优势主要源于国家：除了规模和工程技术专长外，它们还享有从政策性银行和国家商业银行获得优惠融资的特权、容易地进入市场的外交支持，以及由国家隐性担保和软预算约束支撑的风险承受能力（Buckley et al. 2007, 502）。西班牙语拉丁美洲的区位优势同样独特：世界级的铜、锂、碳氢化合物和农产品资源禀赋；显著的基础设施赤字；超过四亿共享大致相同语言的市场；以及太平洋沿岸的战略位置。内部化优势源于对资源和基础设施价值链（开采、加工、运输）的垂直整合，这保障了供应、控制

了成本并规避了薄弱的合同执行，并通过共同所有权下国企运营与政策性银行融资的协调而得到加强。

0.2.2 国家资本主义理论在中国国企研究中的应用

如果说 OLI 范式描述了投资的机制，那谁在投资的问题最好通过马克思主义的国家资本主义理论来回答。其核心由弗里德里希·恩格斯提供，他认为将生产力转化为国家财产并未废除其资本主义性质：现代国家仍然是一部资本主义机器，是“总国家资本的理想人格化”，它越承担所有权，就越作为国家资本家行事（Engels [1880] 1892, chap. 3）。列宁后来阐述了这个概念，将其视为在无产阶级统治下加以利用的过渡阶段（Lenin [1921] 1965），托尼·克利夫（Cliff [1955] 1974）和最严谨地由夏尔·贝特兰将其实施于现实存在的社会主义。贝特兰的决定性举措是将一种社会形态的资本主义特性不在于法律所有权，而在于生产关系：他认为，法律上的国家所有权不足以废除资本主义关系，因为“国家资产阶级”可能构成自身为支配性阶层，处置生产资料并按照积累逻辑使其运转（Bettelheim 1978, 22；Bettelheim (1975) 2005）。

这种关系性解读支撑了本论文。中国党-国家被视为一个集体资本家：通过国有资产监督管理委员会（国资委）运作的共产党充当控股机构；国有企业是其运营部门；政策性银行则是将剩余集中分配给战略目标的机制。这并不意味着国有部门在数量上占主导地位：私营企业现在大约产生五分之三的国内生产总值和大部分城镇就业，而国有企业掌控着“制高点”（金融、能源、电信、交通和重工业），并拥有不成比例的固定资产份额、银行信贷和最大的企业集团（Naughton 2018；Lardy 2019）。一个并行的非马克思主义文献将同样的配置描述为作为多数或少数投资者行事的“利维坦”（Musacchio and Lazzarini 2014）或作为几种国家资本主义变体之一（Bremmer 2010）；本论文更倾向于关系性马克思主义版本，因为它捕捉到了党-国家的阶级特征以及作为研究对象的企银一体化。

该框架产生特定的行为预期。中国国有企业追求利润和战略目标：资源安全、技术获取、地缘政治影响。这些目标通常一致，但偶尔冲突；国家所有制赋予了比上市公司季度纪律更长的视野；运营与金融的融合允许竞争对手无法匹敌的综合投资-建设-融资方案。同样的结构也会产生脆弱性：软预算约束可能削弱风险评估并鼓励过度杠杆，委托-代理问题可能使管理者转向私人或政治目的，企业与国家的紧密联系使项目面临东道国的民族主义反弹和第三方地缘政治干预（Lee 2017；Song and Dai 2024, 50）。

0.2.3 发展型国家理论

第三个视角，发展型国家理论，解释了中国国家为何积极推动对外投资。该传统建立在查默斯·约翰逊对日本通产省的研究基础上，该研究区分了“计划理性”的发展型国家与“市场理性”的规制型国家，后来由艾丽斯·阿姆斯登和罗伯特·韦德扩展，他们展示了东亚新兴工业化经济体如何通过绩效标准而非市场配置来约束资本从而实现增长（Johnson 1982, chap. 1；Amsden 2001, chap. 1；Wade [1990] 2004）。中国是一个独特的变体：党-国家直接拥有战略部门的企业，并通过五年规划进行协调，而改革开放以来，在“抓大放小”的口号下对国有部门的整合产生了数量更少但规模更大、具备国际能力的企业集团。

对外投资本身就是一种发展工具。由江泽民于 2000 年提出的“走出去”战略，旨在通过对外直接投资来保障资源、获取技术、推动人民币和中国金融机构的国际化、为中国设备创造市场，同时吸收过剩产能；“一带一路”是其对外延伸，通过基础设施融资重塑以中国为中心的经济地理（Vadell 2022）。因此，该理论解释了为何中国投资集中于能源、矿业、基础设施和电信——这些与优先发展领域相匹配的部门，而非多元化的投资组合——以及随着能力提升，为何其从原材料开采向制造业、可再生能源和关键矿产演进（Ray and Dussel Peters 2025；Rubiolo and Juste 2026）。

综合来看，这三个框架在不同层面运作。OLI 范式界定了任何外国直接投资所需的必要条件；国家资本主义理论识别了投资者的阶级特征及其核心的企银纽带；发展型国家理论解释了国家推动和资助这些投资的理由。它们允许在三个层面考察该现象：单个国企决策的微观层面，部门和制度模式的中间层面，以及中国在变化全球秩序中崛起的宏观层面。它们共同指导后续的实证分析。

0.3 论文结构概述

本论文其余部分分为七章。第一章追溯中国对外投资战略和中拉关系从冷战到当前伙伴关系的历史演变。第二章定量描绘中国国有企业在该地区的投资，并概述主要企业、其治理和面临的风险。第三章考察法律和制度架构：国际条约、中国国内国企和对外投资监管、东道国框架，以及“一带一路”及其融资机构。第四章分析战略驱动因素、进入渠道，以及核心的、支持投资的金融工具，包括政策性银行和商业银行、石油支持贷款和人民币国际化。第五章在背景、融资结构、实施、挑战和影响的共同模板下呈现四个案例研究。第六章将这些综合成一个系统的综合金融和银行体系说明，展示中国企业和银行如何在协调方案中“协同出海”。第七章回答研究问题，评估假设，并考虑未来轨迹和中拉经济关系的前景。

Introduction

In 2024 two-way trade between the People's Republic of China and Latin America and the Caribbean reached a record US$518.47 billion, consolidating China as South America's principal trading partner and the region's largest single official creditor (MOFCOM 2025; Yueh 2024, 276). These flows rest on a tightly coordinated relationship between Chinese state-owned enterprises (SOEs) and the state-owned banking system that finances their foreign direct investment (FDI). Between 2005 and 2021 the China Development Bank and the Export-Import Bank of China alone lent more than US$130 billion to the region in sovereign and quasi-sovereign credit, often exceeding the combined disbursements of the World Bank and the Inter-American Development Bank (Myers and Ray 2023; Gallagher 2016). This thesis approaches that financing-investment nexus from a critical political-economy standpoint which, while welcoming the region's developmental prospects, considers the Chinese party-state as a collective capitalist directing accumulation through its enterprises and banks.

0.1 Research Context and Objectives

0.1.1 Definition of the Research Problem

Despite this scale, scholarship has tended to examine the two principal instruments in isolation: one body of work analyses the investment behaviour of Chinese SOEs, another the lending of the policy banks, while little attention has been paid to the synergy that binds them into a single package of equity, debt, construction and operation (Jenkins 2019, 233; Gallagher 2016). A second limitation is the tendency to treat 'Chinese investment in Latin America' as a monolith, obscuring the differences between Portuguese-speaking Brazil, which alone accounts for roughly a third of the region's trade with China, and the Spanish-speaking republics, even as China supplies a rising share of regional imports (Zhao and Zhao 2022, 108; Dussel Peters, Cook, and Alter 2024; Serbin 2022). Recent work has begun to map the 'post-boom' paradigm that followed the commodities super-cycle, yet the integrated financial architecture underpinning it remains under-theorised (Guo 2023, 113).

This thesis addresses that gap by analysing the integrated financial and banking system supporting Chinese SOE foreign direct investment in Spanish-speaking Latin America. The central research problem may be stated thus: how do Chinese state-owned enterprises, sustained by an integrated domestic financial system, implement FDI strategies in the region, and with what implications for host economies?

0.1.2 Research Questions and Hypotheses

The study is guided by one primary research question: how does the integrated Chinese financial and banking system shape SOE foreign direct investment in Spanish-speaking Latin America, and what distinguishes this model from conventional foreign investment? Seven secondary questions disaggregate it: the strategic drivers of the region's prioritisation since the early 2000s; how the dual nature of the SOEs, both profit-seeking firms and policy instruments, conditions their investment and risk behaviour; the legal frameworks governing these investments, and the role of the Belt and Road Initiative (*Yidai Yilu* 一带一路, BRI) as a coordinating rather than rigid structure; the entry channels through which presence is established; the financial instruments composing the system; its impacts across mining, energy, infrastructure and telecommunications; and the conflicts arising in implementation and the responses they elicit.

Five hypotheses are advanced. H1 holds that Chinese SOE investments are facilitated by an integrated financial system conferring competitive advantages over Western investors, namely longer horizons, larger capital volumes and more flexible terms. H2 posits that the SOEs' dual character produces strategic sectoral concentration (natural resources, infrastructure, energy) aligned with China's development needs while still pursuing commercial returns. H3 maintains that the BRI operates not as a coherent master plan but as an umbrella framework supplying political legitimacy and coordination to diverse, often independently motivated investments and flows (Lee 2017; Jenkins 2022, 13–15). H4 contends that these investments generate significant benefits through infrastructure and capital while creating sustainability challenges (debt, environmental impact, social conflict) that vary with host-country governance capacity. H5 argues that entry-mode choices are determined primarily by sector characteristics and the urgency of resource access rather than by centralised planning, though enabled by the integrated financial system.

0.1.3 Methodological Approach and Limitations

The thesis adopts a mixed-methods design, combining quantitative analysis of investment and financing flows with qualitative document analysis and case studies. The quantitative component draws on the Inter-American Dialogue's China-Latin America Finance Database, the China Global Investment Tracker, ECLAC/CEPAL and OECD statistics, and the bulletins of the Chinese Ministry of Commerce (MOFCOM) and Boston University (Ray and Dussel Peters 2025); the qualitative component examines primary instruments (investment treaties, free-trade agreements, BRI memoranda and, where public, loan agreements) alongside SOE and policy documents. Four case studies, varying by sector, country and entry mode, anchor the analysis: the COSCO Shipping investment in the port of Chancay, Peru (infrastructure, greenfield); the China Three Gorges-EDP Renováveis joint venture at the Taltal wind complex in Chile (energy, greenfield); the CRRC modernisation of Line 1 of the Mexico City metro (infrastructure, brownfield); and the Zijin Mining acquisition of the Tres Quebradas lithium project in Argentina (mining, brownfield).

Several limitations must be acknowledged. The foremost is data opacity: Chinese and host-country figures are frequently incomplete and definitionally divergent. For 2024 MOFCOM records Chinese direct investment in the region at US$14.71 billion, whereas balance-of-payments measures register far less, for instance, ECLAC attributes only some 2% of regional inflows to China, much Chinese capital being routed through third countries or taking the form of concessions and construction contracts outside the FDI definition (ECLAC 2025). This divergence is itself an object of analysis. Further limitations include the absence of elite interviews, which confines the study to public documents and secondary accounts; the dynamic, politically sensitive character of the subject, so that findings reflect conditions to 2024-2025; the definitional ambiguity of 'BRI projects' absent an official list; and the deliberate exclusion of Portuguese- and French-speaking territories, which preserves institutional coherence at an acknowledged cost to generalisability.

0.1.4 Significance of the Study

This study contributes to several literatures. Academically, it advances understanding of multinational-enterprise behaviour by examining how firms from a state-led economy operate abroad, and enriches the 'Global China' literature by isolating financial mechanics the field has treated descriptively (Lee 2017; Serbin 2022); by concentrating on Spanish-speaking Latin America it fills a recognised gap, since most integrated analyses aggregate the region or privilege Brazil (Dussel Peters, Cook, and Alter 2024). Practically, the findings inform host governments' investment screening, debt management and negotiation, helping align Chinese financing packages with national development goals, while the Chinese-language literature itself stresses the resource-nationalism, environmental and social risks accompanying expansion, especially in lithium (He 2022, 48; Song and Dai 2024, 49). For Chinese SOEs they identify the recurrent sources of conflict that condition the social licence to operate in environmental performance, local employment, community participation. Finally, as the global order shifts from unipolar towards multipolar, a precise account of the actors and incentives behind Chinese engagement in strategic regions is indispensable to informed participation in it (Ellis 2022).

0.2 Theoretical Framework

Analysing Chinese SOE investment in Latin America requires a framework that accounts simultaneously for the logic of foreign direct investment, the class character of a state-led investor and the coordination of a developmental state. This thesis combines three complementary lenses: Dunning's eclectic paradigm supplies the descriptive logic of why and where FDI occurs; state-capitalism theory, in its Marxist and neo-Marxist formulation, characterises the investor (the party-state as a collective capitalist); and developmental-state theory explains why that state actively promotes outward investment. The three are complementary rather than competing.

0.2.1 Dunning's OLI Paradigm: Ownership, Location, and Internalization Advantages

The eclectic, or OLI, paradigm developed by John Dunning remains the standard framework for explaining FDI by multinational enterprises. Firms invest abroad when three conditions coincide: ownership advantages (O) specific to the firm, location advantages (L) specific to the host, and internalisation advantages (I) that make in-house transactions preferable to market exchange (Dunning 2000, 163; Dunning and Lundan 2008). In his later restatement Dunning conceived the paradigm as an 'envelope' for diverse economic and business theories, allowing that firms under different institutional regimes may behave differently while remaining analysable within it, that is a flexibility that renders it applicable to state-owned investors.

For Chinese SOEs the ownership advantages are predominantly state-derived: beyond scale and engineering expertise, they enjoy privileged access to finance from the policy and state commercial banks on favourable terms, diplomatic backing that eases entry, and a tolerance of risk underwritten by implicit state guarantees and soft budget constraints (Buckley et al. 2007, 502). The location advantages of Spanish-speaking Latin America are equally distinctive: world-class endowments of copper, lithium, hydrocarbons and agricultural commodities; a pronounced infrastructure deficit; a market of over four hundred million people sharing a broadly common language; and a strategic position on the Pacific. The internalisation advantages arise from vertical integration of resource and infrastructure value chains, extraction, processing, transport, which secures supply, controls costs and circumvents weak contract enforcement, reinforced by the coordination of SOE operations with policy-bank financing under common ownership.

0.2.2 State Capitalism Theory Applied to Chinese SOEs

If the OLI paradigm describes the mechanics of investment, the question of who invests is best answered through the Marxist theory of state capitalism. Its kernel was supplied by Friedrich Engels, who argued that converting productive forces into state property does not abolish their capitalist character: the modern state remains a capitalist machine, the 'ideal personification of the total national capital', and the more it assumes ownership the more it acts as the national capitalist (Engels [1880] 1892, chap. 3). The concept was elaborated later by Lenin, who treated it as a transitional stage to be harnessed under proletarian rule (Lenin [1921] 1965), and applied to actually existing socialism by Tony Cliff (Cliff [1955] 1974) and, most rigorously, by Charles Bettelheim. Bettelheim's decisive move was to locate the capitalist character of a social formation not in juridical ownership but in the relations of production: legal state ownership, he argued, does not suffice to abolish capitalist relations, since a 'state bourgeoisie' may constitute itself as the directing fraction that disposes of the means of production and activates them according to the logic of accumulation (Bettelheim 1978, 22; Bettelheim (1975) 2005).

This relational reading underpins the present thesis. The Chinese party-state is treated as a collective capitalist: the Communist Party, operating through the State-owned Assets Supervision and Administration Commission (*Guoyou zichan jiandu guanli weiyuanhui* 国有资产监督管理委员会, SASAC), functions as the holding apparatus; the SOEs are its operating arms; and the policy banks are the mechanism through which surplus is centrally allocated to strategic ends. This does not make the state sector numerically dominant: private firms now generate roughly three-fifths of GDP and the majority of urban employment, while the SOEs command the 'commanding heights' (finance, energy, telecommunications, transport, and heavy industry) together with a disproportionate share of fixed assets, bank credit and the largest enterprise groups (Naughton 2018; Lardy 2019). A parallel, non-Marxist literature describes the same configuration as 'Leviathan' acting as majority or minority investor (Musacchio and Lazzarini 2014) or as one variety of state capitalism among several (Bremmer 2010); this thesis prefers the relational Marxist version because it captures the class character of the party-state and the enterprise-bank integration that is the object of study.

The framework yields specific behavioural expectations. Chinese SOEs pursue profit and strategic objectives: resource security, technology acquisition, geopolitical influence. Those usually coincide but occasionally conflict; state ownership affords longer horizons than the quarterly disciplines of listed firms; and the fusion of operations and finance permits integrated investment-construction-financing packages competitors cannot match. The same structure generates vulnerabilities: soft budget constraints can blunt risk assessment and encourage over-leverage, principal-agent problems may divert managers towards private or political ends, and the firm's close identification with the Chinese state exposes projects to nationalist backlash and third-party geopolitical intervention in host countries (Lee 2017; Song and Dai 2024, 50).

0.2.3 Developmental State Theory

The third lens, developmental-state theory, explains why the Chinese state actively promotes outward investment. Building on Chalmers Johnson's study of Japan's MITI, which distinguished the 'plan-rational' developmental state from the 'market-rational' regulatory state, the tradition was extended by Alice Amsden and Robert Wade, who showed how late-industrialising East Asian economies grew by disciplining capital through performance standards rather than market allocation (Johnson 1982, chap. 1; Amsden 2001, chap. 1; Wade [1990] 2004). China is a distinctive variant: the party-state directly owns the enterprises in strategic sectors and coordinates them through the Five-Year Plan (*wunian guihua* 五年规划), while the Reform and Opening-up (*gaige kaifang* 改革开放) consolidation of the state sector under the slogan 'grasp the large, let go of the small' (*zhuada fangxiao* 抓大放小) produced fewer but larger, internationally capable groups.

Outward investment is itself a developmental instrument. The Going Out strategy (*zouchuqu zhanlüe* 走出去战略), articulated by Jiang Zemin (江泽民) in 2000, promotes FDI to secure resources, acquire technology, internationalise the renminbi and Chinese financial institutions, and create markets for Chinese equipment while absorbing surplus capacity; the BRI is its external projection, deploying infrastructure finance to reshape economic geography around China (Vadell 2022). The theory thus accounts for the concentration of Chinese investment in energy, mining, infrastructure and telecommunications, which are sectors matching developmental priorities rather than a diversified portfolio, and for its evolution from raw-material extraction towards manufacturing, renewable energy and critical minerals as capabilities have advanced (Ray and Dussel Peters 2025; Rubiolo and Juste 2026).

Taken together, the three frameworks operate at different registers. The OLI paradigm specifies the necessary conditions for any FDI; state-capitalism theory identifies the class character of the investor and the enterprise-bank nexus at its core; and developmental-state theory explains the rationale by which the state promotes and finances that investment. They permit the phenomenon to be examined at three levels: the micro level of individual SOE decisions, the meso level of sectoral and institutional patterns, and the macro level of China's rise within a changing global order. Together they guide the empirical analysis that follows.

0.3 Thesis Structure Overview

The remainder of the thesis is organised into seven chapters. Chapter 1 traces the historical evolution of China's outward-investment strategy and China-Latin America relations from the Cold War to the present partnerships. Chapter 2 maps Chinese SOE investment in the region quantitatively and profiles the principal enterprises, their governance and the risks they face. Chapter 3 examines the legal and institutional architecture: international treaties, China's domestic SOE and outbound-investment regulation, host-country frameworks, and the BRI and its financing institutions. Chapter 4 analyses the strategic drivers, entry channels and, centrally, the financial instruments supporting investment, including the policy and commercial banks, oil-backed lending and renminbi internationalisation. Chapter 5 presents the four case studies on a common template of background, financial structure, implementation, challenges and impact. Chapter 6 synthesises these into a systematic account of the integrated financial and banking system, showing how Chinese enterprises and banks 'move together' in coordinated packages. Chapter 7 answers the research questions, evaluates the hypotheses, and considers future trajectories and the prospects for China-Latin America economic relations.

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CHAPTER 1: Historical Pillars and Evolution of Chinese FDI

The contemporary architecture of Chinese state-owned enterprise (SOE) investment in Spanish-speaking Latin America cannot be apprehended as a sudden or improvised phenomenon; rather, it is the sediment of a protracted process of state-directed capital accumulation whose origins lie in the structural transformation of the Chinese political economy after 1978. This chapter accordingly pursues two complementary lines of enquiry. The first reconstructs the evolution of China's outward investment strategy, conventionally rendered as the Going Out strategy (*zou chuqu* 走出去), across the three phases through which it has passed since the inauguration of Reform and Opening Up (*gaige kaifang* 改革开放). The second situates the bilateral relationship between China and Latin America within its own longue durée, tracing the passage from the ideologically conditioned and economically negligible contacts of the Cold War to the dense interdependence of the present. Throughout, the analysis is informed by the interpretive premise advanced in the Introduction, namely that the Chinese party-state is most fruitfully understood, following the tradition of state-capitalism theory associated with Charles Bettelheim, as the collective organiser of a national process of accumulation in which the Communist Party occupies the structural position of the dominant capitalist, and in which SOEs function at once as profit-seeking firms and as bearers of a strategic logic exceeding the calculus of any single enterprise.

1.1 Historical Evolution of China's "Going Out" Strategy

China's metamorphosis from a closed, inward-facing command economy into one of the largest sources of outward foreign direct investment constitutes one of the most consequential transformations in the modern history of capitalism. This trajectory is best disaggregated into three analytically distinct yet historically continuous phases, each characterised by a particular configuration of policy doctrine, institutional apparatus, and investment behaviour. The periodisation adopted here follows the broad consensus of the scholarly literature whilst remaining attentive to the underlying continuities that a strictly stadial reading risks obscuring (Jenkins 2019, 88).

1.1.1 Phase 1 (1978-1999): Economic Reforms and Opening Up

The foundations of what would later crystallise into the Going Out strategy were laid during the Reform and Opening Up period inaugurated by Deng Xiaoping (邓小平) in 1978, although this initial phase was overwhelmingly oriented towards the attraction of inward investment rather than the promotion of capital export. The programmatic horizon of the period was furnished by the Four Modernisations (*si ge xiandaihua* 四个现代化), the modernisation of industry, of agriculture, of national defence, and of science and technology, a framework that subordinated ideological mobilisation to the developmental imperative of raising the productive forces. The institutional substance of the reform proceeded along two principal axes. In the countryside, the dismantling of collective farming in favour of the household responsibility system unleashed substantial productivity gains, liberating labour for industrial employment and giving rise to the dynamic non-state sector of township and village enterprises that would complement, and in certain respects discipline, the reform of the state sector. In the urban-industrial sphere, the corporatisation of state enterprises introduced profit-and-loss accounting and conferred upon managers a considerable measure of operational autonomy over production, pricing, and investment decisions previously dictated by the central plan.

Of decisive long-term significance was the experiment with controlled exposure to foreign capital. The establishment of the Special Economic Zones (*jingji tequ* 经济特区) at Shenzhen, Zhuhai, Shantou, and Xiamen created bounded jurisdictions within which foreign-invested enterprises, technology transfer, and market-conforming legal instruments could be tested before nationwide diffusion. The strategy proved spectacularly effective: China became the largest recipient of foreign direct investment in the developing world, harnessing imported capital and technology to an export-oriented growth model whilst progressively integrating itself into the institutional architecture of the international economy through accession to the International Monetary Fund and the World Bank in 1980 and the Asian Development Bank in 1986. The growth of Chinese industry during these decades was prodigious, its share of global manufacturing rising from less than 2% in 1980 to a position of pre-eminence that would, by the second decade of the new century, account for roughly a quarter of world output (Jenkins 2019, 32). It is precisely this accumulation of productive capacity, and the surpluses it generated, that would later furnish both the motive and the means for capital export.

Chinese outward investment during this formative phase remained, by any measure, marginal, averaging less than $1 billion per annum throughout the 1980s and attaining only 2-3 billion by the close of the 1990s. Such investment as did occur was directed principally towards the support of trade, through the establishment of commercial representative offices in major markets, and towards a nascent and exploratory pursuit of natural resources, the latter assuming greater urgency after China became a net importer of crude oil in 1993.

For the reasons adduced above, economic relations between China and Latin America during this period remained correspondingly slight, a condition overdetermined by the political configuration of the region and by the still modest weight of the Chinese economy in world affairs. The structural impediment was at once diplomatic and geopolitical. The hegemonic influence of the United States across the hemisphere, conjoined with the One China principle (*yige Zhongguo zhengce* 一个中国政策) under which the People's Republic conditioned the establishment of relations upon the withdrawal of recognition from the Taiwan-based Republic of China, ensured that a substantial number of Latin American and Caribbean states maintained their ties with Taipei throughout the 1980s and into the 1990s. Chinese foreign policy in this era, moreover, continued nominally to profess the Five Principles of Peaceful Coexistence (*heping gongchu wu xiang yuanze* 和平共处五项原则) first articulated in 1953, even as the residual ideological legacy of Maoism complicated relations with the right-leaning and Washington-aligned governments then prevalent in much of the region, the doctrine of South-South cooperation upon the basis of these principles furnishing the constant rhetorical frame within which the politically focused objectives of the revolutionary period were pursued (Chen 2021, 111). The economic engagement that did exist was overwhelmingly commercial rather than investment-driven, consisting principally in the importation of Chilean copper against the exportation of light Chinese manufactures.

The institutional groundwork laid during this period would nonetheless prove indispensable to the subsequent outward turn. The establishment in 1982 of the Ministry of Foreign Economic Relations and Trade (*duiwai jingji maoyi bu* 对外经济贸易部), consolidating several antecedent bodies, inaugurated a process of administrative rationalisation that would culminate, through the intermediate incarnation of the Ministry of Foreign Trade and Economic Cooperation (MOFTEC) in 1993, in the creation of the Ministry of Commerce (MOFCOM) in 2003, henceforth the supreme authority over China's external economic relations. The architecture of financial governance was simultaneously erected, with the State Administration of Foreign Exchange (SAFE) established in 1979 under the People's Bank of China, and the two policy banks that would become the principal instruments of capital export, namely the China Development Bank (CDB) and the Export-Import Bank of China (China Exim Bank), both founded in 1994. The Asian financial crisis of 1997 and 1998 functioned, in this respect, as a formative experience, demonstrating at once the perils of excessive dependence upon volatile foreign capital and the strategic value of accumulating international assets, a lesson that materially shaped the subsequent disposition towards "going out".

1.1.2 Phase 2 (2000-2012): Official "Going Out" Policy and WTO Accession

The second phase witnessed the explicit doctrinal formulation and institutional operationalisation of the Going Out strategy, a dramatic surge in outward direct investment, and the integration of Chinese firms into global production networks consequent upon accession to the World Trade Organization. The strategy was formally elevated to the status of national policy in the Tenth Five-Year Plan (*di shi ge wunian jihua* 第十个五年计划) covering the years 2001 to 2005, marking a decisive reorientation from the exclusive pursuit of inward investment towards the active promotion of capital export. The strategic objectives enumerated in the Plan were several and mutually reinforcing: to secure access to natural resources, and above all to energy; to acquire advanced technology and managerial competence; to establish globally recognised Chinese brands; to deploy the nation's swelling foreign exchange reserves more productively; and to underwrite the export of Chinese equipment and construction services. To these ends the strategy was accompanied by a suite of enabling institutional reforms, encompassing the streamlining of approval procedures for outward investment, the partial liberalisation of foreign exchange controls bearing upon direct investment, and the construction of supporting mechanisms in insurance, finance, and market intelligence. The single most consequential institutional innovation, however, was the establishment in 2003 of the State-owned Assets Supervision and Administration Commission (SASAC, *Guoziwei* 国资委), charged with professionalising the management of the central state enterprises and coordinating their overseas expansion.

The watershed event of the period was China's accession to the World Trade Organization in December 2001, an act of profound significance for the internationalisation of Chinese capital. Membership obliged China to adopt legal and regulatory reforms conducive to improved corporate governance, conferred upon Chinese firms enhanced and rules-based access to foreign markets, and, by signalling China's integration into the liberal economic order, materially diminished the apprehensions that Chinese investment provoked in certain host jurisdictions. The empirical consequence was a transformation in the scale of outward investment: Chinese outward direct investment flows rose from $916 million in 2000 to $87.8 billion in 2012 according to MOFCOM data, propelling China into the front rank of global capital exporters by the close of the period. The state enterprises, and in particular the central enterprises under SASAC supervision, accounted for the preponderant share of these flows and concentrated their efforts upon the natural resource sectors, investing heavily in energy and in the industrial minerals demanded by China's headlong industrialisation. Reflecting the urgency of resource acquisition, the characteristic modality of investment in this period was the acquisition of existing assets rather than greenfield development.

The financing of this SOE-driven expansion was inseparable from the ascent of the two policy banks, which emerged as the indispensable enablers of outward investment. The China Development Bank alone extended more than $75 billion in overseas lending between 2000 and 2012, a volume that rivalled the disbursements of the World Bank itself. The decisive contribution of these institutions, however, lay less in the aggregate magnitude of their lending than in the financial engineering they pioneered, namely the oil-backed loan and the broader infrastructure-for-resources arrangement, instruments that bundled finance, construction contracts, and resource off-take into integrated packages serving at once the developmental needs of the borrower and the strategic and commercial interests of the Chinese state and its enterprises. It is in this fusion of policy lending, contractual construction, and equity investment that one discerns the first articulation of the integrated financial and banking system whose mature form constitutes the central object of the present thesis.

The bilateral relationship with Latin America was transformed during this phase with a velocity that few had anticipated. Trade between China and the region rose from $12 billion in 2000 to 261 billion in 2012, a more than twentyfold increase, as China ascended to become the second-largest trading partner of Latin America as a whole and the largest for several individual economies, the relationship assuming a structure in which the region exported primary commodities against the importation of Chinese manufactures. The aggregate dynamism of this commerce is corroborated by Chinese scholarship: drawing upon the data of the National Bureau of Statistics and the United Nations Conference on Trade and Development, Zhao and Zhao record that the annual average growth rate of Chinese merchandise exports to Latin America and the Caribbean attained 33.33% over the years 2000 to 2008, before contracting by 20.44% in 2009 under the impact of the global financial crisis (Zhao and Zhao 2022, 108). The Chinese share of the region's merchandise imports, they further observe, rose steadily across the subsequent decade, attaining 16.43% by 2020, a figure that registers the consolidation of China's position within Latin American markets (Zhao and Zhao 2022, 108).

The stock of Chinese direct investment in Latin America grew correspondingly, from negligible amounts in 2000 to an estimated $68 billion by 2012, with the largest commitments concentrated in energy, mining, and infrastructure. In the hydrocarbons sector, the China National Petroleum Corporation (CNPC) executed a series of acquisitions in Peru and Ecuador, whilst Sinopec invested substantially in Argentina and the China National Offshore Oil Corporation (CNOOC) led offshore exploration efforts across several jurisdictions. The mining sector witnessed the emblematic, and ultimately abortive, attempt by the Aluminium Corporation of China (Chinalco) to acquire a substantial interest in Rio Tinto in 2009, alongside a succession of copper acquisitions in Peru and iron ore commitments in Brazil. It bears emphasis, and the point recurs throughout this thesis, that the most conspicuous instruments of Chinese telecommunications penetration, the firms Huawei and ZTE, are not state-owned enterprises in the strict sense, a distinction of considerable analytical importance that the indiscriminate literature too frequently elides.

The deepening of economic interdependence was matched by a strengthening of political relations, propelled both by China's augmented weight in world affairs and by the rhetoric of South-South cooperation. The two visits of President Hu Jintao (胡锦涛) to Latin America, in 2004 and 2008, brought the Chinese leadership into sustained contact with its regional counterparts and culminated in the publication in 2008 of China's first Policy Paper on Latin America and the Caribbean, the inaugural comprehensive statement of Chinese strategy towards the region. This decade also saw the proliferation of the bilateral instruments that would furnish the legal scaffolding of the relationship, encompassing bilateral investment treaties, double taxation agreements, and currency arrangements, alongside the inauguration in 2007 of the China-Latin America Business Summit under the auspices of the China Council for the Promotion of International Trade. Among the Spanish-speaking states, Chile assumed a pioneering role, concluding in 2005 the first free trade agreement between China and any Latin American country, an instrument subsequently upgraded in 2017; Peru followed with its own agreement in 2009, and Costa Rica, having transferred recognition from Taipei to Beijing in 2007, in 2010.

Yet this phase also disclosed, with some clarity, the characteristic vulnerabilities of a resource-focused investment strategy pursued amid politically volatile environments. The failure of the Chinalco-Rio Tinto transaction furnished an instructive lesson in the navigation of foreign regulatory approval and shareholder resistance; early conflicts with local communities over environmental and labour conditions exposed the inadequacy of Chinese firms' stakeholder management; and the nationalisations effected by left-wing governments in Venezuela and Bolivia, together with the contract renegotiations imposed in Ecuador, laid bare the magnitude of the political risk to which Chinese capital was exposed. The global financial crisis of 2008 and 2009, with its attendant commodity price volatility, drove the point home with particular force. To the institutional reinforcement of the period belongs the parallel maturation of the supporting apparatus: SASAC elaborated increasingly sophisticated systems for the evaluation of overseas performance; MOFCOM furnished directional guidance through the publication of investment catalogues and country-specific risk assessments; and the China Export and Credit Insurance Corporation (Sinosure), to which subsequent chapters will return at length, substantially expanded its coverage of overseas projects, thereby de-risking ventures in unfamiliar markets. By 2012, the Chinese state enterprises had established a commanding presence in the resource sectors of Latin America, the policy banks had extended billions in credit, and trade had attained unprecedented levels; what remained absent was an overarching strategic framework capable of conferring coherence upon these dispersed activities, a deficiency that the ensuing phase would purport to remedy.

1.1.3 Phase 3 (2013-Present): Belt and Road Initiative for a New Era

The third and current phase, commencing in 2013 with the accession of Xi Jinping (习近平) to the paramount leadership and the proclamation of the Belt and Road Initiative (*yidai yilu* 一带一路, BRI), represents at once a continuation and an evolution of the outward investment strategy, one that has fundamentally reconfigured the architecture of China-Latin America economic relations. The constituent elements of the initiative were announced in close succession, the Silk Road Economic Belt (*sichou zhi lu jingji dai* 丝绸之路经济带) in Kazakhstan in September 2013 and the 21st Century Maritime Silk Road (*ershiyi shiji haishang sichou zhi lu* 21 世纪海上丝绸之路) in Indonesia in October of the same year, the two together constituting a framework that would be progressively extended to embrace virtually every region of the developing world, Latin America included, notwithstanding its remoteness from the historical Silk Road routes.

A correct appreciation of the Belt and Road Initiative requires the prior dispelling of a widespread misconception. The initiative ought not to be understood as a coherent, centrally planned master strategy directed by a unified command structure, but rather, in the formulation of Lee Ching Kwan, whose study of "Global China" furnishes the most penetrating analysis of the phenomenon, as an umbrella framework encompassing heterogeneous forms of intervention, among them foreign direct investment, labour export, infrastructure finance, media networks, and educational exchange, which acquire a measure of political coherence through their nominal association with the initiative whilst retaining considerable operational autonomy (Lee 2018, 9). It follows from this umbrella character that no comprehensive inventory of BRI projects exists, the inclusion of any particular undertaking within the designation being ordinarily determined not by binding contractual instrument but by an intergovernmental Memorandum of Understanding which, though politically significant as a signal of commitment, imposes no enforceable obligation. The five officially enumerated objectives of the framework, namely policy coordination (*zhengce goutong* 政策沟通), infrastructure connectivity (*sheshi liantong* 设施联通), unimpeded trade (*maoyi changtong* 贸易畅通), financial integration (*zijin rongtong* 资金融通), and people-to-people bonds (*minxin xiangtong* 民心相通), should accordingly be read less as a programme of action than as a lexicon of legitimation, a vocabulary through which a diverse array of activities is rendered intelligible as the coordinated expression of a single grand design.

The empirical history of the BRI's extension to Latin America bears out this interpretation and, in the process, illuminates the gap between rhetorical ambition and substantive transformation. The region figured not at all in the original conception of the initiative, and the second Chinese Policy Paper on Latin America, issued in 2016, made no reference to it whatsoever (Jenkins 2021, 16). The reorientation came in May 2017, when, in a meeting with President Macri of Argentina at the inaugural Belt and Road Forum in Beijing, Xi Jinping characterised Latin America as a "natural extension of the 21st Century Maritime Silk Road" (Jenkins 2021, 16). The formal invitation followed in January 2018 at the Second Ministerial Meeting of the China-CELAC Forum in Santiago de Chile, where the Chinese Minister of Foreign Affairs, Wang Yi, invited the thirty-three states of the region to participate in the initiative, an overture that issued in the signing of a Special Declaration on the Belt and Road Initiative (Jenkins 2021, 17; Vadell 2022, 192). The accession of individual states proceeded with some rapidity thereafter. Panama, having severed its ties with Taipei in 2017, became the first Latin American country to sign a BRI Memorandum of Understanding in November of that year; fifteen further states appended their signatures during 2018, and three more in 2019, such that, at the count recorded by Jenkins, nineteen countries of the region had concluded BRI agreements with China (Jenkins 2021, 17). Of the fourteen that had not, nine continued to maintain diplomatic relations with Taiwan, but the holdouts also numbered among them the largest economies of the region, namely Brazil, Mexico, Argentina, and Colombia, a circumstance that materially qualifies any assessment of the initiative's regional reach (Jenkins 2021, 17).

It is precisely this disjunction between the breadth of formal adherence and the modesty of substantive change that has animated a significant scholarly controversy, and one to which this thesis subscribes in its essentials. A considerable body of commentary has construed the extension of the BRI as a qualitative transformation in the China-Latin America relationship; against this view, a more sceptical school, with which the present author aligns, has contended that the inclusion of the region represents not a fundamental departure but rather a relabelling of relations that were already firmly established, a repackaging of trends underway since the global financial crisis (Jenkins 2021, 17). The Memoranda themselves lend weight to the sceptical reading, conforming as they do to a common template that furnishes a broad and aspirational framework, enumerating the five canonical areas of cooperation, whilst conspicuously omitting any specific institutional arrangement or enforceable commitment (Jenkins 2021, 17). The most judicious conclusion, and the one adopted here, holds that the BRI has functioned in Latin America primarily as an instrument of legitimation and coordination rather than as a discrete causal force, conferring narrative coherence and a measure of political sanction upon a pre-existing dynamic of capital export whose underlying drivers were economic and structural rather than programmatic.

This interpretation acquires its full theoretical force when restored to the framework of state-capitalist analysis adopted in this study. If the party-state is conceived as the collective organiser of a national process of accumulation, then the BRI is most accurately understood as the ideological and institutional form through which the spatial expansion of Chinese capital is coordinated and rendered governable, a mechanism for the orderly resolution of the surpluses generated by three decades of breakneck industrial accumulation. The very absence of a binding command structure, far from constituting a defect, is constitutive of the initiative's function, permitting the simultaneous mobilisation of state enterprises, policy banks, regulatory agencies, and diplomatic missions towards a common spatial horizon whilst preserving the operational latitude that distinguishes a coordinated accumulation strategy from a centrally administered plan. The Belt and Road Initiative, in short, is the political form assumed by the outward movement of Chinese capital in its mature phase, and it is in this register, rather than in the literal terms of its official self-description, that its significance for Latin America is to be assessed. The detailed exposition of its juridical and financial mechanisms is reserved for Chapter 3.

1.2 China-Latin America Relations: Historical Overview

To comprehend the contemporary configuration of Chinese SOE investment in Spanish-speaking Latin America, it is indispensable to situate present economic relations within the broader arc of their historical development. The relationship between China and Latin America, notwithstanding the geographical distance and cultural difference that separate the two, has evolved through a succession of distinct phases, progressing from the circumscribed and ideologically conditioned contacts of the Cold War to the profound economic interdependence that characterises the present moment. This evolution has been incisively characterised in the recent scholarship as a transformation in which the guiding doctrine of Chinese policy, namely South-South cooperation upon the basis of the Five Principles of Peaceful Coexistence, remained constant, whilst the underlying policy goal shifted from a revisionist and politically focused orientation, predominant until the late 1970s, towards the economically focused orientation that has prevailed since (Chen 2021, 111). The reconstruction that follows complements the foregoing account of the Going Out strategy by approaching the same historical process from the vantage of the bilateral relationship itself.

1.2.1 Early Diplomatic Relations (1960s-1980s)

The foundations of China-Latin America relations were laid during the Cold War, in a period shaped overwhelmingly by ideological and diplomatic rather than economic considerations. The scholarship characterises the relationship of these decades as one of mutual indifference, the People's Republic having maintained only the most limited interactions with a region in which the majority of states retained their recognition of Taipei, and China's policy goal having been oriented, in this revolutionary phase, towards the politically revisionist objective of contesting the international order dominated by the United States and the Soviet Union rather than towards the pursuit of economic engagement (Chen 2021, 113). Following the Sino-Soviet split, which became definitive in the early 1960s, the People's Republic sought to cultivate relations with the states of the developing world as an element of its Third World strategy and of its rivalry with the Soviet Union for influence among the newly independent and non-aligned nations. The first Latin American state to establish diplomatic relations with Beijing, and correspondingly to withdraw recognition from the Taipei government in conformity with the One China principle, was Cuba, which took this step in September 1960, only months after the triumph of its revolution; Cuba's subsequent alignment with Moscow, however, complicated the relationship, which remained cool throughout the ensuing two decades. The second state to recognise the People's Republic was the Chile of Salvador Allende, in 1970, an act that furnished China with its first diplomatic foothold in South America and one that, remarkably, survived the overthrow of Allende and persisted through the right-wing military dictatorship of Augusto Pinochet, a continuity that already intimated the pragmatic subordination of ideology to raison d'État that would come to define Chinese conduct in the region. Beyond these two early recognitions, China extended limited support to certain leftist movements, though on a scale far inferior to that of the Soviet Union or Cuba, whilst positioning itself, in the aftermath of the Sino-Soviet rupture, as a champion of the developing world and an adherent of the Non-Aligned Movement. Economic engagement throughout this period remained minimal, constrained by China's own poverty, by the domestic upheaval of the Cultural Revolution between 1966 and 1976, and by the limited complementarity of the two economies.

The diplomatic landscape was, in this early period, decisively shaped by the competition between Beijing and Taipei for recognition, a competition in which Latin America and the Caribbean assumed the character of a privileged battleground by virtue of the region's relatively large number of small states whose recognition might be secured through the provision of aid and investment. For this reason, several Central American and Caribbean states maintained their ties with Taipei through the close of the period and well beyond, drawn by Taiwanese assistance in agriculture and light industry. The death of Mao Zedong (毛泽东) in 1976 and the consolidation of Deng Xiaoping's authority in 1978 inaugurated a reorientation in this sphere as in others, as ideological considerations yielded to the dual imperatives of upholding the One China principle and pursuing potential economic advantage. The diplomatic thaw is legible in the chronology of recognition: following Cuba and Chile, relations were established by Peru in 1971, by Mexico and Argentina in 1972, by Venezuela and Brazil in 1974, by Colombia and Ecuador in 1980, by Nicaragua and Bolivia in 1985, and by Uruguay in 1988. Bilateral trade grew from a negligible base, with China importing raw materials such as copper and fishmeal against the exportation of basic manufactures, yet the volumes involved remained modest. By 1990, China had established diplomatic relations with the majority of the major Latin American states, yet economic engagement remained slight, total China-Latin America trade amounting in that year to approximately $3 billion; Chinese firms possessed virtually no presence in the region, and Latin America figured only marginally in a Chinese foreign policy preoccupied with the management of relations with the United States, the cultivation of ties with the East Asian neighbourhood, and the maintenance of domestic stability amid the dislocations of economic reform.

1.2.2 Economic Engagement Acceleration (1990s-2000s)

The 1990s, and with still greater force the early years of the new century, witnessed a transformation in China-Latin America relations of an altogether different order of magnitude, propelled above all by the prodigious growth of the Chinese economy, which expanded at an annual rate exceeding ten% across the decade and generated in consequence a voracious demand for raw materials and energy. The economic reform inaugurated in the late 1970s had, in the analysis of Chen, opened a new chapter in the bilateral relationship, the economic exchanges between the two sides having grown through the 1980s and the 1990s from a negligible base, the total trade rising from some $200 million in 1975 to $2 billion by 1988 and more than doubling again between 1989 and 1996 (Chen 2021, 113). The conjuncture was a propitious one. The conclusion of the Cold War, with the dissolution of the Soviet Union and the collapse of actually existing socialism, dissolved certain of the geopolitical constraints that had hitherto inhibited Latin American engagement with China, whilst across the same decade the majority of Latin American states, emerging from the débâcle of the 1980s debt crisis, embraced market-oriented reform, privatised state enterprises, and opened themselves to foreign investment. China's own progress towards membership of the World Trade Organization, predicated upon a reciprocal economic opening, lent confidence to the prospect of its integration into the global economy. The most dramatic index of the transformation lay in the growth of trade, which rose from $8 billion in 1995 to 12 billion in 2000 and 103 billion by 2008, a more than twelvefold expansion in thirteen years, concentrated heavily in Brazil, Chile, Argentina, and Peru, which together accounted for more than three-quarters of the total. The pattern of this commerce disclosed a pronounced complementarity, the region exporting primary products, among them soybeans, copper, iron ore, oil, and fishmeal, against the importation of Chinese manufactures, a structure that registered the meshing of Chinese industrial capacity with Latin American resource endowment.

The late 1990s saw the first stirrings of Chinese direct investment in the region, albeit from a negligible base. The early movers were predominantly the state oil companies, CNPC entering Peru in 1994 with exploration concessions, Venezuela in 1997, and Ecuador in 2003, their ventures complemented by the establishment of representative offices and the conduct of feasibility studies by mining and energy firms, and by investment in the logistical and financial infrastructure supporting the burgeoning trade. The decade also witnessed a gradual tightening of the investment relationship through the conclusion of bilateral investment treaties, with Argentina concluding such a treaty in 1992 and Chile and Peru in 1994, instruments whose detailed examination is reserved for Chapter 3. The full force of the transformation, however, was unleashed by the commodity boom of the early 2000s, itself driven in considerable measure by Chinese demand, which propelled the prices of the region's key exports to extraordinary heights, copper more than quadrupling and oil quintupling between 2002 and 2008. China became in these years the largest global consumer of numerous commodities, its demand growth accounting for the preponderant share of the increase in world consumption, and it was to this Chinese demand that policymakers and publics across the region explicitly attributed the robust economic growth and the attendant reduction in poverty of the period, a circumstance that generated a reservoir of goodwill towards China, the more so by contrast with the historical record of United States intervention in the hemisphere.

From the middle of the decade, Chinese investment underwent a marked acceleration. The resource sector saw the continuation of the acquisitive trend inaugurated in the 1990s, exemplified by Sinopec's purchase of Occidental's Argentine assets in 2010 for $2.45 billion and by the succession of CNPC acquisitions in Peru between 2006 and 2007, whilst Chinese construction firms began for the first time to win major contracts for roads, ports, and hydroelectric works, and Huawei and ZTE established themselves as the dominant suppliers of telecommunications equipment across the region. The decisive enabler of this acceleration, and the development of greatest consequence for the argument of this thesis, was the emergence of large-scale lending by the policy banks. The China Development Bank and the China Exim Bank began to extend credit to Latin American governments and enterprises on a substantial scale, attaining annual volumes over $10 billion by the close of the decade, a feat made possible by the elaboration of financing mechanisms adapted to the specific circumstances of the region, among them the oil-backed loan extended to Venezuela, Ecuador, and Brazil, the infrastructure-for-resources arrangement, and the long-tenor, low-interest credit for strategic undertakings. Chinese finance thereby offered a constellation of advantages over the traditional sources: larger volumes, fewer policy conditions than the multilateral development banks customarily imposed, more expeditious approval, and, of particular salience, a willingness to finance projects in high-risk jurisdictions that would otherwise have found credit at reasonable cost unobtainable. The lending was, to be sure, characteristically tied, the disbursement of a Chinese loan frequently conditioned upon the engagement of Chinese contractors, equipment, and even labour, an arrangement that constituted integrated packages from which Chinese enterprises themselves derived substantial benefit. The analytical anatomy of these advantages, and the demonstration that their basis lies not in price but in availability, speed, and risk tolerance, constitutes a principal burden of the later chapters; here it suffices to register the historical emergence of the model.

By the middle of the decade Latin America had attained a measure of strategic recognition in Chinese foreign policy hitherto absent, registered in the first Policy Paper on Latin America and the Caribbean of 2008, in the repeated visits of President Hu Jintao, and in the establishment of comprehensive strategic partnerships with the major regional states. The deepening of relations precipitated a competition among the states of the region to attract Chinese investment, animated by the perception that China afforded a welcome diversification away from the historical dependence upon the United States and the European Union, a means of redressing chronic infrastructural deficits, and the prospect of an alternative to the prescriptions of the Washington Consensus. Yet the deepening engagement was not without its discontents. The growth of manufactured imports excited fears of deindustrialisation and the displacement of local industry, particularly acute in Mexico, Brazil, and Argentina, whilst the inattention to environmental and social considerations that characterised the early Chinese mining and hydrocarbon projects provoked protest among affected communities and indigenous peoples, and apprehension regarding the employment of Chinese rather than local labour. Such concerns, however, remained largely muted during the commodity boom, when Chinese engagement appeared overwhelmingly beneficial, and the global financial crisis of 2008 and 2009, far from disrupting the relationship, reinforced Latin American appreciation of Chinese engagement, China's continued growth and investment furnishing a measure of stability at the very moment when the Western economies contracted.

1.2.3 Strategic Partnership Consolidation (2008-Present)

The third phase, extending from approximately 2008 to the present, has seen the relationship between China and Latin America mature into a dense web of comprehensive strategic partnerships, characterised by massive investment flows, profound trade interdependence, and a steadily increasing complexity. The headline indicators register the magnitude of the transformation. Bilateral trade between China and the Latin American and Caribbean region attained $518.47 billion in 2024, a record figure representing an increase of 6% over the preceding year and surpassing the target of 500 billion that had been set a decade earlier at the inaugural China-CELAC Forum, a milestone that confirmed China's position as the largest trading partner of South America and of much of the wider region (MOFCOM 2025). This figure stands in arresting contrast to the mere fifteen billion of 2000, and it registers a more than thirtyfold expansion across a single generation. The composition of the relationship has, however, grown more intricate. Chinese outward direct investment to the region, recorded by MOFCOM at $14.71 billion in 2024, has assumed an increasingly greenfield character, the season of mergers and acquisitions that defined the 2010s having substantially concluded (MOFCOM 2025).

A methodological caution is, at this juncture, indispensable. The measurement of Chinese direct investment in Latin America is bedevilled by the circumstance that a substantial proportion of recorded flows transits through the financial centres of the Caribbean, principally the Cayman Islands and the British Virgin Islands, with the consequence that balance-of-payments statistics systematically misrepresent the true geography of Chinese investment in the region's real economy. The Economic Commission for Latin America and the Caribbean (ECLAC) accordingly records Chinese investment as constituting merely two% of total inflows in 2024, against a regional total of $188.96 billion, whilst expressly cautioning that only a small fraction of Chinese investment is captured in conventional statistics, a significant portion passing through third countries (ECLAC 2025). The discrepancy between the various estimates, the official Chinese figure of some 14.7 billion against the still smaller balance-of-payments figure recorded by ECLAC, is not a defect to be lamented but a phenomenon to be analysed, for it reflects the structural characteristics of Chinese outward investment and the opacity of its corporate vehicles, a theme to which Chapter 2 will return.

The lending relationship, which constitutes the principal preoccupation of this thesis, has undergone a transformation no less significant, and one whose trajectory is essential to a correct appreciation of the contemporary moment. Across the period of greatest intensity, the China Development Bank and the China Exim Bank extended cumulative sovereign lending to the region over $120 billion since 2005, a volume that exceeded, during much of the period, the combined disbursements of the World Bank and the Inter-American Development Bank (Council on Foreign Relations 2025). Yet the flow has contracted dramatically from its peak. Having attained an annual volume of approximately $25 billion at the high-water mark of 2010, policy bank lending collapsed to a trickle in the latter years of the past decade, amounting to a mere 1.3 billion in new commitments in 2023, before recovering modestly to 2.8 billion in 2024, the highest figure in five years yet a small fraction of the historic peak (Myers and Ray 2024). The authors of the most authoritative continuing survey of this lending interpret the contraction not merely as a retrenchment but as a maturation of the relationship, the diminished recourse to the development finance institutions reflecting the growing capacity of Chinese firms to operate directly in the region without the intermediation of policy lending (Myers and Ray 2024). It is precisely this transition, from a model predicated upon sovereign policy lending to one increasingly reliant upon commercial finance, equity investment, and the internationalisation of the renminbi, that furnishes the analytical problematic of the present study, and that the integrated financial and banking system examined in the later chapters is designed to illuminate.

The consolidation of relations has been underpinned by a thickening institutional architecture, of which the China-CELAC Forum constitutes the principal pillar. The Community of Latin American and Caribbean States (CELAC) was itself created in 2010 with the explicit support of the two largest regional economies, Mexico and Brazil, as a mechanism for regional dialogue bringing together the thirty-three states of the region in a forum from which the United States and Canada were conspicuously absent (Vadell 2022, 192). It was upon this foundation that the China-CELAC Forum was erected, its First Ministerial Conference convening in Beijing on the eighth and ninth of January 2015 and inaugurating an institutional framework for cooperation, trade, and investment between the People's Republic and the states of the region (Vadell 2022, 192). The Forum has functioned, in the persuasive analysis of Vadell, as an instance of "forum diplomacy with Chinese characteristics" and as a vehicle for the diffusion of what he terms Chinese "relational soft power", affording the states of the region an opportunity to diversify their external partnerships and to escape the rigid conditionalities of the neoliberal programmes to which they had been subject, its declared principles of respect, equality, mutual benefit, openness, and non-conditionality articulating a normative vision of South-South cooperation expressly counterposed to the prescriptive interventionism of the Western multilateral institutions (Vadell 2022, 191–192). The magnitude of the financial weight that China brings to this relationship is registered by the observation, reported by Vadell, that the China Development Bank and the China Exim Bank together command assets exceeding $2.5 trillion, against the approximately 1.4 trillion held by the Western-backed multilateral development banks, a disproportion that lends substance to the contention that China has become, in effect, the largest development bank in the world (Vadell 2022, 191).

The institutional deepening has proceeded along several further axes. The Forum has convened successive ministerial meetings, at each of which China has pledged specific investment and financing targets, whilst the network of free trade agreements has been progressively extended, the agreements with Chile and Peru being complemented by those concluded with Costa Rica and, more recently, with Nicaragua and Ecuador, the latter two entering into force in January and May 2024 respectively, even as the negotiations for the upgrading of the China-Peru agreement were brought to conclusion (Ministry of Commerce of the People's Republic of China 2025). The intensity of high-level engagement is registered in the remarkable circumstance that a record of eight Latin American heads of state visited China during 2023, an unprecedented concentration of diplomatic traffic whose agenda encompassed cooperation in renewable energy and transition minerals alongside the established commodity trades (Myers and Ray 2024).

Yet the maturation of the relationship has been accompanied, and in certain respects qualified, by the emergence of structural tensions that no measure of institutional refinement can wholly dissolve. The accumulation of debt assumed acute proportions in several jurisdictions, with Ecuador, Venezuela, and Argentina contracting obligations to China of a magnitude that excited apprehension regarding debt distress and the erosion of sovereignty, Venezuela alone having accumulated more than $60 billion in oil-backed loans extended between 2007 and 2016, obligations rendered effectively non-performing by the collapse of the Venezuelan economy. These accumulations precipitated the vigorous controversy surrounding the notion of "debt-trap diplomacy", to which Chapter 6 will devote sustained critical attention and in which the present thesis adopts a sceptical position, holding with the weight of recent scholarship that the thesis of deliberate entrapment is empirically unfounded and that Chinese lending answered, in the main, to genuine developmental needs unmet by the traditional sources. The structural tension of greatest theoretical interest, however, inheres in the dual character of the Chinese state enterprises themselves, which operate under a commercial imperative requiring profitability whilst simultaneously answering to the strategic priorities of the party-state, a duality that generates conflicts neither corporate managers nor government officials can readily resolve when commercial viability and strategic objective diverge. It is the contention of this thesis that this duality is not a contradiction to be resolved but the signature of the state-capitalist mode of accumulation, in which the enterprise is at once a unit of capital and an instrument of a collective strategy organised by the party-state in its capacity as dominant capitalist.

The political landscape of the region has, throughout this phase, oscillated between governments of the left and the right, an oscillation that has tested, and in the event confirmed, the resilience of the economic relationship. The pronounced leftward turn from 2018, encompassing the elections of López Obrador in Mexico, Fernández in Argentina, Petro in Colombia, Boric in Chile, and Lula in Brazil, produced a regional configuration broadly congenial to Chinese engagement. Yet the most instructive cases are those of the right-wing governments whose initial hostility yielded to the imperatives of economic necessity, for they demonstrate the structural rather than ideological foundations of the relationship. The government of Javier Milei in Argentina, having denounced China in the harshest terms during the electoral campaign and withdrawn from the BRICS grouping whilst remaining within the Belt and Road framework, nonetheless sought Chinese financial support within months of assuming office in order to confront the desperate condition of the Argentine economy, a volte-face that demonstrates with singular clarity the manner in which economic necessity overrides ideological preference (González Jáuregui 2024). This resilience, the persistence of the economic relationship across the entire spectrum of regional politics, is itself a phenomenon of the first importance, and one that the structural and state-capitalist analysis pursued in this thesis is uniquely equipped to explain.

The trajectory of China-Latin America relations thus arrives at a moment of transition, in which the model forged during the commodity boom, predicated upon sovereign policy lending and resource-backed finance, gives way to a more variegated configuration in which commercial finance, equity investment, greenfield development, and the internationalisation of the renminbi assume an increasing prominence. The chapters that follow are devoted to the anatomy of this transition, reconstructing in turn the geography and composition of the investment, its juridical framework, its strategic drivers, and ultimately the integrated financial and banking system whose historical genesis the present chapter has sought to establish. What the foregoing reconstruction has aimed to demonstrate is that this system is the product of a determinate history, the outward projection of a national process of accumulation organised by the Chinese party-state, and that its character can be apprehended only by restoring it to that history.

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CHAPTER 2: Characteristics of Chinese SOE Investments in Spanish-Speaking Latin America

Having reconstructed in the preceding chapter the historical genesis of Chinese outward investment and of the bilateral relationship with Latin America, the present chapter turns to the anatomy of the phenomenon as it exists today. Its purpose is to characterise, with as much quantitative precision as the recalcitrant data permit, the scale, geography, and sectoral composition of Chinese state-owned enterprise investment in Spanish-speaking Latin America; to delineate the institutional physiognomy of the enterprises that effect it; to explain the locational attractions that draw Chinese capital to the region; and to assess the risks to which that capital is exposed. The analysis proceeds throughout from the interpretive premise established in the Introduction, namely that Chinese SOEs are neither the unmediated instruments of a planning state nor ordinary profit-maximising firms, but rather hybrid entities operating according to a distinctively state-capitalist logic in which the imperatives of accumulation and the strategic direction of the party-state are fused. It is this hybridity, and not any simple dichotomy between market and plan, that furnishes the key to their conduct in the region.

2.1 Mapping Chinese FDI in the Region

A comprehension of the scope, scale, and pattern of Chinese SOE investment in Spanish-speaking Latin America requires a sustained quantitative analysis, one that maps the flows and stocks of Chinese foreign direct investment over the past two decades whilst attending to country-level distribution, sectoral concentration, and temporal evolution. Such an analysis must, however, be prefaced by a frank acknowledgement of the formidable methodological obstacles that beset any attempt to measure Chinese investment with precision, obstacles whose nature is itself analytically revealing.

2.1.1 Investment Flows and Stock (2005-2024)

Chinese foreign direct investment in Latin America and the Caribbean has expanded dramatically since the early years of the present century, transforming China from a negligible source of capital into one of the region's most significant investors. The aggregate trajectory is not seriously in dispute. According to the analysis of the Economic Commission for Latin America and the Caribbean (ECLAC), the stock of Chinese FDI in the region rose from approximately $17 billion in 2010 to more than 130 billion by 2020, a near-tenfold increase within a single decade. Annual flows, by contrast, have exhibited pronounced volatility, attaining a peak of approximately $25 billion in 2010 and again in the years around 2016 and

2017 before subsiding to lower levels, a volatility that reflects the project-based character of much Chinese investment, in which a single large acquisition or infrastructure undertaking can generate substantial year-to-year variation. The complementary record maintained by the China Global Investment Tracker, which captures investments and construction contracts valued at $100 million or more, indicates cumulative Chinese investment and construction in the region exceeding $200 billion between 2005 and 2023, a figure that encompasses both equity investment and construction contracts, the two being frequently interlinked through the integrated packages that combine Chinese finance, construction, and operational involvement.

The lending record, which constitutes the principal preoccupation of this thesis, must be carefully distinguished from the investment record whilst being understood in relation to it. The China-Latin America Finance Database maintained by Myers and Ray documents that Chinese policy bank lending to Latin American governments and state-owned enterprises totalled approximately $137 billion between 2005 and 2021 (Myers and Ray 2024). Although such lending constitutes a financial flow rather than direct investment in the strict sense, it is intimately connected to the pattern of investment, the lending of the policy banks frequently underwriting Chinese SOE investment through the tied-financing arrangements examined at length in the later chapters. It is precisely the integration of lending, construction, and equity that constitutes the object of analysis, and that the conventional statistical categories, designed for a world of arm's-length market transactions, are ill-equipped to capture.

The measurement of Chinese investment is, indeed, beset by difficulties of a fundamental order, and these merit explicit enumeration not merely as a methodological caveat but as a substantive finding. The most consequential is the phenomenon of round-tripping through offshore financial centres. A significant proportion of Chinese investment flows through the British Virgin Islands, the Cayman Islands, and Hong Kong, where Chinese enterprises establish special-purpose vehicles for the purposes of tax optimisation, asset protection, and regulatory arbitrage, with the consequence that investment originating in China frequently appears in host-country statistics as emanating from a Caribbean jurisdiction rather than from China itself, a circumstance that systematically depresses the apparent magnitude of Chinese FDI in official accounts. To this is added the persistent discrepancy between announced and realised investment, media reports and governmental announcements frequently citing memoranda of understanding or declarations of intent that may not fully materialise, such that databases tracking announced investment tend to exceed the official statistics measuring actual capital flows, the gap between the two being, by some estimates, considerable. A further complication arises from the distinction between construction contracts and direct investment, Chinese engagement in the region encompassing substantial engineering, procurement, and construction activity that does not constitute FDI in the strict sense, since it involves no equity ownership, yet is closely bound up with investment activity, the major databases differing in their treatment of such contracts. Finally, the distinction between state-owned and private Chinese investment has grown increasingly difficult to draw, particularly as ownership structures have been rendered more intricate by the mixed-ownership reforms; the present thesis concentrates upon identifiable SOE investment, which it takes to constitute the preponderant though not the entire share of Chinese FDI in the region.

These difficulties notwithstanding, the several data sources converge upon a set of clear conclusions: that Chinese investment in Latin America grew from negligible levels at the turn of the century to a position of considerable significance by the 2010s; that it is heavily concentrated in particular countries and particular sectors; and that the most recent years have witnessed a moderation from the peak levels of the previous decade. The corroboration furnished by the Red ALC-China investment monitor maintained by Dussel Peters is instructive: its records indicate that Chinese firms undertook some 524 transactions in the region with a total value of approximately $172 billion up to 2021, of which the great preponderance, on the order of 85%, was directed to South America, a geographical concentration that itself reflects the resource-seeking character of the bulk of Chinese investment (Red ALC-China, OFDI Monitor, as reported in European Parliament 2022).

2.1.2 Statistical Overview by Country

The distribution of Chinese SOE investment across Spanish-speaking Latin America exhibits a pronounced geographical concentration, with a handful of countries absorbing the preponderant share.

Peru has emerged as among the largest recipients, having received by 2020 a cumulative stock of approximately $8.5 billion according to ECLAC data, concentrated overwhelmingly in the mining and energy sectors. The single most significant commitment is the acquisition by the China Minmetals consortium, through its subsidiary MMG, of the Las Bambas copper mine in 2014 for $5.85 billion, the largest Chinese investment in any Spanish-speaking Latin American country. To this are added the oil-block acquisitions of the China National Petroleum Corporation (CNPC) between 2006 and 2013, totalling nearly $3 billion , and a succession of further mining commitments. The China-Peru Free Trade Agreement of 2009 furnished the legal scaffolding that facilitated these flows.

Argentina constitutes a second major destination, its stock of Chinese FDI reaching approximately four to $5 billion by 2020 according to ECLAC estimates, though certain sources suggest a higher figure once indirect investment through offshore entities is included. Chinese investment in Argentina has been notably diverse, encompassing hydrocarbons, renewable energy, agriculture, infrastructure, and finance, and including the acquisition by Sinopec of the Argentine assets of Occidental Petroleum in 2010 for $2.45 billion, the renewable energy ventures of China Three Gorges Corporation, and the entry of State

Grid into electricity transmission. Argentina has proved particularly receptive to Chinese capital during its recurrent episodes of financial distress, regarding China as an alternative to the traditional Western creditors and to the International Monetary Fund in particular, a disposition whose persistence across governments of sharply divergent ideological complexion was remarked in the preceding chapter.

Chile has received substantial Chinese investment, with a stock estimated at $7-8 billion by 2020, concentrated in mining, renewable energy, and infrastructure. The mining sector predominates, exemplified by the acquisition by Tianqi Lithium of a substantial minority interest in the lithium producer SQM and by the purchase by Zijin Mining of a half-share in the Caserones copper mine, yet Chile has also become a principal destination for Chinese renewable energy investment and for the acquisition of electricity transmission assets, the institutional quality and regulatory stability of the Chilean state rendering it attractive notwithstanding operating costs higher than those of certain neighbours.

Mexico, by contrast, presents a paradox that the preceding chapter has already adumbrated: as the second-largest economy of the region, possessed of a robust manufacturing base and privileged access to the United States market, Mexico ought in principle to attract considerable Chinese investment, yet until recently its stock of Chinese FDI remained modest, estimated at merely $2-3 billion by 2020, a circumstance attributable to the competition rather than complementarity that characterises the manufacturing relationship, to Mexico's close integration with the United States, and to political sensitivities surrounding Chinese investment. The most recent years have, however, witnessed a marked acceleration, as Chinese manufacturers, and particularly the automotive and electronics firms, have established near-shoring operations designed to access the North American market through the United States-Mexico-Canada Agreement whilst circumventing the tariffs imposed upon direct Chinese exports.

Ecuador, despite the modest scale of its economy, has received significant Chinese investment, estimated at $2-3 billion by 2020 and concentrated almost entirely in the petroleum sector, where CNPC, both directly and through the Andes Petroleum joint venture, operates multiple blocks in the Amazonian region. This investment is inseparable from the lending relationship, Ecuador having received in excess of $18 billion in Chinese loans between 2009 and 2018 according to the Inter-American Dialogue database, much of it in the form of the oil-backed arrangements examined in Chapters 3 and 6. Colombia, whose alignment with the United States has been closer than that of many of its neighbours, has attracted a more moderate Chinese investment, estimated at $1-2 billion by 2020 and directed principally towards hydrocarbons, mining, and infrastructure, including the participation of China Harbour Engineering Company in the fourth-generation highway programme.

Venezuela, finally, represents a case at once unique and cautionary: it received more Chinese lending than any other Latin American country, in excess of $60 billion between 2007 and 2017 according to

Inter-American Dialogue data, an exposure of extraordinary magnitude whose subsequent impairment, consequent upon the collapse of the Venezuelan economy, furnishes the most salient illustration in the entire regional record of the political risk to which Chinese capital is exposed. Beyond these principal recipients, the Central American and Caribbean states have absorbed comparatively little Chinese direct investment, their significance lying rather in the diplomatic domain, as the continuing battleground of the recognition contest with Taiwan examined in section 2.3.4.

2.1.3 Sectoral Distribution Analysis

The sectoral composition of Chinese investment in the region has historically been dominated, to a degree without parallel among the region's other sources of foreign capital, by the natural resource sectors. The bulk of Chinese investment in Latin America has been directed to the resource sectors, with certain estimates placing the share as high as 90%, a proportion that stands in arresting contrast to the position obtaining among the region's other investors, of whose investment only around the 25% has historically been directed to resources (Jenkins 2019, 230). Within the resource sectors, the single most significant has been oil and gas, followed by mining, the two together accounting for the preponderant share of the cumulative Chinese commitment. This concentration is the empirical signature of the resource-seeking motive whose theoretical anatomy is reserved for Chapter 4, and it registers, in the most direct manner, the function of Chinese outward investment as a mechanism for securing the material inputs required by China's industrial accumulation.

Yet the sectoral pattern has, over the past decade, undergone a significant diversification, one that constitutes among the most important developments in the entire relationship. Whilst mining and hydrocarbons continue to absorb substantial Chinese capital, investment has expanded markedly into the generation and transmission of electricity, and above all into renewable energy, where Chinese firms have become the dominant players in the development of solar and wind power across the region, a development to which the Chilean and Argentine cases attest. The electric-vehicle value chain has attracted growing Chinese interest, and particularly the lithium resources of the so-called Lithium Triangle, a matter examined in detail later. The telecommunications sector has witnessed massive investment through Huawei and ZTE, firms which, it is worth repeating, are not state-owned enterprises in the strict sense, a distinction of analytical consequence. The agricultural and food sectors have seen the entry of the state-owned grain conglomerate COFCO, which through the acquisition of established trading houses has secured a presence in Argentine grain trading and logistics, whilst the financial sector has seen the establishment of a presence by the principal Chinese commercial banks, namely the Industrial and Commercial Bank of China (ICBC), the Bank of China, and the China Construction Bank, whose role in the integrated financial system constitutes a central theme of the later chapters.

2.1.4 Evolution Over Time

The temporal evolution of Chinese SOE investment in the region may be apprehended as a succession of distinct phases, the periodisation of which we discussed in Chapter 1. The phase of early entry, extending from approximately 2000 to 2008, was characterised by exploratory and opportunistic investment, undertaken principally by the national oil companies in pursuit of resource security, the volumes involved remaining modest and the companies engaged in learning the unfamiliar operating environments of the region. The phase of acceleration, from 2008 to 2014, was inaugurated, paradoxically, by the global financial crisis, which rendered Latin American assets attractively valued at the very moment when Chinese firms, sustained by the counter-cyclical stimulus, possessed abundant capital to deploy; it was in this phase that the major acquisitions occurred, that policy bank lending surged to its peak, and that Chinese investors passed from a minor to a major presence. The phase of peak and diversification, from 2014 to 2018, saw investment flows attain their absolute maximum whilst beginning to diversify beyond pure extraction towards infrastructure and renewable energy, the Belt and Road Initiative furnishing an organising framework and a political impetus, even as the first major challenges emerged in the form of the community conflicts at Las Bambas and the debt-sustainability concerns in Ecuador and Venezuela. The phase of consolidation and selectivity, finally, from 2018 to the present, has seen Chinese actors become markedly more selective and risk-aware in the aftermath of these earlier difficulties, a tendency reinforced by the Chinese regulatory restrictions upon irrational outbound investment promulgated in 2017 and by China's own economic difficulties, with investment and lending flows moderating from their peak and with renewable energy and technology gaining ground at the expense of traditional extraction. This periodisation finds a sophisticated theoretical articulation in the work of the Chinese scholar Guo Jie, who characterises the present moment as the consolidation of a "post-boom paradigm" in China-Latin America relations. The conclusion of the commodity super-cycle of the 2000s, Guo argues, constituted a turning point after which the drivers of the relationship became increasingly endogenous, the engagement growing more self-adjusting and resilient as political and economic interdependence deepened, sustained by three principal engines, namely trade, investment, and financial cooperation, and extending across a range of fields of which energy and resources remains the most prominent (Guo 2023, 115). The significance of this argument lies in its demonstration that the relationship has acquired a momentum independent of the commodity cycle that originally propelled it, a momentum grounded in the structural interdependence that two decades of engagement have created, and one that the resilience of the relationship across the political oscillations remarked in Chapter 1 amply confirms.

2.2 Profile of Chinese State-Owned Enterprises

An understanding of Chinese SOE investment in Spanish-speaking Latin America requires a detailed examination of the institutional characteristics, the governance structures, and the strategic objectives of the specific enterprises involved, for Chinese SOEs are far from monolithic, exhibiting considerable variation in their ownership type, their sectoral focus, their experience of internationalisation, and their operational capabilities. The examination that follows proceeds from the classification of the enterprises to the profiling of the principal actors and thence to the analysis of their common organisational characteristics, the last of these furnishing the empirical substance of the state-capitalist interpretation advanced throughout this thesis.

2.2.1 Classification of SOEs: Central versus Local

Chinese state-owned enterprises are conventionally classified into two principal types according to the level of government exercising ownership and control. The central state-owned enterprises (*yangqi* 央企) are owned and supervised by the central government through the State-owned Assets Supervision and Administration Commission of the State Council. Their number has, through a sustained process of consolidation, been reduced from 196 at the establishment of the Commission in 2003 to 96, the reduction being the deliberate result of mergers and restructurings designed to forge larger and more competitive national champions (SASAC 2025). According to the data of the Commission, the total assets of these central enterprises rose by 6.4% to reach 86.6 trillion renminbi, approximately $12.1 trillion, at the close of 2024, a magnitude that registers the extraordinary concentration of productive capital that the central state directly commands (SASAC 2025). These enterprises operate, characteristically, in the sectors deemed critical to national security and economic development, and they enjoy preferential access to capital, to government contracts, and to the political support that facilitates international expansion; their senior executives are appointed directly by the Organisation Department of the Communist Party, a circumstance that ensures their political reliability and their alignment with national strategy. It is a fact of the first importance for the argument of this thesis that virtually all the major Chinese enterprises operating in Spanish-speaking Latin America are central state-owned enterprises of this kind.

The local state-owned enterprises (*difang guoyou qiye* 地方国有企业), by contrast, are owned and supervised by provincial, municipal, or county-level governments through their respective local commissions; they number in the thousands and command substantial assets in the aggregate, though each is typically smaller than a central enterprise, and they concentrate in local utilities, urban construction, real estate, and regional industry. Their presence in Spanish-speaking Latin America is considerably more limited than that of the central enterprises, though some, particularly from the wealthier coastal provinces, have ventured abroad in pursuit of trade-supporting activity or specific projects. The present thesis concentrates upon the central enterprises in view of their dominant role in the region, whilst acknowledging that the total picture of Chinese state-connected economic activity includes a measure of local-enterprise participation.

2.2.2 Major Players in Latin America

Several central state-owned enterprises dominate Chinese engagement in Spanish-speaking Latin America, and the most significant merit individual characterisation. In the hydrocarbons sector, the pre-eminent actor is the China National Petroleum Corporation (CNPC, *Zhongguo shiyou tianranqi jituan* 中国石油天然气集团), China's largest producer of oil and gas and among the largest energy enterprises in the world, vertically integrated across exploration, production, refining, and marketing, and operating its overseas assets in part through its listed subsidiary PetroChina whilst retaining the controlling interest that ensures state direction. CNPC entered Peru in 1994 and subsequently expanded through a series of substantial acquisitions to become a major producer in the Peruvian Amazon, whilst in Ecuador it operates, both directly and through the Andes Petroleum joint venture, under the service contracts whose entanglement with the oil-for-loans arrangements is examined in the later chapters. Its strategy emphasises the long-term security of resource supply for China's energy needs and a willingness to invest in higher-risk environments from which Western firms may recoil, a willingness underwritten by the diplomatic support of the Chinese state and the financing of the policy banks.

The China Petrochemical Corporation (Sinopec, *Zhongguo shiyou huagong jituan* 中国石油化工集团), China's second-largest oil company and the world's largest refiner, has concentrated its Spanish-American investment in Argentina, where its acquisition of the Argentine assets of Occidental Petroleum in 2010 furnished it with producing interests in the Neuquén basin, interests it has since sought to develop and to extend into the unconventional resources of the Vaca Muerta formation, notwithstanding the considerable difficulties posed by Argentina's macroeconomic instability. The China National Offshore Oil Corporation (CNOOC, *Zhongguo haiyang shiyou zonggongsi* 中国海洋石油总公司), China's third national oil company and its specialist in offshore exploration, maintains a more circumscribed regional presence. In the electricity sector, the State Grid Corporation of China (*Guojia dianwang* 国家电网), the largest utility in the world, has acquired controlling interests in electricity transmission in Chile and elsewhere, and the China Three Gorges Corporation (*Zhongguo Changjiang sanxia jituan* 中国长江三峡集团) has developed substantial generating capacity, both conventional and renewable, across the region. The entry of these two enterprises into the electricity sector of the region has proceeded principally through acquisition, State Grid and China Three Gorges having taken control of transmission and distribution assets in Chile and Peru, the latter's purchase of a controlling interest in the Peruvian distributor Luz del Sur for $3.36 billion exemplifying the scale of the commitment (Salazar-Xirinachs 2024, 118) In the mining sector, the principal actors include the China Minmetals Corporation (*Zhongguo Wukuang jituan* 中国五矿集团), whose subsidiary MMG operates the Las Bambas copper mine in Peru; the Aluminium Corporation of China (Chinalco, *Zhongguo lüye jituan* 中国铝业集团), which operates the Toromocho copper mine in Peru; and Zijin Mining (*Zijin kuangye jituan* 紫金矿业集团), which has acquired copper interests in Chile and lithium interests in Argentina, the latter examined in Chapter 5. In the construction and engineering sector, a number of vast enterprises operate principally through engineering, procurement, and construction contracts rather than through equity investment, among them the China State Construction Engineering Corporation (CSCEC, *Zhongguo jianzhu jituan* 中国建筑集团), the largest construction enterprise in the world; the China Communications Construction Company (CCCC, *Zhongguo jiaotong jianshe* 中国交通建设), whose subsidiary China Harbour Engineering Company specialises in port construction; and the two great railway enterprises, the China Railway Construction Corporation (*Zhongguo Tiejian* 中国铁建) and the China Railway Engineering Corporation (*Zhongguo tielu gongcheng* 中国铁路工程). The grain conglomerate COFCO (*Zhongguo liangyou shipin jituan* 中国粮油食品集团) and the principal commercial banks complete the roster of the major actors, the banks' role being reserved for detailed treatment in the chapters devoted to the financial system.

2.2.3 Organizational Characteristics and Governance

Beneath the diversity of these enterprises lies a set of common organisational characteristics that together constitute the empirical foundation of the state-capitalist interpretation, and whose elucidation is therefore central to the argument of this thesis. The first and most fundamental is the hybridity of their objectives. Every one of these enterprises pursues, simultaneously, the maximisation of profit and the advancement of strategic national goals, its performance evaluated through comprehensive systems that weigh financial metrics alongside strategic contributions such as the security of resource supply and the development of international markets. This dual mandate produces patterns of conduct that may appear non-commercial to an observer schooled in the conventions of the Western corporation, as in the maintenance of loss-making operations in the Venezuelan oil fields for reasons of strategic positioning, or in the willingness to bid aggressively for projects of long payback and modest return. Yet to characterise such conduct as a departure from commercial rationality is to misunderstand its nature, for it is, on the contrary, the characteristic expression of a mode of accumulation in which the individual enterprise functions as a unit within a larger strategy organised by the party-state, and in which the relevant calculus of advantage is national rather than merely corporate.

The second characteristic is the integration of the Communist Party into the governance of the enterprise. Every major SOE possesses an internal Party Committee (*dangwei* 党委) that participates in major decisions and in the appointment of senior personnel and that ensures the alignment of the enterprise with Party policy, the Secretary of the Committee frequently occupying concurrently the position of Chairman or another senior executive office, a fusion of Party and management that produces a governance structure distinct from that of the purely commercial corporation. This integration is not, as a certain Western literature would have it, an external imposition upon an otherwise autonomous firm, but rather the institutional form through which the strategic direction of the party-state is transmitted to the enterprise, the mechanism by which, in the terms of the state-capitalist analysis, the collective will of the dominant capitalist is rendered operative at the level of the individual unit of capital.

The third characteristic is the privileged access to capital that state ownership confers. The status of the SOE provides access to financing from the policy banks, preferential treatment from the commercial banks, which are themselves state-owned and coordinate their conduct with that of the other state enterprises, and the implicit governmental guarantee that lowers the cost of borrowing, a constellation of advantages that proves decisive in the capital-intensive sectors of mining, infrastructure, and energy, where the terms of project financing determine viability. It is precisely this privileged access to a coordinated financial system that the later chapters identify as the principal source of the competitive advantage enjoyed by Chinese SOEs in the region, an advantage residing not in the price of capital, which is frequently dearer than that available from the multilateral institutions, but in its availability, its speed, and its tolerance of risk. This is a point of cardinal importance, and one for which the authoritative analysis of Linda Yueh furnishes the decisive corroboration: Chinese lending, she demonstrates, tends to be extended on commercial rather than concessionary terms, the latter denoting the low interest rates and long repayment periods that impose a lighter burden upon the debtor, with the consequence that the Chinese approach differs fundamentally from that of the Western creditors and that the advantage of Chinese finance must be sought not in its concessionality, which is frequently inferior to that of the multilateral institutions, but in the other attributes here enumerated (Yueh 2024, 276).

To this financial advantage is added, as a fourth characteristic, the diplomatic support of the Chinese state, the embassies, the government-to-government agreements, and the high-level state visits that facilitate market entry and that signal to host countries the broader bilateral benefits attendant upon the reception of Chinese investment.

The fifth characteristic, of particular consequence for the resource and infrastructure sectors, is the long-term orientation that state ownership permits. Freed from the pressure of quarterly earnings that constrains the publicly traded private corporation, and from the imperative of a timely exit that governs the private equity fund, the Chinese SOE is able to pursue undertakings of a payback period extending across decades, a patience that proves advantageous precisely where the security of resource access justifies a modest financial return.

The sixth characteristic is the existence of mechanisms of coordination that, whilst leaving the individual enterprise a substantial operational autonomy, align its conduct with the broader national strategy: the supervision and guidance of the SASAC, the approval requirements of the National Development and Reform Commission for major overseas investment, and the informal coordination effected through Party channels, which together constitute a system in which the dispersed decisions of the individual enterprises cohere into a national strategy without the apparatus of central planning. These advantages are not, to be sure, without their counterpart in characteristic vulnerabilities, among them the slowness of bureaucratic decision-making, the occasional prioritisation of political loyalty over commercial competence, the persistence of soft budget constraints, and the principal-agent problems endemic to the form, to which the international operations add the difficulties of unfamiliar regulatory environments and of reputational vulnerability by association with Chinese state policy.

The conclusion to be drawn from this analysis is of fundamental importance for all that follows. The enterprises that effect Chinese investment in Spanish-speaking Latin America are neither simple profit-maximising firms responding to market signals nor pure instruments of state policy divorced from commercial logic; they are hybrid entities operating according to a distinctively state-capitalist logic that fuses the mechanisms of the market with the strategic coordination of the party-state, and that generates in consequence both the competitive advantages and the specific vulnerabilities that the remainder of this thesis seeks to anatomise. It is this hybridity, and the integrated financial system that sustains it, that constitutes the proper object of the analysis.

2.3 Why Spanish-Speaking Latin America? Market Attractiveness Analysis

Chinese SOE investment concentrates in Spanish-speaking Latin America by reason of a set of specific attractions that align with the strategic needs of the Chinese state and with the capabilities of its enterprises. The present section analyses these attractions systematically, in the terms of the locational advantages that, in the language of the eclectic paradigm expounded in the Introduction, render the region attractive to Chinese investors. The analysis proceeds from the natural resource endowment that has historically been the principal attraction, through the strategic geographic position, the market size, and the political and diplomatic factors, to the complementarity with China's own developmental strategy that integrates these several attractions into a coherent whole.

2.3.1 Natural Resource Endowment

The natural resource endowment of Spanish-speaking Latin America constitutes the foundational attraction, and one whose significance has, far from diminishing, been renewed and transformed by the global transition to a low-carbon economy. The region's endowment of the minerals critical to this transition is of the first order. In copper, the indispensable metal of electrification, Chile holds the world's largest reserves, amounting on the assessment of the United States Geological Survey to some 21% of the global total, and is the world's largest producer, accounting for approximately a quarter of world mined output, whilst Peru holds approximately a further tenth of world reserves and ranks among the largest producers (United States Geological Survey 2024). The mining sector accordingly occupies a commanding position in the Chilean economy, contributing approximately 12% of gross domestic product and some 57% of exports, and constituting since 2022 the principal recipient of foreign direct investment (United States Trade Administration 2024). It is this concentration of the world's copper in the Andean republics that has drawn the great Chinese mining acquisitions, from Las Bambas and Toromocho in Peru to Caserones in Chile.

The endowment of lithium, the critical input to the batteries upon which the electric-vehicle revolution depends, is still more concentrated, and its analysis is illuminated by the Chinese scholarship with particular clarity. According to the research of He Shuangrong of the Institute of Latin American Studies of the Chinese Academy of Social Sciences, the six Latin American lithium states, namely Bolivia, Argentina, Chile, Mexico, Peru, and Brazil, together hold 59.36% of world lithium reserves, of which the three states of the South American Lithium Triangle, that is, Bolivia, Argentina, and Chile, alone hold 55.9% (He 2022, 49). The salience of this endowment for China is rendered acute by China's own position, for, as He observes, China holds a mere 5.73% of world lithium reserves and depends upon imports for some 80% of its requirements, even as it constitutes, for five consecutive years, the largest consumer market for lithium batteries in the world, accounting for half the global market (He 2022, 49). The Latin American endowment is, moreover, not merely abundant but exploitable on advantageous terms, the brine deposits of the Lithium Triangle permitting extraction at a cost approximately a third lower than that of the hard-rock lithium of Australia, and over a productive life of some thirty years against the sixteen years characteristic of hard-rock deposits (He 2022, 49). It is this conjunction of Latin American abundance and Chinese scarcity that has propelled the wave of Chinese lithium acquisitions documented by He, among them the acquisition by Tianqi Lithium of a substantial interest in the Chilean producer SQM in 2018 for $4 billion, and a succession of acquisitions in Argentina by Ganfeng Lithium, Zijin Mining, and others (He 2022, 49).

The significance of this critical-minerals endowment is, however, double-edged: the Argentine scholars Rubiolo and Juste observe that the persistent specialisation of the Latin American economies in extractive activity, now conducted under the banner of the critical minerals required for the energy transition, threatens to reinforce a structural trap in which the abundance of resources fails to translate into diversification and value addition, limiting the capacity of the state to promote a more autonomous development (Rubiolo and Juste 2026, 7). This is so because, whilst Latin America and Africa constitute the extraction centres for much of the world's strategic minerals, the processing, refining, and manufacture of value-added downstream products takes place far from either region, and predominantly in China, which has secured a dominant position across the downstream segments of the critical-minerals value chains (Rubiolo and Juste 2026, 8). The Latin American endowment thus draws Chinese investment into the extractive base whilst the value-adding stages are retained in China, a configuration that reproduces, in the domain of the energy transition, the very pattern of dependency that the region's structuralist tradition has long lamented, and that the reprimarisation of the region's economies registers in the composition of its trade. This is a configuration that the state-capitalist analysis of this thesis is well equipped to comprehend, for it reflects the logic of an accumulation strategy that secures the material inputs required by Chinese industry whilst concentrating the higher-value activities within the national economy, a logic that serves the developmental interests of the Chinese state even as it poses, for the host economies, the developmental dilemma that the critical scholarship identifies.

Beyond the critical minerals, the region's endowment encompasses the conventional hydrocarbons that drew the earliest Chinese investment, the oil of Venezuela, Ecuador, and Argentina, and the agricultural abundance, and above all the soybeans, of the Southern Cone, of which China is the principal global consumer, importing in 2024 around ¾ of its total soybean requirement from the region. This agricultural complementarity, examined further, constitutes a further dimension of the resource attraction, and one whose strategic significance, in a China acutely conscious of its food security, ought not to be underestimated.

2.3.2 Strategic Geographic Position

The strategic geographic position of Spanish-speaking Latin America, though less immediately apparent than its resource endowment, constitutes a locational attraction of growing significance, particularly in the domains of maritime connectivity and of the security of the supply chains upon which Chinese trade depends. The region commands several of the maritime chokepoints critical to world commerce, among them the Panama Canal, through which a substantial proportion of China's trade with the eastern seaboard of the Americas passes, and the Strait of Magellan and the Drake Passage at the continent's southern extremity. The most significant recent expression of the geographic attraction is the construction by COSCO Shipping of the deep-water port at Chancay in Peru, examined in detail in Chapter 5, a facility designed to function as the principal hub for China-South America trade, capable of accommodating the largest container vessels, which cannot access the existing South American ports, and thereby of reducing the transit time between Asia and South America by as much as twenty days. The scale of the undertaking is registered by its design specifications, the terminal being the only port in the region capable of receiving the largest container vessels in the world, those of the Triple-E class with a capacity of 18,000 twenty-foot equivalent units, a transformation from a project of national scale to a transpacific hub that followed upon the acquisition by COSCO of a 60% controlling interest (Narrea 2024, 267).The Chancay project registers the way the geographic position of the region is being actively reconfigured by Chinese investment to serve the connectivity objectives of the Belt and Road Initiative, transforming a latent geographic potential into a realised strategic asset.

The geographic attraction is, however, qualified by the very factor that renders it strategically significant, namely the proximity of the region to the United States, which regards the hemisphere as its traditional sphere of influence and which has viewed the expansion of Chinese infrastructure investment, and the Chancay port in particular, through an increasingly securitised lens. The geographic position of the region thus constitutes at once an attraction and a source of geopolitical risk, a duality examined further in section 2.5 and in the analysis of the United States response in the later chapters.

2.3.3 Market Size and Growth Potential

The market size and growth potential of Spanish-speaking Latin America constitute a third locational attraction, one of growing salience as the sectoral composition of Chinese investment diversifies beyond extraction towards the production of goods and services for the regional market itself. The region comprises a population more than 400 million, and its principal economies, those of Mexico, Argentina, Colombia, Chile, and Peru, constitute substantial markets in their own right, possessed of a growing middle class and of considerable infrastructural needs. The market attraction is most evident in the case of Mexico, whose population, its proximity to the United States, and its integration into the North American market have rendered it the principal destination for the recent wave of Chinese manufacturing investment, and in the growing penetration of the regional market by Chinese consumer goods, and above all by the electric vehicles whose exports to the region have grown with extraordinary rapidity. The market attraction is, however, attenuated by the modest rate of growth that has characterised much of the region in recent years, and by the macroeconomic instability of certain of its economies, factors that temper the attraction and that contribute to the risk assessment of section 2.5. The infrastructural dimension of the market is, in any event, considerable, the region having sustained an infrastructure-investment coefficient of merely 2.2% of gross domestic product across the decades to 2015, against an estimated requirement nearer 5%, and the Development Bank of Latin America having projected infrastructure needs on the order of $4.5 trillion over the succeeding decade, a deficit that the turn-key provision of the Chinese enterprises is well positioned to address (Dussel Peters 2024, 134).

2.3.4 Political and Diplomatic Factors

The political and diplomatic factors that bear upon the attraction of the region are of a significance that the foregoing analysis has already intimated, and they operate in a manner at once enabling and constraining. The enabling dimension resides in the broad receptivity of much of the region to Chinese investment, a receptivity grounded in the perception, examined in Chapter 1, that China affords a welcome diversification from the historical dependence upon the United States and the Western multilateral institutions, and one that the leftward turn of regional politics from 2018 reinforced, even as the resilience of the relationship under the subsequent right-wing governments demonstrated its structural rather than merely ideological foundations. The diplomatic dimension is, however, most sharply expressed in the continuing contest for recognition with Taiwan, a contest in which Latin America and the Caribbean, by reason of the region's relatively large number of small states, has constituted the principal global battleground. The progressive transfer of recognition from Taipei to Beijing, of which the accession of Panama in 2017 and of the Dominican Republic and El Salvador in 2018 were the most significant recent instances, has been a precondition of the deepening economic relationship, the establishment of diplomatic relations with Beijing being, in conformity with the One China principle examined in Chapter 1, the indispensable threshold of access to Chinese investment and finance. The chronology of this transfer is instructive, Panama having severed its ties with Taipei in 2017 and become the first state of the region to conclude a Belt and Road memorandum, even as nine states of the region, among them the major economies of Brazil, Mexico, Argentina, and Colombia, continued at that time to maintain their recognition of Taiwan (Jenkins 2021, 17). The political and diplomatic factors thus constitute not a separate attraction but rather the condition of possibility of the entire relationship, the political foundation upon which the economic edifice is raised.

2.3.5 Complementarity with China's Development Strategy

The several attractions analysed above are integrated into a coherent whole by their complementarity with China's own developmental strategy, a complementarity that constitutes the deepest locational attraction and the one that most clearly reveals the logic of the state-capitalist accumulation that this thesis seeks to elucidate. The complementarity is, in the first instance, that of factor endowments, the resource abundance of the region meshing with the resource scarcity of China, and the manufacturing capacity of China meshing with the manufacturing deficit of the region, a complementarity that the structure of the bilateral trade, the region exporting primary commodities against the importation of Chinese manufactures, registers in the most direct manner. The empirical substance of this complementarity is legible in the composition of the region's exports to China, which consist preponderantly of soybeans, iron ore, copper, and petroleum, the dependence attaining its extreme in the soybean trade, of which China absorbs more than 80% of the Argentine harvest (Jenkins 2019, 254). However, the complementarity extends beyond the static meshing of endowments to a dynamic alignment of developmental trajectories. The region's need for infrastructure aligns with China's possession of unrivalled capacity in infrastructure construction and with the imperative, examined in Chapter 1, of finding outlets for the surpluses generated by China's industrial accumulation; the region's transition to renewable energy aligns with China's dominance in the manufacture of the requisite equipment; and the region's endowment of critical minerals aligns with China's command of the downstream segments of the value chains of the energy transition. This dynamic complementarity is, in the terms of the analysis advanced throughout this thesis, the expression at the level of the bilateral relationship of the logic of an accumulation strategy that seeks at once to secure the material inputs required by Chinese industry, to find outlets for its surplus capacity, and to position the national economy advantageously within the value chains of the emerging low-carbon order. It is this complementarity, and not any mere coincidence of interests, that constitutes the structural foundation of the relationship and that explains its resilience across the political oscillations of the region.

2.4 Comparative Analysis: Spanish vs Portuguese-Speaking Countries

The decision of this thesis to concentrate upon Spanish-speaking Latin America, to the exclusion of Portuguese-speaking Brazil, rests upon a set of significant differences between the two. Brazil constitutes, by a considerable margin, the single largest recipient of Chinese investment in the region, its scale, its resource endowment, and its status as a fellow member of the BRICS grouping rendering it the principal focus of Chinese engagement in South America. In fact, Brazil differs from the Spanish-speaking republics in several respects that justify its separate treatment. Its sheer scale sets it apart, its economy exceeding in magnitude those of the Spanish-speaking republics combined, with the consequence that the dynamics of Chinese investment in Brazil are of a different order. Its sectoral composition differs, the agricultural and the electricity sectors looming larger in the Brazilian case than in the predominantly mining-and-hydrocarbons pattern of the Andean republics. The contrast extends to the character of the infrastructure undertakings themselves, the data of Dussel Peters disclosing that the Brazilian projects have been markedly larger and more capital-intensive than those of the Spanish-speaking republics, the average Brazilian infrastructure project approaching a billion dollars in value against the more modest sums characteristic of Ecuador (Dussel Peters 2024, 139). And its political and diplomatic posture differs, Brazil's status as a regional power and as a founder of the BRICS conferring upon its relationship with China a character distinct from the more asymmetric relationships of the smaller Spanish-speaking states. The exclusion of Brazil thus permits a more focused analysis of a set of economies that, for all their internal diversity, share a Spanish colonial heritage, a broadly common legal tradition, and a structural position in the bilateral relationship more nearly comparable among themselves than with Brazil.

Within Spanish-speaking Latin America, however, the variations are themselves considerable, and they resist any facile generalisation. The Andean republics of Peru and Chile constitute the principal destinations for resource-seeking investment, their endowments of copper and, in the Chilean case, lithium drawing the great mining acquisitions, and their relatively stable institutional environments, particularly in the Chilean case, rendering them attractive notwithstanding their operating costs. Argentina constitutes a case apart, its recurrent macroeconomic instability rendering it at once attractive, by reason of its resource endowment and its recurrent need for external finance, and hazardous, by reason of the currency volatility and the policy unpredictability examined in section 2.5. Ecuador and Venezuela constitute the cases in which the lending relationship has loomed largest and in which the attendant risks have most conspicuously materialised, the Venezuelan case furnishing the cautionary extreme. Mexico constitutes the distinctive case in which the manufacturing relationship is one of competition rather than complementarity, and in which the recent acceleration of investment is driven by the nearshoring imperative rather than by resource-seeking. And the Central American and Caribbean states constitute the cases in which the diplomatic dimension, the recognition contest with Taiwan, has predominated over the economic. These variations, which the country-level analysis of section 2.1 has already adumbrated, caution against any monolithic conception of Chinese investment in the region and underscore the necessity of the disaggregated, case-by-case analysis.

2.5 Risk Assessment

The foregoing analysis of the attractions of the region would be incomplete, and indeed misleading, were it not balanced by a sustained assessment of the risks to which Chinese investment is exposed, for the history of that investment, as Chapter 1 has shown, is a history not only of expansion but of recurrent difficulty. The risk assessment that follows is organised around four principal categories, namely political instability, regulatory change, social and environmental opposition, and currency volatility. The categories are, it should be noted, analytically distinct but empirically intertwined, the risks frequently compounding one another in the manner that the case studies illustrate.

2.5.1 Political Instability

The political instability of the region constitutes the most conspicuous category of risk, and one whose materialisation in the Venezuelan case has already been remarked. The study of Song Yiming and Dai Lujing of Beijing Foreign Studies University, which examines the security risks of Chinese resource investment in Ecuador, Peru, Venezuela, and Guyana through a fuzzy-set qualitative comparative analysis, advances an analytical framework that decomposes the risk into distinct levels (Song and Dai 2024, 49). Departing from the established literature, which has understood the security risk of overseas investment primarily at the level of the state, in terms of nationalisation policy, state fragility, and the tides of populism, Song and Dai direct attention to two further levels that the state-centred analysis has neglected, namely the local level, at which they identify the phenomenon of community disturbance (*shequ ganrao* 社区干扰), and the supranational level, at which they identify the phenomenon of third-party intervention (*disanfang ganyu* 第三方干预) by extra-regional great powers and by neighbouring states (Song and Dai 2024, 49). This framework, to which the analysis of social and environmental opposition returns, constitutes a significant contribution to the understanding of the political risk confronting Chinese investment, and one that the present thesis adopts in its assessment.

The supranational dimension of the political risk is illustrated, in the analysis of Song and Dai, by the territorial dispute between Venezuela and Guyana over the Essequibo region, a dispute reignited by the discovery of substantial offshore hydrocarbon deposits and one that bears directly upon Chinese oil investment in the Guyanese Stabroek block (Song and Dai 2024, 72). The conduct of the Venezuelan government, which held a referendum in 2023 endorsing the annexation of the disputed region and whose president decreed the creation of a new administrative entity encompassing it, has introduced an additional and unpredictable risk to Chinese investment in the contested waters, a risk arising not from the policy of the host state but from the conduct of a neighbouring state, and one that the conventional, state-centred analysis of political risk is ill-equipped to apprehend (Song and Dai 2024, 72). The Essequibo case thus exemplifies, in the most concrete manner, the supranational dimension of the political risk that the Chinese scholarship has brought into focus.

2.5.2 Regulatory Changes

The risk of adverse regulatory change constitutes a second category, and one whose salience has been heightened by the resurgence of resource nationalism across the region, a resurgence that the Chinese scholarship has documented with particular thoroughness in the domain of lithium. The analysis of He Shuangrong demonstrates that the lithium states of the region have, in varying degrees, moved to assert state control over their lithium resources, a movement that constitutes a continuation of the resource nationalism that has characterised the region since the Mexican oil nationalisation of 1938 and the Chilean copper nationalisation of 1973, and that has been revived by the leftward turn and the commodity boom of the present century (He 2022, 50). The forms of this assertion are several and varied. Bolivia, which He identifies as the earliest of the lithium states to pursue nationalisation, declared lithium a strategic resource reserved to the state in its constitution of 2009, and has pursued a model in which foreign participation is admitted only through public-private partnership under state control (He 2022, 50). Mexico, the second of the lithium states to nationalise, placed the exploration, extraction, and use of lithium under exclusive state control through the new Mining Law signed by President López Obrador in April 2022, whilst protecting the concessions, including that of the Chinese firm Ganfeng, granted before the law's entry into force (He 2022, 51). Chile, whilst it has not yet nationalised its lithium, possesses a long-standing legal basis for the assertion of state control, lithium having been declared a strategic resource as early as 1979, and its past government under President Boric being an active proponent of lithium resource nationalism (He 2022, 51). Argentina and Peru, whilst they permit the independent operation of foreign lithium ventures, have likewise moved towards the assertion of state control, the Argentine province of Jujuy having declared lithium a strategic mineral as early as 2011, and Peru having declared the exploration and industrialisation of lithium a matter of public need and national interest by a law of 2021 (He 2022, 51). The creation across the region of state lithium enterprises, among them the Bolivian Yacimientos de Litio Bolivianos, the Mexican LitioMx, and the Argentine lithium division of the state oil company YPF, registers the institutional consolidation of this assertion of state control (He 2022, 51).

This resurgence of resource nationalism poses a significant regulatory risk to Chinese investment, the more so in that it bears most directly upon the critical minerals that constitute the principal object of the recent wave of Chinese acquisition. Yet the analysis of He suggests a certain qualification of this risk, for the model towards which the region has moved is not, in the main, one of outright expropriation but rather one of public-private partnership under state control, a model that admits foreign participation, and Chinese participation in particular, whilst reserving to the state the strategic direction of the resource. The regulatory risk is thus real but not, in general, existential, a risk of altered terms rather than of confiscation, and one that the patient, long-horizon, strategically motivated Chinese SOE may be better positioned to accommodate than a private investor governed by a shorter calculus. To the resource-nationalist risk in the mining sector is added the more general regulatory unpredictability of certain of the region's economies, and particularly of Argentina, where the currency controls, price regulations, and export restrictions examined below have materially constrained the profitability of Chinese investment.

2.5.3 Social and Environmental Opposition

The risk of social and environmental opposition constitutes a third category, and one that the Chinese scholarship has, as noted above, brought into particular focus through the concept of community disturbance. The analysis of Song and Dai identifies the community disturbance arising from the environmental, labour, and resettlement consequences of resource projects as a risk that the state-centred analysis of political risk has tended to neglect, and one that has acquired, in the Latin American context, a significance that cannot be ignored (Song and Dai 2024, 49). The phenomenon is exemplified, in the most conspicuous manner, by the Las Bambas copper mine in Peru, where the operations of the Chinese owner have been repeatedly disrupted by the blockades of the indigenous communities along the transport corridor, communities that have demanded compensation for environmental contamination, a greater share of local employment, and a meaningful participation in the decisions affecting their territories. The significance of this category of risk lies in its resistance to the conventional instruments of risk mitigation, for it arises not from the policy of the host state, with which the Chinese investor may negotiate, nor from the conduct of a neighbouring state, but from the mobilisation of the affected communities themselves, a mobilisation that the financial structuring of the investment and the diplomatic support of the Chinese state are alike powerless to forestall.

The analysis of this category of risk discloses, moreover, a structural tension that the state-capitalist framework of this thesis is well equipped to comprehend. The Chinese SOE, operating according to a logic in which the strategic and developmental priorities of the party-state are paramount, and accustomed to a domestic environment in which the claims of affected communities are subordinated to the imperatives of development, encounters in Latin America a configuration of property rights, environmental standards, and community expectations that differs fundamentally from that of its domestic operation. The resulting friction is not, as a certain analysis would have it, the consequence of a Chinese disregard for international norms, but rather the expression of a genuine divergence between the developmental experience of China, which has generated particular understandings of the acceptable trade-offs between development and its social and environmental costs, and the expectations of Latin American societies shaped by decades of engagement with the multilateral institutions and with a vigorous civil society. The management of this divergence constitutes among the principal challenges confronting

Chinese investment in the region, and the capacity of the Chinese investor to accommodate the legitimate claims of affected communities emerges as a principal determinant of the success or failure of the individual project.

2.5.4 Currency Volatility

The risk of currency volatility constitutes the fourth and final category, and one whose salience is most acute in the case of Argentina, the economy whose macroeconomic instability has most conspicuously afflicted Chinese investment. The currency controls, the recurrent devaluations, and the restrictions upon the repatriation of profits that have characterised the Argentine economy have materially constrained the profitability of Chinese investment, disrupting the financing arrangements of infrastructure projects, eroding the purchasing power of budgeted funds through inflation, and complicating the remittance of returns. The renminbi swap arrangement between the People's Bank of China and the Central Bank of Argentina, examined in detail in the chapters devoted to the financial system, constitutes in part a response to this risk, affording Argentina a measure of relief from its chronic shortage of foreign exchange whilst advancing the internationalisation of the renminbi, a dual function that exemplifies the integration of the strategic and the commercial that characterises the Chinese financial engagement with the region. The arrangement, originally concluded in 2009 and subsequently expanded, amounts to some 130 billion renminbi and has come to function, in the recurrent episodes of Argentine financial distress, as a de facto source of liquidity upon which the monetary authority has repeatedly drawn (Jenkins 2021, 22). The currency risk is, however, not confined to Argentina, the recurrent macroeconomic instability of several of the region's economies posing a more general risk to the profitability and the repatriation of Chinese investment, a risk that the long-horizon, strategically motivated Chinese SOE may be better positioned to bear than a private investor, but a risk that bears nonetheless upon the financial calculus of the investment.

The risk assessment that the foregoing analysis has essayed leads to a conclusion of some importance for the argument of this thesis. The risks to which Chinese investment in Spanish-speaking Latin America is exposed are substantial and various, encompassing the political, the regulatory, the social, and the financial, and their materialisation in particular cases, from Venezuela to Las Bambas, has been a recurrent feature of the history reconstructed in Chapter 1. Yet the analysis suggests that the Chinese SOE, by reason of the very characteristics that the state-capitalist framework identifies, namely its long-time horizon, its strategic rather than merely commercial calculus, its access to a coordinated and patient financial system, and its diplomatic backing, may be better positioned to bear and to accommodate these risks than a private investor governed by a shorter calculus and a narrower conception of advantage. It is precisely this capacity to bear risk, founded upon the integrated financial and banking system that constitutes the central object of this thesis, that emerges as among the principal sources of the competitive advantage of Chinese investment in the region, an advantage that the later chapters anatomise in detail.

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CHAPTER 3: Legal Framework and the Belt and Road Initiative

The legal architecture governing Chinese state-owned enterprise investment in Spanish-speaking Latin America constitutes a complex and multi-layered system, operating simultaneously at the international, the national, and the bilateral planes, and creating at once the opportunities and the constraints that shape the terms upon which capital flows. The present chapter examines the intricate web of legal instruments, regulatory frameworks, and institutional arrangements that structures Chinese engagement with the region, attending in particular to the manner in which the Belt and Road Initiative functions not as a singular legal regime but as an umbrella framework that coordinates and legitimises diverse forms of economic interaction. An understanding of this legal landscape is indispensable to the analysis of how Chinese investment is negotiated, implemented, and contested, for the formal rules governing capital movement interact in practice with the informal political relationships and the asymmetries of power that obtain between Chinese SOEs, backed by the world's second-largest economy and by an activist developmental state, and the Latin American host countries, characterised by varying degrees of institutional capacity, political stability, and negotiating leverage. The analysis proceeds throughout from the premise, established in the foregoing chapters, that these legal instruments are not merely technical artefacts but political-economic bargains, reflecting the negotiating priorities and the relative power of the signatory states at particular historical moments, and that the legal framework as a whole is best understood, in the terms of the state-capitalist analysis adopted in this thesis, as the juridical form through which a national strategy of capital accumulation is at once enabled and rendered governable.

3.1 International Legal Framework

The international legal framework structuring Chinese SOE investment in Spanish-speaking Latin America comprises a patchwork of bilateral investment treaties, free trade agreements, and double taxation treaties, instruments that have proliferated since the 1990s as China's international economic engagement expanded, and that together constitute a foundation of legal protection and market access. These agreements must be understood not as neutral technical instruments but as political-economic bargains, in which the Latin American states have generally sought Chinese capital, technology, and market access whilst attempting to preserve the policy space required for domestic regulation, and in which China has pursued the secure access to resources, the connectivity of infrastructure, and the commercial opportunities of its enterprises, even as it has laboured to construct an alternative international economic architecture differing in significant respects from the Western-dominated order centred upon the Bretton Woods institutions and the World Trade Organization.

3.1.1 Bilateral Investment Treaties

China has constructed an extensive network of bilateral investment treaties with the states of Latin America since the early 1990s, establishing the legal foundations for investment protection and for the resolution of disputes that constrain, at least in principle, arbitrary action by the host state against Chinese investors. With the principal Spanish-speaking economies of the Southern Cone and the Andes, China concluded such treaties at an early date, the agreement with Argentina dating from 1992 and those with Chile and Peru from 1994, instruments that furnished the earliest legal scaffolding of the investment relationship. China's approach to these treaties has, however, evolved considerably across three decades of negotiation, in a manner that registers the country's own transformation from a capital-importing developing economy into a major exporter of capital. The earlier treaties, concluded when China was principally a recipient of investment and its negotiators were concerned above all to preserve policy flexibility and to minimise constraints upon sovereignty, furnished relatively weak protections to investors; the later agreements and renegotiations, concluded when the protection of Chinese outbound investment had become a priority, incorporated stronger substantive standards and more robust procedures for the resolution of disputes.

The substantive content of China's treaties with the Spanish-speaking states exhibits both the commonalities of standard international practice and the distinctive features of Chinese negotiating preference. The treaties characteristically include the core protections found in investment agreements globally, namely the guarantee of fair and equitable treatment, the protection against expropriation without compensation, the free transfer of capital and returns, and the most-favoured-nation treatment that ensures Chinese investors a treatment no less favourable than that accorded to investors from third states. Yet China's treaties have characteristically defined the key terms more narrowly than the agreements of the United States or the European Union, the definition of investment frequently requiring a substantial and durable commitment rather than encompassing portfolio or purely financial assets, and the definition of investor excluding the shell companies that lack a substantial business operation, a narrowness that reflects the Chinese concern to prevent treaty-shopping and to confine the protection of the treaty to genuine productive investment. The standard of fair and equitable treatment, similarly, has characteristically avoided the expansive language that certain Western agreements contain and that arbitral tribunals have interpreted broadly to constrain the regulatory authority of the host state, the Chinese treaties tying the standard explicitly to international law or defining it more narrowly. This pattern is of considerable analytical interest, for it discloses a China that, even as it has sought protection for its outbound investors, has consistently declined to embrace the most investor-friendly provisions of the Western model, preferring to preserve for the host state, and by implication for itself in its capacity as a host, the regulatory policy space that the developmental-state tradition prizes. The practical significance of these treaties for Chinese SOEs remains, in any event, qualified by China's long-standing preference for the political and diplomatic resolution of investment disputes over recourse to international arbitration, a preference that the integrated and state-backed character of the Chinese investment, examined throughout this thesis, renders intelligible.

3.1.2 Free Trade Agreements

The free trade agreements that China has concluded with Chile, Peru, and Costa Rica constitute more comprehensive frameworks for economic integration than the bilateral investment treaties alone, incorporating not only the protection of investment but also the elimination of tariffs, the facilitation of trade, the liberalisation of services, and the institutional mechanisms for ongoing dialogue and dispute resolution. These agreements reflect China's broader strategy of constructing an alternative architecture for international economic governance, one operating partly within the existing multilateral framework of the World Trade Organization whilst also creating the bilateral and regional arrangements that constitute, in the aggregate, a China-centred network of economic partnership. For the Latin American partners, the agreements afford tangible benefits through the improved access of their exports, and particularly of their agricultural and resource products, to the Chinese market, whilst also serving the symbolic purpose of demonstrating a diversification of international partnership and a reduced dependence upon the traditional Northern markets.

The China-Chile Free Trade Agreement, signed in November 2005 and entering into force in October 2006, marked a development of the first significance as China's inaugural free trade agreement with any Latin American country and as Chile's first with a major Asian economy. The original agreement provided for the elimination of tariffs upon some ninety-seven% of tariff lines over a decade, with particularly significant benefits for the Chilean exports of copper, wine, fruit, and seafood, creating a complementary relationship between a resource-exporting developing economy and a manufacturing-exporting emerging industrial power. The subsequent upgrading of the agreement, through a supplementary protocol signed in November 2017 and entering into force in March 2019, represented a significant deepening of integration, reflecting the success of the original agreement in expanding bilateral trade, which had grown from approximately $7 billion in 2005 to in excess of 35 billion by 2017, and the evolution of priorities in international trade agreements. The upgraded agreement extended the elimination of tariffs to cover some 98% of tariff lines and incorporated new provisions addressing electronic commerce, the environment, and the relationship between trade and gender, the last two registering the incorporation of contemporary concern that trade agreements should address social and environmental objectives rather than purely commercial considerations. The case of the Chilean upgrade is instructive for the demonstration it affords that a smaller state may negotiate a reasonably balanced agreement with a major power when it possesses a specific asset that the larger partner values, in this instance the world's largest reserves of copper, and when it maintains the institutional capacity to articulate coherent positions.

The China-Peru Free Trade Agreement, signed in April 2009 and entering into force in March 2010, is properly described as China's first comprehensive free trade agreement with a Latin American country, encompassing from the outset the trade in goods and services and the protection of investment, and providing for the elimination of tariffs upon more than ninety% of traded goods. The negotiations for its upgrading, launched in November 2018, were substantively concluded in June 2024, and the upgraded protocol was signed in November 2024 in Lima in the presence of the Chinese and Peruvian presidents, adding to the original agreement new provisions addressing the assessment of standards, competition policy, electronic commerce, the resilience of global supply chains, and the relationship between environment and trade. The China-Costa Rica Free Trade Agreement, signed in April 2010 and entering into force in August 2011, completed the early tranche of comprehensive agreements, Costa Rica having transferred its recognition from Taipei to Beijing in 2007. These three agreements, with Chile, Peru, and Costa Rica, were the only comprehensive free trade agreements that China had concluded in the region before the announcement of the Belt and Road Initiative, a circumstance that situates the legal integration of the region within a chronology preceding the initiative rather than following from it (Jenkins 2021, 21). The most recent years have witnessed a further extension of the network, the free trade agreements with Nicaragua and Ecuador entering into force in January and May 2024 respectively, a development that registers the continuing deepening of the legal integration of the region into the China-centred trading order. It bears emphasis, in conclusion, that the largest economies of the region, namely Mexico, Argentina, Colombia, and Brazil, have not concluded comprehensive free trade agreements with China, a circumstance attributable in the Mexican case to the competition rather than complementarity of the manufacturing relationship and to Mexico's integration into the North American market, and one that materially qualifies any assessment of the depth of the legal integration achieved.

3.1.3 Double Taxation Treaties

The network of double taxation treaties that China has concluded with the states of the region constitutes a less conspicuous but nonetheless significant element of the international legal framework, its function being to allocate taxing rights between the contracting states, to prevent the double taxation of cross-border income, and thereby to reduce the fiscal impediments to investment. China has concluded such treaties with a number of Latin American states, and these instruments, by reducing the withholding taxes upon dividends, interest, and royalties, materially affect the after-tax returns upon Chinese investment and the structuring of the financial flows that sustain it. The double taxation agreements figure, alongside the bilateral investment treaties and the free trade agreements, among the instruments of investment facilitation that the Belt and Road Initiative has sought to promote, their function being to reduce the fiscal impediments to the cross-border deployment of capital (Jenkins 2021, 16). The analysis of these treaties discloses, moreover, a connection to the phenomenon of round-tripping examined in Chapter 2, for the interaction of the double taxation treaties with the favourable fiscal regimes of the Caribbean financial centres furnishes part of the explanation for the routing of Chinese investment through offshore vehicles, a routing that at once optimises the fiscal position of the investor and obscures the true geography of the investment in the official statistics. The double taxation treaties thus constitute not merely a technical fiscal arrangement but an element of the broader architecture through which Chinese capital is channelled to the region, and their significance is to be understood in relation to that architecture rather than in isolation.

3.2 Chinese Domestic Legal Framework

The international legal framework examined above is complemented, and in significant respects governed, by the domestic legal framework through which the Chinese state regulates the outbound investment of its enterprises. This domestic framework is of cardinal importance for the argument of this thesis, for it is here, in the legal instruments through which the state directs, encourages, restricts, and prohibits particular categories of outbound investment, that the state-capitalist coordination of capital export becomes most directly legible. The analysis that follows examines in turn the legal dimension of SOE governance, the regime of outbound investment regulation, and the significant regulatory changes of the period since 2016.

3.2.1 SOE Governance Structure

The governance structure of the Chinese state-owned enterprise, the organisational characteristics of which were examined in Chapter 2, rests upon a legal foundation that warrants brief consideration here. The central enterprises are owned and supervised, in law, by the State-owned Assets Supervision and Administration Commission of the State Council, which exercises on behalf of the state the rights of the shareholder whilst the enterprise is constituted, in its own legal personality, as a company under the Company Law of the People's Republic of China. This legal architecture, which separates the enterprise as a corporate entity from the state as its owner, was designed to confer upon the enterprise the operational autonomy of a commercial actor whilst preserving the ultimate control of the state. This separation of the enterprise from its owner was effected through the Company Law of 1994, which introduced a clearer division between ownership and management within the state enterprise, and was consolidated through the creation in 2003 of the State-owned Assets Supervision and Administration Commission to hold the assets of the central enterprises (Jenkins 2019, 22). The integration of the Communist Party into the governance of the enterprise, examined in Chapter 2, possesses likewise a legal dimension, the role of the internal Party Committee having been progressively formalised, and the recent revision of the Company Law having further entrenched the position of the Party organisation within the corporate governance of the state enterprise. The legal governance structure thus institutionalises the duality that constitutes the signature of the state-capitalist enterprise, conferring upon it the form of the commercial company whilst subordinating it, through the rights of the shareholder and the role of the Party, to the strategic direction of the party-state. It is this duality, encoded in the very legal constitution of the enterprise, that the analysis of the outbound investment regime now brings into sharper focus.

3.2.2 Outbound Investment Regulations

The regime through which the Chinese state regulates the outbound investment of its enterprises constitutes the institutional mechanism through which the strategic direction of capital export is effected, and its analysis is therefore central to the demonstration of the state-capitalist character of the phenomenon. The regime rests upon a division of administrative authority between the National Development and Reform Commission, which examines outbound investment from the standpoint of its conformity with national development strategy, and the Ministry of Commerce, which examines it from the standpoint of its commercial and its foreign-policy implications, the two operating a system of approval and record-filing under which the more significant or sensitive investments require affirmative authorisation whilst the remainder require only registration. The orientation of this regime towards the strategic priorities of the state is of long standing, the National Development and Reform Commission having required the energy enterprises to secure upstream supplies through overseas acquisition, and the Twelfth Five-Year Plan on inward and outward investment having designated the securing of resources, the acquisition of technology, and the expansion into foreign markets as the priority areas for outbound investment (Jenkins 2019, 80). The final step in the process is the registration of the cross-border flow of funds with the State Administration of Foreign Exchange, a step that subordinates the outbound investment to the regime of foreign exchange control through which the state manages its external financial position.

The substance of the regime, and the feature of greatest analytical significance, resides in the classification of outbound investment into categories that the state encourages, restricts, and prohibits, a classification that renders explicit the strategic direction of capital that the state seeks to effect. The categories of encouraged investment include, in the first place, the investment that facilitates the implementation of the Belt and Road Initiative, and, in addition, the investment that enhances China' s technical standards, that establishes research and development centres in cooperation with overseas high-technology enterprises, that undertakes the exploration and exploitation of oil, gas, and minerals, and that benefits the agricultural and fishing sectors. The categories of restricted investment include the investment in real estate, hotels, cinemas, the entertainment sector, and sports clubs, the establishment of equity investment funds without an underlying operating business, and the investment that employs obsolete equipment or that fails to meet the environmental and safety standards of the destination. The categories of prohibited investment include the investment that jeopardises the national interest and security, the investment in military technology beyond the bounds of the permitted, and the investment in the destinations and sectors proscribed by law or by international commitment. The significance of this classification for the argument of this thesis can scarcely be overstated. It is, in effect, the strategic direction of capital export made legible in law, the state declaring, through the very categories of its regulation, that it will encourage the investment that secures the resources, the technology, and the connectivity that its developmental strategy requires, whilst restricting the investment that serves no such strategic purpose and that represents, in the official characterisation, a merely irrational outflow of capital. The encouragement of the investment in oil, gas, and minerals, and in the projects of the Belt and Road Initiative, and the restriction of the investment in real estate and entertainment, is precisely the pattern that the resource-seeking and infrastructure-building character of Chinese investment in Latin America, documented in Chapter 2, exhibits, a correspondence that is no coincidence but the direct expression of the strategic direction that the regulatory regime effects. The regulatory regime thus furnishes, in the most direct manner, the empirical demonstration of the state-capitalist coordination of capital export that this thesis seeks to establish.

3.2.3 Recent Regulatory Changes (2016-2024)

The regulatory regime examined above assumed its present form through a series of significant changes in the period since 2016, changes that themselves illuminate the logic of the state's direction of capital. The proximate occasion of these changes was the rapid decline in China's foreign exchange reserves in 2016, a decline that prompted the monetary and planning authorities, namely the People's Bank of China, the National Development and Reform Commission, and the Ministry of Commerce, to impose from

November 2016 a tightened control upon outbound investment and capital outflow. The tightening was formalised in August 2017 through the promulgation by the State Council of the Guiding Opinions on Further Guiding and Regulating the Direction of Outbound Investment (*Guanyu jinyibu yindao he guifan jingwai touzi fangxiang de zhidao yijian* 关于进一步引导和规范境外投资方向的指导意见), the instrument that established the tripartite classification of encouraged, restricted, and prohibited investment examined above, and that constituted, in the characterisation of the legal commentary, the first official document to articulate the principle that outbound investment was to be guided on the basis of the encouragement of development and a negative list (NDRC 2017). The classification was given operational effect through the Measures for the Administration of Outbound Investment by Enterprises (*Qiye jingwai touzi guanli banfa* 企业境外投资管理办法), promulgated by the National Development and Reform Commission as its Order Number Eleven in December 2017 and entering into force in March 2018, an instrument that, among other provisions, prohibited investment in the states lacking diplomatic relations with China and in zones of war or civil disturbance, subjected the investment in sensitive sectors to affirmative approval, and streamlined the procedures for the non-sensitive investment below a threshold of $300 million (UNCTAD 2018).

The significance of these changes for the argument of this thesis is twofold. In the first place, they demonstrate that the regulation of outbound investment is responsive to the macroeconomic priorities of the state, the tightening of 2016 and 2017 having been occasioned by the concern to arrest the depletion of the foreign exchange reserves and the depreciation of the renminbi, a responsiveness that registers the subordination of the outbound investment of the enterprises to the broader financial strategy of the state. In the second place, and more fundamentally, the changes demonstrate that the state directs the outbound investment of its enterprises towards its strategic priorities and away from what it deems the irrational, the very occasion of the tightening having been the concern to curb the outflow of capital into the real estate, entertainment, and sports acquisitions that had characterised the preceding period and that the state regarded as serving no strategic developmental purpose. The contrast between the restriction of these acquisitions and the continued encouragement of the investment in resources, infrastructure, and technology is the contrast between capital export that serves the strategic direction of the party-state and capital export that does not, and it is in this contrast that the state-capitalist character of the regime is most clearly disclosed. The continuing evolution of the regime, registered in the more recent measures establishing a security review of outbound investment, indicates that the direction of capital export remains an active instrument of state strategy, one that the state refines and extends as its priorities evolve.

3.3 Host Country Legal Frameworks

The Chinese investor in Spanish-speaking Latin America operates not only within the international and the Chinese domestic legal frameworks examined above but also within the legal frameworks of the host states, frameworks that establish the conditions upon which foreign investment is admitted and the standards with which it must comply. The analysis that follows examines two dimensions of these host-country frameworks of particular salience for Chinese investment, namely the mechanisms for the screening of foreign investment and the regulation of environmental and social impacts.

3.3.1 Investment Screening Mechanisms

The mechanisms through which the host states screen foreign investment vary considerably across the region, reflecting the divergent traditions, capacities, and strategic preoccupations of the several states. The general disposition of the region towards foreign investment has, since the market-oriented reforms of the 1990s examined in Chapter 1, been broadly liberal, the majority of the states maintaining regimes that admit foreign investment with relatively few sectoral restrictions and that accord to it a treatment broadly comparable to that accorded to domestic investment. The disposition of the region towards Chinese investment in particular has been characterised by the absence of dedicated legislation, no state of the region having issued laws specific to Chinese firms, a circumstance that has left their regulation to the discretionary application of the general framework (Dussel Peters 2024, 135). Nevertheless, this general liberality is qualified by the reservation of particular sectors deemed strategic, and by the resurgence, examined in Chapter 2, of a resource nationalism that has reasserted state control over the extractive sectors and that constitutes, in effect, a sectoral screening of foreign investment in the resources that the Chinese investor most prizes. The reservation of lithium to state control in Bolivia and Mexico, and the assertion of state control over the extractive sectors more generally, examined in the analysis of resource nationalism in Chapter 2, constitutes the most significant form of investment screening confronting Chinese capital in the region, a screening directed not at foreign investment in general but at the strategic resources whose security the Chinese investment seeks. The screening of Chinese investment has, moreover, acquired a geopolitical dimension, the pressure of the United States upon the states of the region to limit the participation of Chinese firms in critical infrastructure, and particularly in telecommunications, constituting a form of external screening to which the analysis of the United States response in the later chapters returns.

3.3.2 Environmental and Social Regulations

The environmental and social regulations of the host states constitute a dimension of the legal framework of particular salience for Chinese investment, by reason both of the concentration of that investment in the extractive and infrastructure sectors whose environmental and social impacts are most pronounced, and of the friction, examined in Chapter 2, between the developmental experience of China and the expectations of Latin American societies. The most significant of these regulations, for the extractive and infrastructure projects that affect indigenous territories, is the requirement of prior consultation established under Convention 169 of the International Labour Organization, the international instrument that obliges the state to consult the indigenous peoples, through appropriate procedures and in good faith, in respect of the legislative or administrative measures that may affect them, and in respect of the exploration and exploitation of the resources upon their territories. It is a point of some importance, and one upon which the existing literature has occasionally erred, that this Convention has been ratified by the great majority of the Spanish-speaking states of the region, including Mexico, which ratified it in 1990 as the second state in the world to do so, as well as Argentina, Bolivia, Chile, Colombia, Costa Rica, Ecuador, Peru, and Venezuela (International Labour Organization 2008). The Convention thus establishes, across virtually the entire region, a legal obligation of consultation that bears directly upon the Chinese projects affecting indigenous territories, among them the mining operations of the Peruvian and Ecuadorian Amazon.

The application of the Convention has generated extensive conflict and an evolving jurisprudence, the indigenous organisations contending that the consultation must be conducted prior to the authorisation of the project, must afford a genuine influence over the decision, and must aim at the obtaining of consent rather than the mere communication of a predetermined plan, whilst the governments and companies have frequently contended that a more limited consultation satisfying the formal procedural requirements suffices. The Chinese SOE confronts in this domain a distinctive difficulty, arising in part from the cultural and linguistic barriers that impede effective engagement, few Chinese personnel speaking Spanish, let alone the indigenous languages, and in part from the friction between a Chinese corporate culture that emphasises hierarchical decision and technical expertise and an indigenous practice of consultation that emphasises collective deliberation. The friction is compounded by the divergence, examined in Chapter 2, between the developmental experience of China and the expectations of Latin American societies, a divergence that the analysis of this thesis attributes not to a Chinese rejection of international norms but to a genuine difference in the understanding of the acceptable trade-offs between development and its social and environmental costs. The practical enforcement of these regulations depends, in any event, crucially upon the capacity of the host state, which varies dramatically across the region, the states of stronger institutional capacity, and Chile pre-eminently, maintaining inspectorates capable of enforcing the regulations even against powerful foreign investors, whilst the states of weaker capacity experience a far more limited enforcement, with the consequence that the same nominal legal requirement generates very different actual constraints in different contexts.

3.4 The Belt and Road Initiative in Latin America

The extension of the Belt and Road Initiative to Spanish-speaking Latin America constitutes a significant, though frequently misunderstood, dimension of the legal and policy framework governing Chinese investment in the region. The present section examines the initiative's conceptual framework, the process of its extension to the region, its flagship projects, its financing mechanisms, and the question of governance and standards, throughout maintaining the interpretation, established in Chapter 1, that the initiative functions not as a coherent master plan nor as a merely rhetorical construct but as a flexible umbrella framework that confers political legitimacy, mechanisms of coordination, and access to financing upon investments that align with the stated priorities of China and of the host countries alike.

3.4.1 BRI Conceptual Framework

The Belt and Road Initiative originated, as Chapter 1 has recounted, in the speeches of Xi Jinping in Kazakhstan and Indonesia in 2013 that announced the Silk Road Economic Belt and the 21st Century Maritime Silk Road. The closest approximation to an official blueprint of the initiative is the Vision and Actions document jointly released by the National Development and Reform Commission, the Ministry of Foreign Affairs, and the Ministry of Commerce in March 2015, the instrument that articulated the five priority dimensions of connectivity known collectively as the Five Connectivities, namely policy coordination (*zhengce goutong* 政策沟通), infrastructure connectivity (*sheshi liantong* 设施联通), unimpeded trade (*maoyi changtong* 贸易畅通), financial integration (*zijin rongtong* 资金融通), and people-to-people bonds (*minxin xiangtong* 民心相通). These five dimensions furnish the organising framework through which the multidimensional ambition of the initiative is articulated, an ambition extending beyond the construction of infrastructure towards a comprehensive integration across the economic, the political, and the social domains, though the actual implementation has concentrated heavily upon infrastructure, the other dimensions receiving comparatively less attention and resource. The initiative is best understood, as the umbrella scheme for a process of globalisation with Chinese characteristics, advanced explicitly as an alternative to the globalisation led by the United States and the institutions of the post-war order, and resting upon the capacity of Chinese enterprises to supply design, technology, financing, construction, and post-construction services in integrated form (Dussel Peters 2024, 132–133).

The political-economic logic of the initiative, from the Chinese standpoint, combines several objectives that the analysis must be careful to disentangle. From the standpoint of the enterprises, the initiative affords political cover and access to financing for international expansion, the projects designated as initiatives of the Belt and Road receiving the support of the policy banks, the facilitation of regulatory approval, and the diplomatic backing that ease market entry. From the standpoint of the state, the initiative advances several strategic objectives, namely the deployment of the surplus industrial capacity that faces weak domestic demand, the securing of the energy and resource supplies that the infrastructure of extraction and transportation enables, the establishment of influence over the strategic logistics infrastructure that may serve a commercial and potentially a strategic purpose, and the internationalisation of the renminbi through the settlement of the trade and investment of the initiative in the Chinese currency. These objectives, it will be observed, correspond precisely to the strategic priorities that the outbound investment regime, examined above, encourages, a correspondence that confirms the interpretation of the initiative as the ideological and institutional form through which the strategic direction of capital export is coordinated and legitimised. The rhetoric of the initiative, which emphasises the mutual benefit and the win-win cooperation, and which presents the Chinese financing as filling the infrastructural gaps left by insufficient Western investment, is to be understood, in the terms of this analysis, not as a mere mystification but as the normative self-presentation of a strategy of capital accumulation that does indeed, in many instances, serve the developmental needs of the host countries even as it advances the strategic interests of the Chinese state.

3.4.2 Latin America's Integration into BRI

The process of Latin America's integration into the Belt and Road Initiative, recounted in Chapter 1 and here examined in its legal dimension, proceeded with some rapidity from 2017. The region, it bears recalling, figured not at all in the original conception of the initiative, and the second Chinese Policy Paper on Latin America of 2016 made no reference to it (Jenkins 2021, 16). The reorientation came with the characterisation by Xi Jinping in May 2017 of Latin America as a natural extension of the 21st Century Maritime Silk Road, and the formal invitation followed at the Second Ministerial Meeting of the China-CELAC Forum in Santiago in January 2018, where the Chinese Minister of Foreign Affairs invited the states of the region to participate and a Special Declaration on the Belt and Road Initiative was signed (Jenkins 2021, 17; Vadell 2022, 192). The accession of individual states proceeded thereafter, Panama becoming the first to sign a Memorandum of Understanding in November 2017, fifteen further states acceding in 2018 and three more in 2019, such that nineteen countries of the region had concluded agreements, whilst the largest economies, namely Brazil, Mexico, Argentina, and Colombia, abstained (Jenkins 2021, 17).

The legal character of these Memoranda is of central importance to the interpretation advanced in this thesis, and it confirms the construction of the initiative as an umbrella framework rather than a binding regime. The Memoranda conform, as Jenkins has demonstrated, to a common format, providing a broad and general framework without specific commitment, opening with a general preamble concerning co-operation, setting out the objectives of closer political and economic ties and the principles of mutual respect and win-win progress, identifying the five areas of cooperation central to the initiative, and describing the modes and mechanisms of cooperation in the most general terms, with no mention of specific institutional arrangement (Jenkins 2021). These instruments are, in short, not legally binding agreements imposing enforceable obligation but declarations of political intent, a character that confirms the interpretation of the initiative as a framework of legitimation and coordination rather than a discrete legal regime, and that lends weight to the sceptical reading, adopted in this thesis, that the extension of the initiative to the region represented less a fundamental transformation than a relabelling of a pre-existing dynamic of capital export (Jenkins 2021). It is precisely the non-binding character of these instruments that permits the simultaneous mobilisation of the diverse Chinese actors towards a common spatial horizon whilst preserving the operational latitude that distinguishes a coordinated strategy of accumulation from a centrally administered plan.

3.4.3 Flagship BRI Projects in Spanish-Speaking Latin America

The abstraction of the legal framework acquires concrete form in the flagship projects that the initiative has brought to the region, projects that the case studies of Chapter 5 examine in detail and that the present section introduces in their legal and strategic dimension. The most significant of these is the deep-water port at Chancay in Peru, developed by COSCO Shipping and inaugurated in late 2024, a facility designed to function as the principal hub for China-South America trade and as the western terminus of a maritime corridor connecting the Pacific coast of South America to the Chinese seaboard. The Chancay project, designated explicitly as a project of the Belt and Road Initiative and characterised by Xi Jinping as a signature undertaking, exemplifies the manner in which the initiative confers a strategic coherence and a political sanction upon an investment that serves at once the connectivity objectives of the initiative and the commercial interests of the Chinese operator. The flagship projects encompass, in addition, the renewable energy and transmission undertakings of Chile and Argentina, the metro renovation of Mexico City, and the lithium and copper ventures of the Andes and the Southern Cone, the several of which the case studies examine. To these is to be added the Coca Codo Sinclair hydroelectric project in Ecuador, the engineering, procurement, and construction contract for which, concluded with Sinohydro at a value of some $1,979 million, exemplifies the integrated delivery of infrastructure that the initiative has organised (Castro Salgado 2024, 227). These projects, taken together, register the diversification of the Chinese engagement beyond the extractive base towards infrastructure, renewable energy, and the value chains of the energy transition, a diversification that the initiative has organised and legitimised even as the underlying investment has been driven by the commercial and strategic logics that this thesis anatomises.

3.4.4 BRI Financing Mechanisms

The financing mechanisms of the Belt and Road Initiative constitute the dimension of the framework most directly germane to the central concern of this thesis, and their analysis anticipates the detailed treatment of the integrated financial system reserved for the later chapters. The financing of the initiative rests principally upon the two policy banks, the China Development Bank and the Export-Import Bank of China, whose lending has constituted the principal instrument of the Chinese financial engagement with the region, supplemented by the commercial banks, by the dedicated funds such as the Silk Road Fund, and by the multilateral institutions in which China participates. The analysis of this financing must, however, dispel a persistent misconception, and it is here that the authoritative work of Linda Yueh furnishes the decisive corrective. The financing of the initiative, Yueh demonstrates, is extended on commercial rather than concessionary terms, the latter denoting the low interest rates and long repayment periods that impose a lighter burden upon the debtor, with the consequence that the Chinese approach differs fundamentally from that of the Western creditors, who extend aid in conjunction with the multilateral institutions, and that the advantage of the Chinese financing is to be sought not in its concessionality, which is frequently inferior to that of the multilateral institutions, but in its availability, its speed, and its tolerance of risk (Yueh 2024, 276). This is a point of cardinal importance for the argument of this thesis, for it establishes that the competitive advantage of the Chinese financial engagement resides not in the price of capital but in the attributes of the integrated and state-backed financial system that the later chapters anatomise, a system whose capacity to mobilise large volumes rapidly, to bundle finance with construction and resource off-take, and to bear the risks from which Western lenders recoil constitutes the true source of its advantage. The financing mechanisms of the initiative are, in this respect, the institutional expression of the state-capitalist coordination of capital that this thesis seeks to elucidate, and their detailed anatomy constitutes the burden of the chapters that follow.

3.4.5 Governance and Standards

The question of the governance and the standards of the Belt and Road Initiative constitutes the final dimension of the framework, and one that has occasioned considerable controversy. The initiative has been criticised, by the Western governments and institutions and by certain civil society organisations, for the inadequacy of its environmental, social, and governance standards, the projects approved through Chinese processes and constructed according to Chinese specifications having frequently proved inadequate when measured against the expectations of host countries shaped by engagement with the multilateral institutions. This standards gap, examined in Chapter 2 in relation to the friction between the

Chinese and the Latin American expectations, constitutes a persistent source of tension, and one that the Chinese authorities have sought to address through the progressive elaboration of guidelines for the environmental and social conduct of overseas investment, though the implementation of these guidelines has remained uneven, constrained by the broad and decentralised character of the initiative and by the limited capacity of the Chinese authorities to supervise enterprises operating in distant jurisdictions. The analysis of this thesis attributes the standards gap not to a Chinese rejection of international norms but to the divergence, examined throughout, between the developmental experience of China and the expectations of Latin American societies, a divergence that the progressive elaboration of standards may attenuate but cannot wholly dissolve. The contestation of the standards of the initiative is, moreover, inseparable from the broader geopolitical contestation examined in the later chapters, the Western critique of the Chinese standards being bound up with the strategy of de-risking through which the Western powers have sought to limit their exposure to China, a strategy that the Argentine scholars Rubiolo and Juste analyse in relation to the critical minerals and that bears directly upon the governance of the Chinese engagement with the region (Rubiolo and Juste 2026, 8).

3.5 Multilateral and Regional Institutions

Beyond the bilateral agreements and the framework of the Belt and Road Initiative, the multilateral and regional institutions constitute a further layer of the legal and political architecture shaping Chinese engagement with the region, creating venues for dialogue, platforms for coordination, and potential mechanisms of oversight that complement, constrain, or compete with the bilateral channels. These institutions vary considerably in their character and their relevance, ranging from the established multilateral development banks in which China participates as a borrower and increasingly as a shareholder, through the regional political forums in which China engages as an external partner, to the initiatives that China has itself created and that furnish an alternative to the Western-dominated multilateral system.

The Inter-American Development Bank, the largest multilateral development bank focused upon the region, with cumulative lending exceeding $300 billion since its establishment in 1959, represents the traditional multilateral architecture, within which the United States holds the largest shareholding and an effective veto whilst the borrowing states of the region constitute the majority of the membership. China's relationship with the Bank has evolved from non-participation through the establishment in 2009 of a donor trust fund contributing several hundred million United States dollars to programmes supporting China-Latin America cooperation, towards the consideration of a formal membership that has not, as of the present, materialised. The trust-fund relationship affords China a channel of engagement with the multilateral architecture whilst maintaining a distance from the direct institutional membership that would entail the acceptance of institutional constraint, the coordination with the United States and the other shareholders, and the adoption of safeguard standards potentially more stringent than current Chinese bilateral practice, a calculus that explains the continued Chinese preference for the trust-fund relationship over full membership. The standards, the safeguards, and the procedures of the Bank furnish, in any event, a benchmark against which the Chinese bilateral lending is frequently compared, generally to the Chinese disadvantage as regards the stringency of the safeguards, though the Bank has itself been criticised for the caution and the bureaucracy that delay implementation and for the conditionality that reflects donor rather than borrower priorities, a criticism that lends weight to the contention, examined throughout this thesis, that the Chinese financing offers advantages of speed, of fewer conditions, and of respect for sovereignty notwithstanding its higher cost and its fewer safeguards. The China-CELAC Forum, examined in Chapter 1 in its historical dimension, constitutes the principal multilateral mechanism for the collective engagement of China with the region. Established with its First Ministerial Conference in Beijing in January 2015, and building upon the Community of Latin American and Caribbean States created in 2010 as a regional forum from which the United States and Canada were absent, the Forum has functioned as an instance of forum diplomacy with Chinese characteristics and as a vehicle for the diffusion of Chinese relational soft power, affording the states of the region an opportunity to diversify their external partnerships whilst affording China a mechanism for the collective management of its regional relationships (Vadell 2022, 191–192). The Forum has produced successive cooperation plans, the first covering the years 2015 to 2019 and its successor the years 2022 to 2024, establishing frameworks for cooperation across multiple sectors with quantitative aspirations, among them the target of bilateral trade that was, as Chapter 1 has recounted, surpassed in 2024 (Vadell 2022, 192). Yet the Forum serves, as the analysis of this thesis maintains, a primarily political and coordinative function rather than an operational one, the actual investment and lending continuing to flow through the bilateral channels subject to the individual negotiations of the several states with the Chinese enterprises and banks, a circumstance that the heterogeneity of the membership, spanning states of divergent political and economic complexion, reinforces. The critics of the Forum have noted its lack of enforcement mechanisms and of binding commitment, and have observed that its collective character may enable a Chinese strategy of engaging the region collectively whilst pursuing bilateral arrangements that the collective positions do not constrain, a critique that the predominance of the bilateral over the multilateral in the actual conduct of the relationship substantiates. The Forum thus constitutes a supplementary rather than an alternative architecture, a venue for dialogue and for the articulation of the normative vision of South-

South cooperation rather than a mechanism for the collective determination of the terms of the engagement.

The Belt and Road Initiative itself may be understood, in conclusion, as constituting a parallel institutional architecture to the traditional multilateral frameworks, with Chinese leadership, Chinese financing, and Chinese standard-setting replacing the Western dominance characteristic of the established system, though the deliberately flexible and decentralised character of its implementation creates a more diffuse structure than the formal multilateral organisations with their clear governance and their bureaucratic permanence. For the states of the region, the coexistence of the traditional multilateral institutions, the Chinese bilateral engagement, and the emerging frameworks of the China-CELAC Forum and the Belt and Road Initiative creates a complex and multi-layered institutional landscape, one that affords a diversified array of financing and partnership options whilst generating the coordination challenges and requiring the sophisticated capacity to navigate multiple frameworks that the analysis of the host-country experience must acknowledge. The legal and institutional framework examined in this chapter thus reveals a governance system that cannot be reduced either to a rules-based international legal order or to a unilateral projection of Chinese power, comprising rather an intricate combination of international treaties, bilateral frameworks, host-country regulations, Chinese domestic controls, multilateral participation, and the flexible umbrella of the Belt and Road Initiative, a combination through which a national strategy of capital accumulation is at once enabled, coordinated, and legitimised. It is to the strategic drivers and the channels of entry through which this framework is operationalised that the following chapter turns.

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CHAPTER 4: International Drivers and Entry Channels

The patterns of Chinese state-owned enterprise investment in Spanish-speaking Latin America cannot be comprehended solely through the locational advantages that attract Chinese capital, examined in Chapter 2, or the legal frameworks that structure it, examined in Chapter 3, but require in addition a careful analysis of the strategic motivations that propel Chinese outward investment and of the specific mechanisms through which the enterprises establish their operational presence. The present chapter accordingly proceeds in three movements. It examines first the strategic drivers of the investment, employing the analytical typology of the eclectic paradigm to distinguish the resource-seeking, market-seeking, strategic-asset-seeking, and efficiency-seeking motivations; it analyses thereafter the channels of entry, encompassing greenfield investment, the acquisition of existing assets, the joint venture, and the engineering, procurement, and construction contract; and it turns finally to the financial instruments and mechanisms that enable the investment, a turn that returns the thesis to its analytical core and that anticipates the detailed treatment of the integrated financial system reserved for the later chapters. Throughout, the analysis maintains the interpretive premise of this thesis, namely that the drivers and channels of Chinese investment, however they may be classified by the conventional analytical apparatus, operate not merely at the level of the individual firm but at the level of a national strategy of capital accumulation organised by the party-state, a premise that requires the conventional apparatus to be at once employed and transcended.

4.1 Strategic Drivers of Chinese SOE Investments

The analysis of the motivations underlying foreign direct investment is conventionally organised around the eclectic, or OLI, paradigm of John Dunning, the framework that has dominated the scholarship of international production for four decades and that distinguishes the ownership, locational, and internalisation advantages whose conjunction explains the decision of a firm to produce abroad. Within this framework, Dunning further distinguished four principal motivations for foreign production, namely the resource-seeking motive, the market-seeking motive, the efficiency-seeking motive, and the strategic-asset-seeking motive, a typology that has furnished the standard analytical vocabulary for the study of the multinational enterprise (Dunning and Lundan 2008, 67–74). The application of this framework to the Chinese case has generated a substantial empirical literature, of which the landmark contribution is the study of Buckley and his collaborators, the first systematic econometric analysis of the determinants of Chinese outward investment, which established that Chinese investment exhibits certain distinctive features not fully captured by the conventional theory, among them an apparent attraction to politically risky environments and a responsiveness to the strategic priorities of the state, features that the authors attributed to the particular institutional configuration of the Chinese economy and to the capital-market imperfections that the state's direction of capital creates (Buckley et al. 2007, 511–514).

It is precisely this responsiveness to the strategic priorities of the state that the state-capitalist analysis of this thesis seeks to render intelligible. The four motives of the Dunning typology, conceived in the original formulation as the motivations of the individual firm, operate in the Chinese case at the level of the national strategy of accumulation, the resource-seeking motive expressing the imperative of securing the material inputs that Chinese industry requires, the market-seeking motive expressing the imperative of finding outlets for Chinese production, the efficiency-seeking motive expressing the imperative of optimising the position of the national economy within the international division of labour, and the strategic-asset-seeking motive expressing the imperative of acquiring the technological and other capabilities that the upgrading of the national economy demands. The motives are, in this sense, not merely the motives of the enterprises but the motives of the party-state in its capacity as the collective organiser of accumulation, transmitted to the enterprises through the mechanisms of coordination examined in the foregoing chapters. The analysis that follows examines each of the four motives in turn, attending throughout to this dual character.

4.1.1 Resource-Seeking Motives

The pursuit of secure access to natural resources constitutes the single most prominent driver of Chinese SOE investment in Spanish-speaking Latin America, a prominence that the sectoral concentration documented in Chapter 2, in which the resource sectors absorbed as much as 90% of the cumulative Chinese commitment, registers in the most direct manner (Jenkins 2019, 230). This prominence reflects the transformation of China from a net exporter of energy in the 1980s into the largest importer of petroleum, copper, and numerous other commodities in the world, a transformation that has generated resource dependencies that Chinese policymakers regard as strategic vulnerabilities requiring mitigation through the diversification of supply, the acquisition of equity stakes in overseas production, and the establishment of the long-term supply relationships that reduce reliance upon the volatile spot markets. The intensity of the resource-seeking investment varies across commodities according to the magnitude of the import dependence, the petroleum sector having drawn the earliest and the most substantial investment by reason of China's importation of some 70% of its consumption and the concentration of the alternative supply in the politically hazardous Middle East.

The renewal of the resource-seeking motive by the global transition to a low-carbon economy, examined in Chapter 2, warrants particular emphasis here, for it has reoriented the resource-seeking investment from the conventional hydrocarbons towards the critical minerals of the energy transition, and above all towards the lithium of the Southern Cone. The analysis of He Shuangrong demonstrates the acuity of the Chinese interest in this resource, the Latin American lithium states holding, as Chapter 2 has recorded, some 59.36% of world reserves against China's mere 5.73%, even as China constitutes the largest consumer market for lithium batteries in the world and depends upon imports for some 80% of its requirement (He 2022, 49). The resource-seeking motive in the domain of the critical minerals is, moreover, inseparable from the strategic-asset-seeking motive examined below, for the Chinese interest extends beyond the securing of the raw material to the command of the downstream segments of the value chain, a command that the analysis of Rubiolo and Juste identifies as the distinctive feature of the Chinese position in the critical-minerals economy (Rubiolo and Juste 2026, 8). The resource-seeking investment thus serves at once the immediate imperative of securing the material input and the longer-term imperative of positioning the national economy advantageously within the value chains of the energy transition, a dual function that the state-capitalist analysis is well equipped to comprehend and that the conventional firm-level theory, with its sharp distinction between the resource-seeking and the strategic-asset-seeking motive, tends to obscure.

The strategic logic of the resource-seeking investment extends, finally, beyond the acquisition of the resource to the development of the operational capabilities of the Chinese enterprises and to the cultivation of the diplomatic relationships that the investment fosters. The national oil companies have, through their operations in the diverse geological and regulatory environments of the region, developed the technical and managerial capabilities applicable to the development of China's own complex hydrocarbon resources, and the investment has fostered the long-term relationships with the resource-exporting states that yield diplomatic as well as commercial benefit. The resource-seeking motive is thus, in the Chinese case, a motive of considerable complexity, encompassing the securing of the material input, the positioning within the value chain, the development of capability, and the cultivation of relationship, a complexity that the reduction of the motive to a simple resource grab, against which Chapter 1 has cautioned, fundamentally misapprehends.

4.1.2 Market-Seeking Motives

The market-seeking motive, though historically subordinate to the resource-seeking motive in the Chinese engagement with the region, has acquired a growing salience as the sectoral composition of the investment has diversified beyond extraction towards the production of goods and services for the regional market itself. The market-seeking investment is most conspicuous in the case of Mexico, examined in Chapter 2, where the recent wave of Chinese manufacturing investment has been driven by the imperative of accessing the North American market through the establishment of production within the United States-Mexico-Canada Agreement, an imperative that the nearshoring phenomenon and the circumvention of the tariffs upon direct Chinese exports have reinforced. The market-seeking motive is evident, in addition, in the growing penetration of the regional market by Chinese consumer goods, and above all by the electric vehicles whose exports to the region have grown with extraordinary rapidity, a penetration that registers the maturation of the Chinese engagement from a relationship organised around the extraction of resources towards one encompassing the sale of Chinese manufactures to the regional consumer. The market-seeking motive is, in the terms of the state-capitalist analysis, the expression of the imperative of finding outlets for the surplus production of Chinese industry, an imperative that the analysis of the Going Out strategy in Chapter 1 has identified as among the principal drivers of the outward turn, and one that the diversification of the investment towards the regional market increasingly serves. The market-seeking motive, in the empirical literature on Chinese outward investment, is closely bound up with the excess capacity of the mature Chinese industries, the intense competition and the falling margins of the domestic market having impelled the enterprises of the saturated sectors to seek new markets abroad (Jenkins 2019, 84).

4.1.3 Strategic Asset-Seeking Motives

The strategic-asset-seeking motive, in the conventional formulation the pursuit of the technological, managerial, and other capabilities that enhance the competitive position of the firm, assumes in the Chinese case a distinctive form bound up with the upgrading of the national economy. The motive is evident in the acquisition by Chinese enterprises of the established operations, the regulatory approvals, and the operational knowledge that the acquisition of existing assets confers, an acquisition that affords the Chinese enterprise an immediate access to capabilities that greenfield development would require years to develop. Yet the strategic-asset-seeking motive of greatest contemporary significance, and one that the analysis of Rubiolo and Juste illuminates with particular clarity, resides in the command of the downstream segments of the critical-minerals value chains. Whilst Latin America and Africa constitute the extraction centres for much of the world's strategic minerals, the processing, refining, and manufacture of the value-added downstream products takes place predominantly in China, which has secured a dominant position across these segments of the value chains of the energy transition (Rubiolo and Juste 2026, 8). The Chinese investment in the extractive base of the region is thus bound up with a strategic-asset-seeking motive directed at the consolidation of the Chinese command of the downstream value chain, a command that constitutes, in the analysis of Rubiolo and Juste, a strategic vulnerability for the Western powers and the object of the de-risking strategy through which they have sought to reduce their exposure to China (Rubiolo and Juste 2026, 8). The strategic-asset-seeking motive, in the Chinese case, is accordingly inseparable from the broader strategy of positioning the national economy advantageously within the value chains of the emerging low-carbon order, a strategy that the state-capitalist analysis identifies as among the principal objectives of the contemporary Chinese engagement with the region.

4.1.4 Efficiency-Seeking Motives

The efficiency-seeking motive, in the conventional formulation the pursuit of the gains from the international division of labour through the location of particular activities in the jurisdictions most suited to them, assumes in the Chinese engagement with Spanish-speaking Latin America a more circumscribed significance than the other three motives, by reason of the distance of the region from China and of the predominance of the resource-seeking motive in the engagement. The subordinate place of the efficiency-seeking motive is confirmed by the empirical record of Chinese outward investment as a whole, a study of nearly three hundred foreign projects having classified a mere seven, accounting for less than 1% of the value invested, as efficiency-seeking (Jenkins 2019, 85). The efficiency-seeking motive is, nonetheless, evident in the recent manufacturing investment in Mexico, which is driven not only by the market-seeking imperative of accessing the North American market but also by the efficiency-seeking imperative of locating production within the United States-Mexico-Canada Agreement so as to optimise the position of the Chinese enterprise within the North American value chains, a location that affords the enterprise the gains of proximity to the market and of access to the preferential terms of the agreement. The efficiency-seeking motive is evident, in addition, in the integration of the Latin American resource base into the Chinese-centred value chains, an integration that locates the extractive activity in the region and the value-adding activity in China so as to optimise the position of the national economy within the international division of labour, a configuration that the analysis of the strategic-asset-seeking motive has already remarked and that constitutes, in effect, an efficiency-seeking strategy at the level of the national economy rather than the individual firm. The four motives of the Dunning typology, in conclusion, are in the Chinese case not the discrete and separable motives of the conventional formulation but the interrelated expressions of a single strategy of accumulation, a strategy that secures the material inputs, finds the outlets, acquires the capabilities, and optimises the position of the national economy within the international division of labour, and that the conventional apparatus, designed for the analysis of the individual firm, can illuminate only when restored to the level of the national strategy that the state-capitalist analysis identifies.

4.2 Entry Mode Analysis

The strategic motivations examined above are operationalised through a range of modes of entry, the choice among which reflects the characteristics of the sector, the conditions of the host country, and the capabilities and objectives of the Chinese enterprise. The analysis that follows examines the four principal modes, namely the greenfield investment, the acquisition of existing assets, the joint venture, and the engineering, procurement, and construction contract, attending throughout to the manner in which the choice of mode reflects the strategic logic of the investment and to the integration of the modes with the financial mechanisms examined in the subsequent section.

4.2.1 Greenfield Investments

The greenfield investment, the establishment of a new operation from its inception, has become increasingly prominent in the Chinese engagement with the region, particularly in the infrastructure and renewable energy sectors, where the Chinese enterprises can deploy their technical capabilities and their access to patient capital to develop projects from conception through to operation. The greenfield mode is exemplified by the development of the Chancay port by COSCO Shipping, examined in Chapter 5, and by the renewable energy ventures of the Chinese enterprises in Chile and Argentina, ventures that the Chinese enterprises have developed from their inception rather than acquired. The pre-eminent instance of the greenfield mode is the Chancay port, a greenfield undertaking of some $3 billion in total investment, of which the first stage alone absorbs $1.3 billion (Narrea 2024, 267). The prominence of the greenfield mode in these sectors reflects the alignment of the mode with the capabilities of the Chinese enterprises, which possess in infrastructure construction and in the manufacture of renewable energy equipment a capacity that the greenfield development of new projects permits them to deploy, and with the integrated financial mechanisms examined below, which permit the bundling of the greenfield development with the financing and the construction in the integrated packages that constitute, as this thesis argues, the distinctive instrument of the Chinese engagement. The contemporary predominance of the greenfield mode, remarked in Chapter 2, registers the maturation of the Chinese engagement from the acquisitive pattern of the 2010s towards a pattern in which the Chinese enterprises increasingly develop new projects rather than acquire existing ones, a maturation that the diversification of the investment towards infrastructure and renewable energy has accompanied.

4.2.2 Brownfield Investments (Mergers and Acquisitions)

The acquisition of existing assets, conventionally termed the brownfield investment, dominated the Chinese engagement with the region during the phase of acceleration examined in Chapters 1 and 2, and it continues to play an important role in the mature sectors of mining and hydrocarbons, where the acquisition of an established operation confers an immediate access to production capacity, to regulatory approval, and to operational knowledge. The brownfield mode is exemplified by the great acquisitions documented in Chapter 2, among them the acquisition by the China Minmetals consortium of the Las Bambas copper mine, the acquisition by Sinopec of the Argentine assets of Occidental Petroleum, and the acquisitions of lithium interests by the Chinese enterprises in the Southern Cone. The preference for the acquisition of operating companies over their construction from the ground up is, in the electricity sector, deliberate, the established operation affording the immediate cash flows that the protracted development of a greenfield project defers (Salazar-Xirinachs 2024, 119). The attraction of the brownfield mode in the resource sectors resides in the urgency of the resource-seeking imperative, which the immediate access to producing assets that the acquisition confers serves more directly than the protracted development of a greenfield project, and in the strategic-asset-seeking imperative, which the acquisition of the established operation and its embedded capabilities serves. The brownfield mode is, however, attended by characteristic difficulties, among them the regulatory and political resistance that the acquisition of strategic assets by Chinese enterprises may provoke, a resistance exemplified by the abortive attempt of Chinalco to acquire a substantial interest in Rio Tinto examined in Chapter 1, and the difficulty of integrating the acquired operation into the Chinese enterprise, a difficulty that the cultural and managerial differences examined in Chapter 2 compound.

4.2.3 Joint Ventures and Strategic Alliances

The joint venture and the strategic alliance, in which the Chinese enterprise combines with a local or a third-party partner, have become increasingly prevalent in the Chinese engagement with the region, a prevalence that reflects the recognition, examined in Chapter 1, that the local partner affords the invaluable knowledge of the regulatory environment, the political dynamics, and the community relations that the purely Chinese team cannot readily replicate. The joint venture mode is exemplified by the Andes Petroleum venture in Ecuador, in which CNPC and Sinopec combine, and by the renewable energy ventures in which the Chinese enterprises combine with local partners, ventures that the case studies of Chapter 5 examine. The joint venture has served, in addition to the mitigation of risk, as a vehicle for the acquisition of capability, the Chinese enterprises having entered into joint ventures with more technologically advanced foreign firms as a means of obtaining the technologies that the upgrading of the national economy requires (Jenkins 2019, 80). The attraction of the joint venture mode resides in the mitigation of the risks examined in Chapter 2, the local partner affording a knowledge of the host environment that reduces the political, regulatory, and social risks to which the purely Chinese operation is exposed, and in the access to the capabilities and the relationships of the partner that the venture confers.

The growing prevalence of the joint venture mode registers, in this respect, the maturation of the Chinese engagement and the accumulation of the institutional learning, remarked in Chapter 1, that the earlier difficulties of the engagement have generated.

4.2.4 Engineering, Procurement, and Construction (EPC) Contracts

The engineering, procurement, and construction contract, in which the Chinese enterprise undertakes the design, the procurement, and the construction of a project without taking an equity interest in it, constitutes a mode of engagement of particular significance in the infrastructure sector and one that the conventional analysis of foreign direct investment, with its focus upon equity ownership, tends to neglect. The contract is exemplified by the great infrastructure projects of the region, among them the Coca Codo Sinclair dam in Ecuador, constructed by Sinohydro, and the highway and railway projects examined in Chapter 5, projects that the Chinese enterprises have constructed under contract rather than owned. The analytical significance of the contract resides in its integration with the financing of the project, for the contract is frequently bundled with the tied financing of the Chinese policy banks in the integrated packages that constitute, as this thesis argues, the distinctive instrument of the Chinese engagement, packages in which the Chinese financing, the Chinese construction, and the Chinese equipment combine to deliver the project. The contract thus exemplifies, in the most direct manner, the integration of the financial and the operational dimensions of the Chinese engagement, an integration that the analysis of the financial mechanisms now examines and that constitutes the central theme of this thesis. The contract is, moreover, attended by the characteristic tensions examined in Chapters 2 and 5, among them the concern regarding the value afforded by the tied financing, the quality of the construction, exemplified by the technical difficulties of the Coca Codo Sinclair dam, and the limited local economic benefit that the preference for Chinese contractors and materials affords, tensions that the case studies examine in detail. The integration of the contract with the financing is exemplified by the Coca Codo Sinclair project, in which the engineering, procurement, and construction contract concluded with Sinohydro was underwritten by a loan from the Export-Import Bank of China amounting to 59% of the total cost of the undertaking (Castro Salgado 2024, 228).

4.3 Financial Channels and Instruments

The financial architecture supporting Chinese SOE investment in Spanish-speaking Latin America constitutes the analytical core of this thesis, and the present section, which examines the principal channels and instruments of this architecture, anticipates the detailed treatment of the integrated financial system reserved for the later chapters. The architecture comprises a distinctive ecosystem in which the policy banks occupy the central position, the commercial banks afford complementary services, the equity vehicles deploy capital in strategic transactions, and the instruments of renminbi internationalisation create the alternative currency arrangements that reduce the dependence upon the dollar, the several elements together constituting an integrated system that differentiates the Chinese investment capacity from that of its competitors. An understanding of these mechanisms is indispensable to the comprehension of how the Chinese enterprises achieve the scales of investment and accept the profiles of risk that the purely commercial investor would decline, for it is the availability of patient and state-coordinated capital, and the willingness to deploy resources serving the strategic objectives of the state alongside the commercial returns, that enable the patterns of engagement that the market-disciplined competitor, lacking comparable financial backing, cannot replicate (Kaplan 2016, 645).

4.3.1 Chinese Policy Banks

The China Development Bank and the Export-Import Bank of China constitute the core institutions financing Chinese SOE investment and infrastructure in the region, their lending operating according to a logic substantially different from that of the purely profit-maximising private institution, prioritising the developmental objectives, the security of strategic resource supply, the support of Chinese industrial exports, and the cultivation of diplomatic relationship alongside the financial return. The cumulative lending of these two institutions to the governments and the enterprises of the region exceeded, as the foregoing chapters have recorded, $120 billion since 2005, a volume that exceeded during much of the period the combined disbursements of the World Bank and the Inter-American Development Bank, even as it has, in the most recent years, contracted dramatically from its peak before its modest recovery to $2.8 billion in 2024 (Myers and Ray 2024). The lending has been heavily concentrated in a few large borrowers, the China Development Bank having extended more than $60 billion to Venezuela, predominantly through the oil-backed arrangements examined below, and substantial sums to Ecuador and Argentina, a concentration that has exposed the bank to the economic and political trajectories of these borrowers, and that has generated the asset-quality deterioration, exemplified by the effective impairment of the Venezuelan loans, that the analysis of the systemic risks in the later chapters examines.

The analysis of the terms of this lending furnishes the decisive demonstration of the central analytical contention of this thesis, namely that the competitive advantage of the Chinese financial engagement resides not in the price of capital but in its other attributes. The landmark systematic comparison of Morris, Parks, and Gardner, which analysed the lending terms of China and the World Bank across one hundred and fifty-seven countries over fifteen years, established that Chinese official financing is less concessional than World Bank financing in comparable settings, a finding that decisively refutes the conventional supposition that the attraction of Chinese finance resides in its concessionality (Morris, Parks, and Gardner 2020, 1). The terms of the Chinese lending to the region bear out this finding, the interest rates of the China Development Bank having generally fallen in the range of 4-7%, materially higher than the 2-3% of the multilateral development banks, and the maturities having generally extended ten to fifteen years, materially shorter than the twenty-five to thirty years of the multilateral banks. The Chinese lending is thus, by the measure of its terms, dearer and shorter than the multilateral alternative, a circumstance that renders the conventional supposition of its concessionality untenable.

Furthermore, the analysis of Morris, Parks, and Gardner furnishes a crucial qualification that the precise statement of the competitive advantage requires, for the authors found that, whilst Chinese financing is less concessional than that of the World Bank, nearly all Chinese loans retain some degree of concessionality, a degree that distinguishes them from the purely commercial sources and that may help to explain the attraction of the Chinese financing relative to the market (Morris, Parks, and Gardner 2020). The competitive advantage of the Chinese financing is thus to be stated with precision as follows: it is dearer than the multilateral alternative, against which its advantage resides not in price but in availability, in speed, in the paucity of its conditions, and in its tolerance of risk; and it is cheaper than the commercial alternative, against which its advantage resides in a degree of concessionality as well as in the same attributes of availability and risk tolerance. This precise statement, which the analysis of Linda Yueh corroborates in its characterisation of the Chinese lending as commercial rather than concessionary in the manner of the aid of the Western creditors, constitutes the foundation of the competitive-advantage analysis pursued throughout this thesis, and it locates the advantage of the Chinese financial engagement squarely in the attributes of the integrated and state-backed financial system rather than in the price of its capital (Yueh 2024). It is precisely the capacity of this system to mobilise large volumes rapidly, to dispense with the conditions that the multilateral institutions impose, and to bear the risks from which the Western lenders recoil that constitutes the true source of its advantage, an advantage that the willingness of the credit-constrained borrowers of the region to accept the dearer and shorter terms of the Chinese lending, in preference to the alternatives available to them, amply confirms.

4.3.2 Commercial Bank Financing

The lending of the policy banks is complemented by the financing of the Chinese commercial banks, the Industrial and Commercial Bank of China, the Bank of China, and the China Construction Bank, which have established a presence across the major markets of the region in support of the trade and the investment of the Chinese enterprises. These banks, which are themselves state-owned and which coordinate their conduct with that of the other state enterprises, afford the trade finance, the working capital, and the project finance that complement the lending of the policy banks, and their role has grown as the Chinese engagement has matured and as the transition from the policy-lending model towards a more commercially financed model, remarked in Chapter 1, has proceeded. The most significant instance of the commercial bank engagement is the acquisition by the Industrial and Commercial Bank of China of a controlling interest in the Argentine operations of the Standard Bank, an acquisition that afforded the Chinese bank an established presence in the Argentine market, and the participation of the Bank of China in the syndicated financing of major projects, among them the Chancay port, examined in Chapter 5. The international expansion of these commercial banks has been driven, in contrast to that of the policy banks, by a predominantly commercial logic, the banks having followed their corporate clients abroad and acquired interests in foreign financial institutions in order to diversify their operations beyond the intensely competitive domestic market (Jenkins 2019, 104). The growing role of the commercial banks registers the diversification of the Chinese financial engagement beyond the policy-lending model and the emergence of the more variegated financial architecture that the later chapters examine, an architecture in which the commercial banks, the policy banks, the equity vehicles, and the instruments of renminbi internationalisation combine in the integrated system that constitutes the central object of this thesis.

4.3.3 Equity Investment

The financial architecture encompasses, in addition to the lending of the policy and commercial banks, the equity investment deployed by the Chinese enterprises and by the dedicated investment vehicles, among them the China Investment Corporation, the sovereign wealth fund, and the Silk Road Fund. The equity investment is most conspicuous in the great acquisitions documented in Chapter 2, in which the Chinese enterprises have deployed equity capital to acquire the controlling interests in the resource and infrastructure assets of the region, and in the participation of the investment vehicles in the financing of strategic transactions. It is the provenance of this capital, whether from the sovereign wealth funds, the policy banks, or the state-owned commercial banks, that affords the state its command over the direction and the use of the financial flows, a command that constitutes a distinguishing feature of the Chinese financial engagement (Jenkins 2019, 108). The significance of the equity investment resides in its integration with the lending of the banks, the Chinese engagement frequently combining the equity investment of the enterprise with the debt financing of the policy and commercial banks in the integrated packages that constitute the distinctive instrument of the Chinese engagement, packages in which the several elements of the financial architecture combine to deliver the investment. The equity investment thus exemplifies, in the most direct manner, the integration of the elements of the financial architecture that this thesis seeks to elucidate, an integration that the later chapters examine in detail and that constitutes the analytical core of the thesis.

4.3.4 RMB Internationalisation Tools

The instruments of renminbi internationalisation constitute the final element of the financial architecture, and one of growing significance, encompassing the currency swap arrangements, the renminbi-denominated bonds, and the cross-border settlement services through which the Chinese state has sought to promote the international use of its currency. The most significant instance of these instruments in the region, and the one that most clearly illustrates the integration of the strategic and the commercial that characterises the Chinese financial engagement, is the currency swap arrangement between the People's Bank of China and the Central Bank of Argentina. Established in 2009 and progressively expanded, the arrangement amounts at present to some 130 billion renminbi, approximately $18 billion, a sum that constitutes more than seventy% of Argentina's gross international reserves (Arnold 2023, 159). The significance of the Argentine swap resides in the transformation of its function over time, for the supplementary agreement of 2015, which permitted the Central Bank of Argentina to convert a portion of the swap into dollars, transformed the arrangement from a mechanism primarily serving the settlement of bilateral trade into a de facto facility of last resort, one that Argentina has drawn upon repeatedly to defend its currency, to finance its imports, and, in the most striking instance, to service its debt to the International Monetary Fund (Arnold 2023, 160). The Argentine swap thus serves a dual function, advancing at once the strategic objective of the internationalisation of the renminbi and the commercial and developmental objective of affording Argentina the liquidity that its chronic shortage of foreign exchange requires, a dual function that exemplifies, in the most concrete manner, the integration of the strategic and the commercial that the state-capitalist analysis of this thesis identifies as the signature of the Chinese financial engagement.

The instruments of renminbi internationalisation are, however, attended by significant limitations that the analysis must acknowledge. The practical utilisation of the currency swaps has been constrained by the limited liquidity of the renminbi in the region, by the unfamiliarity of the regional businesses with renminbi-denominated transactions, and, most fundamentally, by the circumstance that the international commodity prices are quoted in dollars, a circumstance that renders the dollar conversion ultimately necessary and that limits the displacement of the dollar that the renminbi instruments can achieve. The renminbi-denominated bonds issued by the borrowers of the region have raised modest sums and have served, in the main, an experimental and a signalling rather than a substantial financing purpose, and the cross-border settlement of the China-Latin America trade in renminbi has remained limited, a single-digit percentage of the bilateral trade against the overwhelming predominance of the dollar. The progress of renminbi internationalisation in the region is thus, by the measure of these limitations, modest relative to the ambition of the long-term objective, a circumstance that the fundamental difficulty of displacing an established international currency, which achieves its status through the organic adoption of the market rather than through the promotion of policy, explains. Yet the incremental construction of the infrastructure for the use of the renminbi creates the options and reduces the dependence upon the dollar at the margin, a reduction that may prove valuable in the scenarios of dollar shortage or geopolitical conflict in which the reduction of the reliance upon the dollar-denominated system would serve the strategic interests of China and of its partners alike, and the broader significance of which the analysis of the systemic dimensions of the financial engagement, reserved for the later chapters, examines. China has, it bears noting in conclusion, constructed a global network of such swap arrangements, encompassing more than forty countries and a total value exceeding four trillion renminbi, a network of which the Argentine arrangement constitutes among the most extensively utilised instances and the broader strategic significance of which the analysis of renminbi internationalisation must acknowledge.

4.4 Comparative Analysis: Entry Strategies by Country

The patterns of Chinese SOE investment across the several states of Spanish-speaking Latin America exhibit a substantial variation, examined in Chapter 2, that reflects the distinctive endowments, market opportunities, regulatory frameworks, and political relationships of each, a variation that the present section examines from the standpoint of the drivers and the channels analysed above. In Peru and Chile, the resource-seeking motive predominates, the great mining acquisitions registering the attraction of the copper and the lithium of the Andes, and the brownfield mode predominating in the resource sector whilst the greenfield mode characterises the growing renewable energy engagement, the whole financed through a combination of the policy lending, the commercial financing, and, in the Chilean case, the diversified funding that the investment-grade standing of the Chilean state affords. In Argentina, the resource-seeking motive in the hydrocarbon and lithium sectors combines with the market-seeking motive, and the financial engagement is distinguished by the prominence of the currency swap and the policy lending that the chronic financial distress of the Argentine state has occasioned, a prominence that the analysis of the Argentine swap above has examined. In Ecuador and Venezuela, the resource-seeking motive in the petroleum sector combines with the EPC mode and the oil-backed lending in the integrated packages that the analysis of the financial mechanisms has examined, packages in which the Chinese financing, construction, and equipment combine to deliver the infrastructure, and in which the deep financial dependence upon the policy banks has generated the vulnerabilities that the Venezuelan and the Ecuadorian cases exemplify.

In Mexico, the market-seeking and the efficiency-seeking motives predominate over the resource-seeking motive, the recent manufacturing investment registering the imperative of accessing the North American market, and the engagement is distinguished by the predominance of the manufacturing greenfield investment over the resource acquisition and by the comparatively modest role of the policy lending, a distinction that the competition rather than complementarity of the manufacturing relationship and the integration of Mexico into the North American market occasion. In Colombia, the resource-seeking motive in the petroleum sector combines with the EPC mode in the infrastructure sector, and the financial engagement is comparatively modest, the closer alignment of Colombia with the United States and the diversification of its international partnerships constraining the depth of the Chinese engagement. The divergence of these national patterns is registered in the data of Chinese infrastructure projects, which disclose a pronounced variation across the region both in the scale of the undertakings and in their sectoral composition, the energy sector having dominated the earlier engagement before yielding, in the period since 2015, to the transportation projects that came to account for fully half of the infrastructure undertakings of the region (Dussel Peters 2024). The comparative analysis thus discloses, in conclusion, that whilst the aggregate patterns of the resource-seeking motive and the integrated financial system characterise the region broadly, the specific national contexts shape the actualised investment and its outcomes in ways that require the contextual analysis that the case studies of the following chapter afford, a contextual analysis that the abstraction of the aggregate patterns necessarily obscures but that the comprehension of the lived reality of the Chinese engagement requires.

The examination of the international drivers and the entry channels undertaken in this chapter reveals, in summary, that Chinese SOE investment in Spanish-speaking Latin America reflects the interrelated expressions of a national strategy of accumulation, operationalised through the diverse modes of entry and enabled by the distinctive financial architecture that centres upon the policy banks whilst increasingly incorporating the commercial banks, the equity vehicles, and the instruments of renminbi internationalisation. The analysis has established, above all, the precise nature of the competitive advantage of the Chinese financial engagement, an advantage that resides not in the price of its capital, which the systematic comparison of Morris, Parks, and Gardner has shown to be dearer than the multilateral alternative, but in the attributes of the integrated and state-backed financial system, namely its capacity to mobilise large volumes rapidly, to dispense with the conditions that the multilateral institutions impose, to bundle the financing with the construction and the resource off-take, and to bear the risks from which the Western lenders recoil. It is this integrated financial system, the analysis of which the present chapter has introduced and the detailed anatomy of which the later chapters undertake, that constitutes the central object of this thesis and the structure that the concept of the backbone of the dragon seeks to render in its full significance. The following chapter turns to the case studies that afford the granular insight into the way the general patterns examined here manifest in the particular projects, an insight that the aggregate analysis necessarily obscures but that the comprehension of the integrated financial system requires.

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CHAPTER 5: Case Studies – Implementation, Challenges, and Impact

5.1 Introduction to Case Study Methodology

5.1.1 Research Design and Analytical Framework

The four cases have been selected through theoretical rather than statistical sampling, with the aim of maximising analytical leverage by varying the dimensions that the scholarship treats as decisive for investment outcomes. The first axis of variation is sectoral. The cases span port infrastructure, renewable-energy generation, urban-transport rolling stock and critical-minerals extraction, which together constitute the principal destinations of Chinese state capital in the sub-region and which differ markedly in capital intensity, technological content and the severity of their territorial footprint. The second axis is the mode of entry. Here the design pairs two greenfield undertakings, in which an investor conceives and constructs an entirely new asset, against two brownfield operations, in which an investor acquires or renovates an asset already in existence; the greenfield pair comprises the Chancay port and the Taltal wind complex, while the brownfield pair comprises the renovation of Mexico City's Metro Line 1 and the acquisition of the Tres Quebradas lithium deposit. This pairing carries theoretical weight, because the two modes impose divergent demands upon the investor, the greenfield route requiring heavier up-front commitment and protracted negotiation with regulators and affected populations, the brownfield route offering immediate operational capacity at the price of integration difficulties and inherited liabilities (Hogenboom et al. 2022).

A third axis concerns the financing structure itself, which is the variable of greatest interest to this thesis. The four cases were chosen partly because they instantiate distinct financing logics, ranging from syndicated policy- and commercial-bank debt to joint-venture equity, vendor-linked partnership finance and internally funded corporate acquisition. This deliberate range allows the chapter to test whether the competitive advantages attributed in Chapter 4 to the integrated Chinese system, namely the longer time horizons and the greater flexibility of its lending, manifest consistently or whether they vary with sector and entry mode. The analytical strategy is therefore abductive. Each case is read against the tripartite framework, so that the eclectic paradigm accounts for the location and internalisation logic of the investment, state-capitalism theory illuminates the class character and coordination of the investor, and developmental-state theory situates the project within the outward projection of Chinese industrial policy. Recent scholarship confirms the warrant for this design: the literature documents a pronounced concentration of Chinese investment in a small number of large enterprises operating in capital-intensive sectors, which indicates that sectoral targeting reflects strategic priorities exceeding purely commercial calculation (Dussel Peters, Cook, and Alter 2024, 8).

5.1.2 Case Study Overview and Comparative Matrix

The four projects are examined according to a common analytical template, so that comparison across them rests upon a uniform sequence of questions rather than upon impressionistic juxtaposition. Each case opens with its background and strategic context and proceeds through its regulatory and contractual settlement to its financial and banking architecture; it then traces the implementation process before assessing the challenges encountered and, finally, the multidimensional record of impact. This uniformity is what permits the cross-case synthesis, where the patterns that recur across sectors and entry modes are distinguished from the features peculiar to a single project. The matrix below summarises the structural parameters of the four cases; the precise financial magnitudes, being contested across sources, are established and referenced within each case rather than asserted here.

Case	Investor (ownership)	Host country	Sector and entry mode	Financing approach
1. Chancay port	COSCO Shipping Ports (60%); Volcán Compañía Minera (40%)	Peru	Port infrastructure; greenfield	Equity supplemented by a Chinese syndicated bank facility led by the Bank of China
2. Taltal wind complex	China Three Gorges Corporation, through the EDP Renováveis group	Chile	Renewable-energy generation; greenfield joint venture	Joint-venture equity within a European utility structure under Chinese control
3. Metro Line 1 renovation	CRRC Corporation, as supplier and operator within a concession consortium	Mexico	Urban-rail rolling stock; brownfield	Public-private partnership underpinned by policy-bank debt
4. Tres Quebradas (3Q)	Zijin Mining Group (full ownership, through the acquisition of Neo Lithium)	Argentina	Lithium-brine mining; brownfield acquisition	Internally funded corporate acquisition without project debt

The variation captured in the matrix is what gives the chapter its comparative purchase. The cases differ in the degree of Chinese ownership, from the outright acquisition that delivered Zijin a wholly owned deposit to the indirect and partial control that China Three Gorges exercises through a listed European intermediary, and they differ correspondingly in the visibility of the Chinese banking system within each transaction. As the analysis will show, that visibility is greatest in the Chancay case, where a Chinese operator, a Chinese builder and a Chinese bank syndicate combine within a single undertaking, and it recedes in the Taltal and Tres Quebradas cases, where equity rather than syndicated debt carries the investment. The chapter begins, accordingly, with the project in which the integrated model appears in its most complete form.

5.2 Case Study 1: COSCO Shipping Chancay Port, Peru (Greenfield Infrastructure)

5.2.1 Background and Strategic Context

The terminal at Chancay, a fishing town on the central Peruvian coast some seventy-eight kilometres north of Lima, is the first deep-water megaport on Peru's seaboard and the inaugural South American port investment of the China COSCO Shipping Corporation (*Zhongguo Yuanyang Haiyun* 中国远洋海运, hereafter COSCO), the largest shipping conglomerate in the world by operated capacity (COSCO Shipping Ports 2024). The project's origins long predate Chinese involvement. The concept dates to 2008, and a controlling interest was assembled by Volcán Compañía Minera, a Peruvian miner then within the orbit of the Swiss commodities group Glencore, which acquired half of the venture in 2011 and took full control in 2013 (Inside Climate News 2025). The decisive transformation came in January 2019, when COSCO Shipping Ports acquired a sixty% majority of the terminal company from Volcán for some US$225 million, a transaction concluded at Davos and coinciding with the signature of the memorandum of understanding that brought Peru formally within the Belt and Road Initiative (BRI) (Caixin Global 2024; Pizarro Choy 2025).

The strategic rationale of the investment operates on two registers that the thesis has treated as characteristic of Chinese state capital. Commercially, the terminal compresses the maritime distance between western South America and East Asia, reducing the sailing time from the Peruvian coast to Shanghai from the prevailing thirty-five to forty days to roughly twenty-three by means of a direct service, and positioning Chancay to redistribute cargo originating not only in Peru but in Chile, Ecuador and Colombia. Strategically, the port consolidates the supply chain through which China secures Peruvian copper, a dependence already evident in the Chinalco copper expansion of 2018 and in China's standing as the foremost importer of Peruvian ores. The undertaking has been designed for incremental expansion: the first phase comprises four berths along a quay of fifteen hundred metres, with an annual capacity of one million twenty-foot equivalent units alongside provision for bulk cargo and vehicles, while the ultimate configuration envisages as many as fifteen berths and a total outlay exceeding US$3.6 billion (COSCO Shipping Ports 2024; Diálogo Américas 2026). Its completion was the occasion for the elevation of the bilateral relationship to the status of a comprehensive strategic partnership in 2024.

5.2.2 Regulatory Framework and Contractual Arrangements

Chancay is constituted as a wholly private port, indeed as the first fully private port in Peru, in which the land, the infrastructure and the administration are privately held rather than ceded under a state concession (Pizarro Choy 2025). This legal character lies at the root of the protracted dispute over exclusivity that accompanied the terminal to its opening and that bears directly upon the question of host-state regulatory capacity. Exclusive operational rights had originally been awarded to COSCO by the National Port Authority in 2021, but legal ambiguity surrounded the grant, and in March 2024 the same authority sought its annulment on the ground that it had resulted from an administrative error (Pelcastre 2025). The Peruvian state resolved the matter in COSCO's favour through legislative means. In April 2024 the Congress amended the National Port System Law to permit the exclusive provision of port services by private holders of public-use ports, and President Boluarte promulgated the amendment with effect from 8 June 2024, citing the company's exclusive operation of Chancay as a benefit to the country (El Comercio 2024; Caixin Global 2024).

The contest then migrated to the courts. In October 2024, on the eve of the inauguration, COSCO sought a constitutional injunction against the transport-infrastructure regulator, the Organismo Supervisor de la Inversión en Infraestructura de Transporte de Uso Público (OSITRAN), contending that a privately financed terminal operating without a state concession fell outside the regulator's jurisdiction, and disputing its own classification as a regulated service provider (United States House Committee on Homeland Security 2025). The dispute was unresolved when Xi Jinping and Dina Boluarte inaugurated the port remotely during the Asia-Pacific Economic Cooperation forum in November 2024. Its resolution, when it came, was striking: on 29 January 2026 the First Constitutional Court of Lima partially upheld the injunction, invoking Article 60 of the Peruvian Constitution to order OSITRAN to refrain from supervising, auditing or sanctioning the terminal's operations, and preserving only a residual power of tariff intervention contingent upon a prior finding by the competition authority, Indecopi (SCMP 2026). The regulator appealed, and the United States Department of State publicly cautioned Lima over the diminution of oversight. The regulatory record is further shadowed by the environmental-permitting process: in 2025 six officials of the environmental-certification agency, SENACE, were charged in connection with the approval of components of the project that the company had not yet adequately addressed (Business and Human Rights Resource Centre 2025).

5.2.3 Financial Structure and Banking Architecture

The financing of Chancay illustrates, more completely than any other case in this chapter, the integrated character of Chinese overseas investment that the thesis seeks to demonstrate. The equity entry was modest in scale, the sixty% majority having been secured for approximately US$225 million in 2019, yet the construction of the terminal required capital of an altogether different order, with the total project cost reported at around US$3.6 billion and COSCO's share of the first phase estimated at some US$1.6 billion (Caixin Global 2024; Lowy Institute 2024). The debt that bridged this gap was supplied from within the Chinese financial system. The most substantial facility identified in the public record is a syndicated loan of US$975 million arranged in March 2023 and led by the Bank of China (*Zhongguo Yinhang* 中国银行), with other Chinese institutions participating (Pizarro Choy 2025). The provenance of the senior debt is significant, since it places a Chinese policy-aligned commercial bank at the centre of a transaction whose operator is itself a central state-owned enterprise.

The coordination extends to construction. The terminal has been built since 2021 by a consortium assembling the China Communications Construction Company (*Zhongguo Jiaotong Jianshe* 中国交通建设, CCCC) and its subsidiary the China Harbour Engineering Company (Pizarro Choy 2025). The transaction thus aligns a Chinese operator, a Chinese builder and a Chinese lender within a single undertaking, each answerable, through distinct chains of ownership, to the same state. This configuration is precisely the coordinated package examined in the next chapter, in which financing, construction and operation move together rather than being separately tendered to unrelated parties. The arrangement is moreover self-reinforcing at the level of the operator's balance sheet, for COSCO Shipping Ports has reported substantial profitability, with a meaningful proportion of its income drawn from its overseas terminals, so that the returns generated by ports such as Chancay underwrite the further expansion of the network (Lowy Institute 2024).

5.2.4 Implementation Process

The implementation of the project unfolded over more than a decade and a half, with the Chinese phase compressed into the years after 2019. Preparatory works, including the blasting required to level the terrain, had begun under the previous ownership as early as 2016 (Business and Human Rights Resource Centre 2025); construction of the terminal proper proceeded under the Chinese-led consortium from 2021; and the first phase was completed by the close of 2024. The inauguration took place on 14 November 2024, conducted by video link by the Chinese and Peruvian heads of state during the Asia-Pacific Economic Cooperation forum, after which trial operations and the handling of live cargo commenced within days. Full build-out to the ultimate configuration is scheduled for 2032 (Pizarro Choy 2025).

The physical works embodied the technological self-presentation that accompanies contemporary Chinese infrastructure abroad. A tunnel of one and four-fifths kilometres connects the terminal directly to the Pan-American Highway, removing port traffic from the town, and the operator has emphasised the deployment of electric haulage equipment said to reduce energy consumption by more than a quarter, marketing the facility as its first green and intelligent port in South America (COSCO Shipping Ports

2024). The compression of the construction schedule, and the delivery of a functioning megaport within roughly three years of the commencement of works, furnishes the empirical content of the claim, advanced in Chapter 4 and revisited in Chapter 6, that the integrated model confers an advantage in the speed at which complex infrastructure can be brought to completion.

5.2.5 Challenges Encountered

The difficulties that attended the project fall into two broad families, the first environmental and social, the second political and geopolitical. The environmental record has been contested from the outset. Construction has been charged with degrading the adjacent Santa Rosa wetland, a protected area of 36 ha supporting diverse birdlife, and the dredging undertaken to open a navigation channel has been blamed for destroying marine breeding grounds and depriving artisanal fishermen of the waters on which their livelihoods depended (Associated Press 2024; Diálogo Américas 2025). Local associations have further attributed beach erosion at the nearby Chorrillos shoreline to the breakwater constructed for the terminal, which is said to obstruct the natural northward movement of sediment, and have lodged a complaint of environmental crime with the regional prosecutor (Business and Human Rights Resource Centre 2025). The social burden has been concentrated upon the town itself, where blasting cracked and in places collapsed dwellings, a tunnelling incident precipitated a street collapse in the Peralvillo locality in 2022, housing costs rose sharply, and two workers died on site during 2024 (Business and Human Rights Resource Centre 2025; Diálogo Américas 2026). Community engagement has been widely judged inadequate, a deficiency traceable to an environmental-impact study approved in 2013 without sufficient public participation, and one local activist who opposed the project was made the subject of a defamation action (Inside Climate News 2025).

These grievances acquired an organised form. Fishing federations, among them the artisanal fishermen's federation of the northern coast, have protested that the exclusion of their boats from the dredged and obstructed waters has dispersed the marine species on which they relied, while a local defence front pressed, with little official response, for transparency over the project's authorisations (Inside Climate News 2025). The intensity of local sentiment is captured in the testimony of one fisherwoman, who described the port to the Associated Press as a monster that has come to ruin them (Associated Press 2024).

The second family of challenges is geopolitical. The terminal has become a focus of strategic anxiety in Washington, where security analysts have raised the prospect of intelligence collection or eventual military utility, and congressional committees have examined the implications of the Chinese port network for American interests, an anxiety that culminated in the State Department's public warning of 2026 over the curtailment of Peruvian regulatory oversight (United States House Committee on Homeland Security 2025).

5.2.6 Impact and Performance Assessment

The aggregate economic case advanced for the terminal is substantial. Projections associated with the operator anticipate that the port and its associated logistics complex will generate on the order of US$4.5 billion annually for Peru and create around 8,550 jobs, with the first phase alone credited with more than eight thousand direct positions (Caixin Global 2024; COSCO Shipping Ports 2024). The compression of transit times to East Asia, and the port's design as a redistribution hub for the western seaboard of South America, position Peru to capture logistics activity that has hitherto transited more distant facilities, a prospect that has generated unease in Chile, whose ports at San Antonio and Valparaíso have long served as the Pacific coast's principal gateways and which lacks a comparable direct service to Asia. At the level of grand strategy, the terminal consummates the copper supply chain, furnishes a Pacific gateway of evident value to Chinese commerce, and supplied the occasion for the elevation of the bilateral partnership, while serving Beijing as a conspicuous vindication of the Belt and Road Initiative at a moment when that programme's developmental record was under sustained criticism.

The assessment that the case sustains is, however, a divided one, and it is this division that lends the project its analytical importance for the thesis. On the one hand, Chancay demonstrates with unusual clarity the delivery capacity of the integrated Chinese model, a complex deep-water megaport financed, built and operated through coordinated Chinese institutions and brought to completion at a pace that competing arrangements would struggle to match. On the other hand, the macroeconomic promise coexists with a concentrated local cost borne by fishing households and by the coastal environment, and with an erosion of the host state's regulatory authority that the exclusivity settlement and the subsequent curtailment of OSITRAN's powers exemplify. The case therefore corroborates the dual character posited in Hypothesis 2, in which commercial and strategic motives are fused; it illustrates the umbrella function of the Belt and Road Initiative posited in Hypothesis 3, the project having been folded into that framework only after its commercial conception; and it furnishes a clear instance of the developmental ambivalence posited in Hypothesis 4, whereby genuine infrastructural gains are accompanied by social and environmental costs whose distribution turns upon the capacity, and at Chancay the partial incapacity, of host-country governance.

5.3 Case Study 2: EDP Renováveis in Chile and the China Three Gorges Shareholding (Greenfield Renewable Energy)

5.3.1 Background and Strategic Context

The second case differs from the first in nearly every respect that matters to this thesis, and it has been selected precisely for that reason. Where Chancay presents the integrated Chinese model in its most complete and direct form, the renewable-energy investment of EDP Renováveis in Chile presents the most attenuated and indirect form of Chinese involvement among major projects in the sub-region, and it thereby marks the outer boundary of what may reasonably be termed a Chinese state-owned enterprise investment.

EDP Renováveis (EDPR) is the listed renewable-energy subsidiary of Energias de Portugal (EDP), whose largest single shareholder is the China Three Gorges Corporation (*Zhongguo Changjiang Sanxia Jituan* 中国长江三峡集团, CTG), the state-owned power company, supervised by SASAC, that built the Three Gorges Dam (EDPR 2024). CTG acquired the Portuguese state's holding of some 21% in EDP in 2012, in the context of a strategic partnership concluded the previous year; that holding, though the largest, confers influence rather than control over a widely held company (EDPR 2024). EDPR entered Chile in 2021, its sixteenth national market, by acquiring a portfolio of 628 megawatts of wind and solar projects from two local developers, Atacama Energy and Lader Energy, for a consideration of up to US$38 million (EDP 2021). The strategic logic was that of a European renewables major rather than of Chinese statecraft, since Chile offered world-class wind and solar resources alongside a stable regulatory framework and a liquid market in long-term power-purchase agreements, within a system still dependent upon thermal sources for roughly half of its generation (EDP 2021).

5.3.2 Regulatory Framework and Contractual Arrangements

The contractual setting of the Chilean investment stands in instructive contrast to the bespoke legislative accommodation that secured the Chancay concession. EDPR has operated within the ordinary architecture of the Chilean electricity market, contracting its output through long-term power-purchase agreements in the private market and through the regulated tenders that the state periodically convenes, and competing on equal terms with other developers. The portfolio acquired in 2021 included a wind farm of 77 megawatts already furnished with a twenty-year purchase agreement, the asset class through which Chilean renewable projects ordinarily secure their revenue (EDP 2021). The company subsequently expanded by the same orthodox means, winning a public-land tender in 2023 for the development of more than 300 megawatts in the commune of Taltal, and agreeing with a local developer to build a further group of wind farms exceeding 450 megawatts in the Ñuble and Los Ríos regions, scheduled for operation between 2027 and 2030 (EDPR 2025). No special law was enacted, no exclusivity was conferred, and no regulator was displaced. The case therefore exemplifies the successful integration of a foreign investor into a mature and rule-bound regulatory environment, a feature that distinguishes it sharply from the Peruvian experience and that conditions every subsequent aspect of its development.

5.3.3 Financial Structure and Investment Architecture

It is in its financing that the case acquires its decisive significance for the argument of this thesis, since the integrated Chinese banking system, so conspicuous at Chancay, is here almost entirely absent. The Chilean projects have been financed through EDPR itself, a company listed on Euronext, drawing upon its corporate balance sheet, upon the asset-rotation model through which the EDP group recycles capital, and upon the cash flows secured by its power-purchase agreements. The capital sums involved have been modest by the standards of the other cases, the entire portfolio having been acquired for up to US$38 million in 2021, and the first operational wind farm representing an investment of some US$120 million (EDP 2021; EDPR 2025). Chinese policy banks played no identifiable part in any of this. The financial relationship between the Chinese state and the EDP group, where it has involved Chinese lending at all, has operated at the level of the European parent rather than the Chilean subsidiary, as when an US$800 million-equivalent facility from the Bank of China underwrote CTG's commitment to EDP in 2017 (EDPR 2024). The investment in Chile is consequently the negative instance against which the integrated model is best appreciated. A Chinese state-owned enterprise stands, as ultimate minority owner, at the apex of the ownership chain, yet none of the financing, the coordination or the diplomatic accompaniment that characterises direct Chinese investment is present in the Chilean projects themselves.

5.3.4 Implementation Process

The implementation of EDPR's Chilean strategy has proceeded incrementally since the market entry of 2021. The first operational milestone was the inauguration of the Punta de Talca wind farm in the commune of Ovalle in June 2024, presented as the company's inaugural operating project in the country and developed at a cost of approximately US$120 million, its fourteen turbines providing 83 megawatts of capacity and its construction generating more than 350 direct jobs (EDPR 2025). By that point, the company managed a Chilean portfolio approaching 1000 megawatts across wind, solar and storage developments at varying stages of maturity, with the Taltal-commune projects and the Ñuble and Los Ríos wind farms representing the principal additions still to be brought to operation (EDPR 2025). The pace and sequence of this build-out have been governed by the commercial calendar of tenders and purchase agreements rather than by any external political timetable, a further point of contrast with the diplomatically choreographed inauguration that marked the completion of Chancay.

5.3.5 Operational Performance and Outcomes

The operational record, though still short, has been consistent with the developmental rationale of the host state's energy transition. The Punta de Talca wind farm alone is credited with an annual output sufficient to supply on the order of 95,000 households and with the avoidance of some 140,000 tonnes of carbon-dioxide emissions each year, contributing to the displacement of the thermal generation that still dominates the Chilean matrix. The wider portfolio, as it reaches operation through the remainder of the decade, is intended to consolidate EDPR's position in a market that it regards as central to its Latin American growth. The benefits accruing to Chile are those of additional low-carbon capacity secured through competitive contracting, without the concentrated local controversy that attended the Peruvian port, a difference attributable in part to the dispersed and less territorially disruptive footprint of wind generation and in part to the orthodox regulatory process through which the projects were authorised.

5.3.6 Success Factors and Comparative Lessons

The success of the Chilean investment is best explained by the conjunction of a robust host-country regulatory environment with an investment vehicle that is itself a listed European utility rather than a Chinese state enterprise. Integration into the Chilean market required neither preferential finance nor diplomatic intervention, and the projects have advanced on commercial terms indistinguishable from those facing any other international developer. The comparative lesson that the case yields is therefore one of delimitation. It demonstrates that the presence of a Chinese state-owned enterprise within an ownership structure does not, by itself, import the integrated financial and banking apparatus that defines direct Chinese investment, and that where the host institutions are strong and the operating vehicle is a widely held foreign company, the Chinese character of the investment is reduced to a shareholding relationship exercised at one remove.

This conclusion bears directly upon two of the thesis's hypotheses. It constitutes a boundary test for Hypothesis 1, since the competitive advantages there attributed to the integrated Chinese system do not operate in a project financed through European corporate channels and Chilean purchase agreements. It also informs Hypothesis 5, by suggesting that the mode and the directness of Chinese involvement are conditioned by sector and by host-country context, the integrated model being deployed where resources or strategic infrastructure are at stake and host institutions are comparatively permeable, and being absent where neither condition obtains. The case moreover sharpens the definitional problem identified in the methodology, namely the difficulty of determining what is to count as a Chinese investment, and for that reason it serves in Section 5.6 as the indispensable counterpoint to Chancay.

5.4 Case Study 3: CRRC Corporation – Mexico City Metro Line 1

Renovation (Brownfield Infrastructure)

5.4.1 Background and Strategic Context

The third case returns the analysis to a direct and unambiguously Chinese investment, but one whose form differs from that of Chancay, since it is a brownfield renovation of an operating asset rather than the construction of a new one. Line 1 is the oldest and busiest of the Mexico City metro, a rubber-tyred line of 16,7 kilometres running from Pantitlán in the east to Observatorio in the west through twenty stations, opened in stages between 1969 and 1984 and carrying over 118 million passenger in 2025 (Railway Gazette 2025). Decades of intensive use had left its rolling stock and systems in need of comprehensive renewal, a task complicated by the requirement that the line continue to operate, so far as possible, throughout the works. The investor is the China Railway Rolling Stock Corporation (*Zhongguo Zhongche* 中国中车, CRRC), the largest manufacturer of rail vehicles in the world and a central state-owned enterprise, acting with its locomotive subsidiary CRRC Zhuzhou. The undertaking is significant within CRRC's international strategy as its first overseas application of the integrated commercial model that the company markets as System+, and it followed an earlier and smaller entry into the Mexican market through the supply of light-rail vehicles to Monterrey (China Daily 2023).

5.4.2 Regulatory Framework and Contractual Arrangements

The renovation is structured as a public-private partnership of nineteen years, tendered by the Mexico City authorities in June 2020 and awarded in December of that year, comprising four years for the refurbishment works followed by fifteen years of operation and maintenance running to the end of 2039 (Railway Gazette 2025). The award was decided substantially upon price. The consortium of CRRC Group and CRRC Zhuzhou bid 32.2 billion pesos, equivalent to roughly €1.32 billion, against a competing bid of 46.7 billion pesos from the Spanish manufacturer CAF in partnership with AEI Infrastructure, the latter consortium subsequently withdrawing when it proved unable to match the lower offer; manufacturers including Alstom and Siemens had figured among the earlier interested parties (Mexico Business News 2020). The contract embodied a substantial localisation requirement, specifying 65% local content, with the consequence that the first trainset was manufactured and tested in China while the remaining vehicles were to be assembled at a plant in the state of Querétaro with Mexican participation (Railway Gazette 2025). The principal contractor was constituted as CRRC's Mexican subsidiary, with a Spanish firm, Comsa, separately engaged under a contract of some 80 million euros for the renewal of track and electrical systems (Railway Gazette 2025).

5.4.3 Financial Structure and Investment Architecture

The financing of the renovation is the feature of greatest interest to this thesis and, at the same time, the feature least amenable to precise documentation. The defining characteristic of CRRC's System+ model is the bundling, within a single concession, of investment and financing together with the manufacture of the rolling stock, the comprehensive modernisation of the line and its long-term maintenance, so that the enterprise internalises the financing function rather than leaving it to be arranged separately (China Daily 2023). It was in part this integration, and the price advantage it permitted, that allowed the Chinese bid to undercut its European rival so decisively. The public record does not, however, disclose the identity of the senior lender or the proportions of debt and equity within the 32.2 billion-peso package. What can be established is the regional pattern within which the transaction sits. The sister Chinese-led metro concession in Bogotá, undertaken by a consortium of the China Harbour Engineering Company and a Chinese rail partner, drew its senior debt from a facility provided by the Bank of China and the Industrial and Commercial Bank of China alongside local lenders, which indicates the manner in which Chinese banks ordinarily stand behind Chinese rolling-stock consortia in the region even where, as in Mexico City, the precise structure is not made public (LatinFinance 2025). The case thus exemplifies the coordinated package examined in Chapter 6, while also illustrating, through the very opacity of its terms, the data limitation that the methodology acknowledged.

5.4.4 Implementation Process

Implementation proceeded according to a segmented plan designed to permit continued operation of much of the line during the works. The first of the new trainsets was unveiled in July 2023 at a ceremony conducted jointly in Mexico and China and attended by the mayor of Mexico City, the director of the metro operator and the Chinese ambassador, the fleet comprising nine-car rubber-tyred units of 150 metres, designed for a maximum speed of 80 km/h and a crush capacity of 2,200 passengers, and equipped with communications-based train control (Railway Gazette 2025). The localisation commitment took concrete form in the Querétaro assembly operation, supported by more than a hundred Mexican suppliers, through which a substantial portion of the fleet was progressively delivered, while the company reported the training of close to 300 Mexican technicians and the creation of roughly 1,500 jobs (China Daily 2023; CRRC 2023). The first renovated section, between Pantitlán and Salto del Agua, entered service in October 2024, and the line was fully reopened in November 2025, broadly in keeping with the four-year refurbishment period envisaged at the outset (Railway Gazette 2025).

5.4.5 Challenges and Performance Issues

The principal difficulties of the project arose from the very fact of renovating an operating line that carries over half a million passengers daily. The phased closures necessary for the works imposed prolonged disruption upon those passengers, who endured reduced service and the inconvenience of substitute arrangements across successive sections, and the scale of the undertaking attracted political scrutiny within the city's legislature over its cost and its conduct. A second order of difficulty was technological and geopolitical. The introduction of a Chinese communications-based train-control system into the busiest line of the capital of a country bound to the United States within a deeply integrated trading area gave rise to concern in some quarters over the dependence of critical urban infrastructure upon a strategic competitor, and over the implications of that dependence for the security of operational data, concerns that mirror those examined in the Chancay case though without there evolving into a formal regulatory confrontation. The most enduring of the challenges is the dependence inherent in the model itself, for the fifteen-year operation and maintenance period binds the operator to CRRC for proprietary components, software and specialist servicing over an extended horizon, a reliance whose costs and vulnerabilities will become fully apparent only across the life of the concession.

5.4.6 Impact and Performance Assessment

The developmental benefits of the renovation are tangible and, in the matter of technology transfer, more substantial than those observed at Chancay. The busiest line of the metro has been equipped with modern rolling stock and a contemporary control system, with attendant gains in accessibility and reliability, and the modernisation has been linked to the wider improvement of the network through the connection of the Observatorio terminus to the intercity railway towards Toluca. The localisation of assembly in Querétaro, the development of a local supplier base and the training of Mexican technicians represent a genuine, if bounded, transfer of capability, and the project's recognition by the United Nations Development Programme as a notable example of public-private partnership reflects the favourable construction placed upon it in development circles (CRRC 2023). These gains are nonetheless qualified by the dependence already noted and by the limits of a transfer that extends to assembly and maintenance rather than to the proprietary core of the technology.

The case bears upon the thesis's hypotheses in a manner that is in some respects the obverse of the Chilean case. It furnishes strong support for Hypothesis 1, since the competitive advantage of the integrated Chinese offer, in which financing is folded into a single bundled proposition, was precisely what enabled CRRC to prevail over a capable European competitor on price. It corroborates Hypothesis 2, the renovation advancing both the commercial interests of CRRC and the strategic objective of establishing Chinese rail technology in a major Latin American market under the Going Out strategy. And it illustrates the developmental ambivalence of Hypothesis 4 in a milder register than Chancay, the evident benefits to urban mobility and to local industry being weighed against a long-term technological dependence rather than against acute social and environmental harm. The choice of a brownfield mode, finally, conforms to the expectation of Hypothesis 5, the renovation of an existing asset being the natural form for an investment whose object was a line already in operation.

5.5 Case Study 4: Zijin Mining – Tres Quebradas (3Q) Lithium Project, Argentina (Brownfield Mining Acquisition)

5.5.1 Background and Strategic Context

The fourth and final case is, like the third, a direct Chinese investment, but it diverges from every preceding case in two respects that matter for the argument: the investor is not a central state-owned enterprise, and the entry was effected not by construction but by the acquisition of a foreign company. The investor is the Zijin Mining Group (*Zijin Kuangye* 紫金矿业, hereafter Zijin), among the foremost Chinese producers of gold, copper and zinc, listed on both the Shanghai and Hong Kong exchanges and directed since its origins by its chairman, Chen Jinghe (Zijin Mining 2021). The character of its ownership requires precision at the outset. Zijin is not an enterprise supervised by SASAC, as COSCO, CRRC and China Three Gorges are, but a publicly traded company with a dispersed shareholder register whose largest single holder, with a stake of roughly one-quarter, is the Minxi Xinghang State-owned Assets Investment Company, an investment vehicle of the government of Shanghang County in Fujian province (Zijin Mining 2021). The state that anchors Zijin is therefore a sub-national authority holding a controlling minority rather than the central government holding outright ownership, and the enterprise combines that local-state direction with the capital base and commercial discipline of an internationally listed mining major. The case thus carries forward, in a different form, the definitional difficulty already encountered in the Chilean investment.

The strategic logic of the acquisition was the securing of an upstream position in a critical mineral at the moment of its greatest scarcity. The Tres Quebradas project, known also as 3Q, lies in the province of Catamarca, within the lithium triangle of north-western Argentina that holds a large share of the world's lithium-brine resources, and it ranks among the largest and highest-grade deposits of its kind, its resource estimated by the acquirer at 7.5 million tonnes of lithium carbonate equivalent at an average concentration well above the industry norm (Zijin Mining 2021). The investment carried Zijin from its established base in precious and base metals into the new-energy minerals on which the manufacture of electric-vehicle batteries depends, a field in which China already dominated the downstream processing and in which the established Chinese producers Ganfeng (*Ganfeng Liye* 赣锋锂业) and Tianqi (*Tianqi Liye* 天

齐锂业) had preceded it. The acquisition therefore extended Chinese control of the battery supply chain upstream towards the resource itself, a vertical integration of evident strategic value.

5.5.2 Regulatory Framework and Contractual Arrangements

The investment took the legal form of a takeover of Neo Lithium Corporation, a company listed on the Toronto Stock Exchange whose principal asset was the 3Q project, held through its Argentine operating subsidiary, Liex (Zijin Mining 2021). The offer, of C$6.50 per share in cash, was approved unanimously by the target's board and was conditional upon the assent of its shareholders and upon regulatory, stock-exchange and court approvals in both Canada and China, the transaction being concluded in the first half of 2022 (NS Energy 2021). A Chinese interest in the deposit had in fact preceded Zijin, since the Chinese battery manufacturer Contemporary Amperex Technology (*Ningde Shidai* 宁德时代, CATL) numbered among Neo Lithium's shareholders (NS Energy 2021). The closing of the acquisition coincided with the beginning of a marked tightening of national-security scrutiny over Chinese investment in critical minerals among Western governments, a shift that the broader literature on the critical-minerals contest has documented, although the Tres Quebradas transaction, already concluded, lay beyond the reach of that emerging caution (Rubiolo and Juste 2026). Within Argentina the project fell under the provincial jurisdiction of Catamarca, whose mining regime is among the most established in the country, and the asset was reported as fully permitted by the time it reached construction (Businesswire 2024).

5.5.3 Financial Structure and Acquisition Architecture

The financing of the acquisition is, for the purposes of this thesis, the structural opposite of the arrangement observed at Chancay, and it is for that reason instructive. The purchase was an all-cash transaction valued at approximately C$960 million, equivalent to €691 million, funded from the company's own resources, and no acquisition-finance syndicate of the kind that the Chinese policy and commercial banks assembled for the Peruvian port has been identified in connection with it (Zijin Mining 2021; NS Energy 2021). The integrated Chinese banking system, in other words, was absent from the transaction, the resource having been secured directly from the balance sheet of a cash-generative listed miner. The capital subsequently committed to the development of the asset followed the same internally funded pattern, an initial investment of US$380 million being announced for the construction of a lithium-carbonate plant of 20,000 tonnes' annual capacity, with cumulative investment later reported more than US$600 million (Mining.com 2022; Businesswire 2024). The case accordingly qualifies any claim that the integrated banking model is a universal feature of Chinese investment and locates the salience of that model in large greenfield infrastructure rather than in corporate acquisition, where a well-capitalised enterprise may dispense with external finance altogether.

5.5.4 Implementation Process

Following the acquisition, Zijin advanced the project from the development stage to construction through its subsidiary Liex, retaining the operating structure that Neo Lithium had established. The plant of 20,000 tonnes' annual capacity progressed towards completion over the years following the takeover, the asset being fully permitted and the company signalling an intention to double output in the medium term (Mining.com 2022). Production commenced in October 2025, the project targeting an initial output of 20,000 tonnes of lithium carbonate equivalent a year, by which point the cumulative investment had passed US$600 million (Businesswire 2024; BNamericas 2025). The implementation thus proceeded over roughly three to four years from acquisition to first production, a timeline consistent with the development of a defined and permitted brine resource and unencumbered by the protracted construction and community negotiation that a greenfield undertaking of comparable scale would have required.

5.5.5 Challenges Encountered

The principal difficulty confronting the project was one of market timing. The acquisition was concluded near the height of the lithium price boom, but the subsequent development coincided with a sharp reversal, as oversupply drove the price of lithium carbonate down steeply across 2023 and 2024 and eroded the economics upon which the investment had been premised (Businesswire 2024). Zijin's continued commitment through the downturn amounted to a counter-cyclical wager that demand would recover with the electrification of transport. A second order of difficulty was environmental, since the extraction of lithium from high-Andean salt flats raises acute concerns over water use and over the fragile ecosystems of the brine basins, concerns that the Chinese-language scholarship has itself identified as among the foremost risks attending Chinese investment in Latin American lithium, alongside resource nationalism and community opposition (He 2022, 48; Rubiolo and Juste 2026). A third difficulty is the matter of classification already noted, for the treatment of a locally-state-controlled but market-listed and commercially-driven enterprise as an instrument of central Chinese statecraft is analytically uncertain, and the conduct of the project, governed by the commercial calculus of a listed company, does little to resolve that uncertainty in favour of a statist reading.

5.5.6 Impact and Performance Assessment

The strategic significance of the investment, considered from the standpoint of the Chinese economy, is considerable, since it secures an upstream source of a mineral indispensable to the battery and electric-vehicle industries in which China is pre-eminent, completing a vertical integration that extends from the brine of the Argentine Andes to the manufacture of cells. For Argentina, and for the province of

Catamarca, the project represents substantial inward investment and the development of a world-class resource, contributing to the country's emergence as a major lithium producer within the global market. The assessment that the case sustains is one of demonstrated capability qualified by definitional ambiguity. Zijin acquired and developed a leading resource with notable speed and without recourse to external finance, an achievement that testifies to the depth of Chinese corporate capital, yet the absence of the integrated banking apparatus, together with the sub-national and minority character of the state's stake, complicates the project's assimilation to the model of state-directed investment that the thesis examines.

The case bears upon the hypotheses in a manner that both confirms and delimits them. It furnishes strong support for Hypothesis 2, since the move into lithium aligns precisely with the strategic priority that China attaches to the new-energy minerals, even where the vehicle of that alignment is a commercially-governed listed firm rather than a central enterprise. It constitutes, like the Chilean case, a boundary instance for Hypothesis 1, the competitive advantages of the integrated financial system being inoperative in a self-funded acquisition. It conforms to Hypothesis 5, the brownfield acquisition having been the swiftest route to a defined and permitted resource, though the facilitation came here from the enterprise's own capital rather than from the integrated system. And it exhibits the developmental ambivalence of Hypothesis 4, the genuine contribution to resource development being weighed against the environmental hazards of brine extraction and the volatility of the market into which the project has been delivered.

5.6 Cross-Case Comparative Analysis

Having examined the four projects in isolation, the analysis now sets them side by side, so that the patterns recurring across sectors and entry modes may be distinguished from the features peculiar to a single undertaking. The comparison is made possible by the uniform template through which each case was presented, and its purpose is twofold: to consolidate the empirical findings of the chapter, and to prepare the systematic account of the Chinese financial and banking system that Chapter 6 will construct. The four cases were chosen, as the methodology explained, to vary along the dimensions that the literature treats as decisive, and it is along those same dimensions that they are now compared.

5.6.1 Entry Modes and Sectoral Patterns

The cases divide evenly by mode of entry, the Peruvian port and the Chilean wind farms representing greenfield creation, the Mexican metro and the Argentine lithium project representing brownfield renovation and acquisition respectively. The pattern that emerges is that the mode follows from the nature of the asset and from the route of swiftest access. Where new capacity had to be brought into being, as with a deep-water port or a wind complex on previously undeveloped land, the greenfield form was unavoidable; where an operating asset or a defined and permitted resource already existed, as with the metro line and the lithium deposit, renovation or acquisition offered a faster path to operation than construction would have allowed. This co-variation of mode with the character of the opportunity lends support to Hypothesis 5, which anticipates that the entry mode is conditioned by the strategic objective and the circumstances of access.

The sectoral distribution is equally patterned. The four sectors of port logistics, renewable-energy generation, urban-rail equipment and lithium extraction are not a representative cross-section of the opportunities available in the region but cluster around two poles of Chinese strategic priority, the securing of strategic resources and connectivity on the one hand and the export of Chinese industrial capability on the other. This clustering corroborates the pronounced sectoral concentration that scholars have documented in Chinese investment in the region, and it accords with the developmental-state reading advanced in the Introduction, in which outward investment serves the priorities of industrial policy rather than a diversified pursuit of return (Dussel Peters, Cook, and Alter 2024, 8). The lithium and renewable-energy cases in particular reflect the contemporary salience of the energy transition and of the critical minerals on which it depends, a salience that the recent literature has placed at the centre of the competition for resources in the global South (Rubiolo and Juste 2026).

5.6.2 Comparative Financing Structures and the SOE–Bank Nexus

The financing arrangements constitute the analytical heart of the comparison, since they bear most directly upon the thesis's central concern with the integrated Chinese financial and banking system. The four cases describe a spectrum. At one extreme stands Chancay, in which equity was combined with a syndicated facility led by the Bank of China, and in which a Chinese operator, a Chinese builder and a Chinese lender were brought together within a single undertaking, the fullest expression of the coordinated package to be found in the chapter. The Mexico City renovation occupies an intermediate position, the financing having been internalised within CRRC's bundled commercial model rather than arranged through a separately identified syndicate, with the comparable Bogotá concession indicating the manner in which Chinese banks ordinarily stand behind such consortia even where the structure is undisclosed. At the other extreme stand the Chilean and Argentine cases, in which the integrated Chinese banking system is absent altogether, the Chilean projects being financed through the corporate balance sheet of a listed European utility and the Argentine acquisition through the retained resources of a listed mining group. The following matrix summarises the spectrum.

Case	Financing structure	Role of the Chinese banking system	Coordinated package

Chancay port	Equity plus a Chinese syndicated facility led by the Bank of China (about US$975 million)	Central	Operator, builder and lender combined within one undertaking
Metro Line 1	Financing bundled within CRRC's System+ concession	Internalised within the enterprise; senior lender not disclosed	Enterprise integrates finance, manufacture and operation
EDPR in Chile	European corporate balance sheet and power-purchase agreements	Absent	Chinese link confined to a minority shareholding in the parent
Tres Quebradas	Self-funded cash acquisition	Absent	A single firm acting without external finance

The lesson of the spectrum is that the enterprise-bank nexus, where it operates, is both real and formidable, but that it is not a universal feature of Chinese investment. It is decisive in one of the four cases and implicit in a second, and it is wholly absent from the remaining two. Its presence is concentrated, moreover, in the financing of large greenfield infrastructure, where the scale of the capital required, the length of the payback and the value of bundling construction with finance reward the coordinated approach, and it recedes in corporate acquisition and in investment mediated through listed foreign vehicles, where a well-capitalised enterprise may finance itself. This finding refines rather than refutes Hypothesis 1. The competitive advantage of the integrated financial system, evident in the speed and the coordination with which Chancay was delivered and in the price advantage that the bundled model conferred upon CRRC, is genuine where the model is deployed, and it corresponds to the pattern of policy-bank-led strategic lending that the literature has identified as characteristic of Chinese engagement in the region (Jenkins 2019, 233; Yueh 2024). The advantage is, however, conditional upon the type of investment, and the chapter's cases delimit its scope.

5.6.3 Impacts and Host-Country Responses

The developmental record of the four projects is uniformly ambivalent, though the balance of benefit and cost differs markedly from case to case, and the variation is itself instructive. At Chancay the substantial macroeconomic promise of a continental logistics hub coexists with a concentrated local burden borne by fishing households and the coastal environment, and with a discernible erosion of the host state's regulatory authority. In Mexico City the modernisation of the busiest metro line and a genuine, if bounded, transfer of manufacturing capability is weighed against a long-term technological dependence upon the supplier. In Chile the addition of low-carbon capacity through competitive contracting has proceeded with little of the controversy seen elsewhere, while in Argentina the development of a world-class resource is shadowed by the environmental hazards of brine extraction and by the volatility of the lithium market. The decisive regularity is that the severity of the adverse impact varies inversely with the regulatory capacity of the host. Where the institutions are permeable, as in Peru, the costs and the governance erosion are greatest; where they are robust, as in Chile, the benefits accrue with the least friction. This regularity furnishes strong support for Hypothesis 4, in which the developmental consequences of Chinese investment are held to be genuinely double-edged and contingent upon governance.

The responses of the host states accordingly emerge as a decisive variable rather than a passive backdrop, and they range widely. Peru accommodated the investor through the legislative facilitation of exclusivity and through a judicial curtailment of its own regulator; Chile integrated the investment on ordinary commercial terms; Mexico extracted a substantial localisation commitment through the requirement of 65% local content; and Argentina governed the resource through the established provincial regime of Catamarca. This diversity confirms the argument, advanced in the literature on the post-boom recalibration of relations, that outcomes are co-produced by host institutions and are not dictated by the investor (Guo 2023). The comparison also lends concrete form to two strands of the risk literature. The Chinese-language scholarship on the security of resource investments, which identifies community disturbance and third-party intervention as principal hazards, is well illustrated by the Chancay episode, in which local opposition and the public pressure of the United States converged upon a single project (Song and Dai 2024, 49–50); and the Western literature on the strategic implications of Chinese engagement finds its clearest referent in the same case (Ellis 2022).

5.6.4 Synthesis: Preliminary Cross-Case Findings

The chapter yields a set of findings that may now be stated in consolidated form and carried forward. The first and most important is that the integrated financial and banking system, the central object of this thesis, is a real and powerful instrument whose operation is nonetheless conditional, being concentrated in the financing of large greenfield infrastructure and absent from corporate acquisition and indirectly mediated investment; the specification of when and how that system operates is the task that Chapter 6 must discharge. The second is that the sectoral pattern of the investments is consistent with the priorities of Chinese industrial policy across all four cases, in confirmation of the strategic concentration posited in Hypothesis 2 and of the developmental-state framework more broadly. The third is that the Belt and Road Initiative functions as an umbrella and a source of legitimation rather than as a rigid blueprint, the Peruvian port having been folded into the framework after its commercial conception while the other investments proceeded under varying or negligible association with it, in accordance with Hypothesis 3 and with the reading of Chinese global engagement as an encompassing rather than a centrally scripted phenomenon (Vadell 2022; Lee 2017).

The fourth finding is that the developmental consequences of the investments are genuinely ambivalent and are co-produced with the institutions of the host, whose regulatory capacity emerges as the variable that most powerfully shapes the distribution of benefit and cost, as Hypothesis 4 anticipated. The fifth is that the mode and the directness of Chinese involvement are conditioned by sector and by the maturity of the host market, in keeping with Hypothesis 5. There remains a sixth observation, which is less a confirmation of a hypothesis than a caveat that the chapter has repeatedly encountered, namely that the boundary of what constitutes a Chinese state-owned enterprise investment is porous rather than sharp. The Chilean case, in which a Chinese state enterprise holds a minority and non-controlling stake in a listed European parent, and the Argentine case, in which the investor is a market-listed firm anchored by a sub-national state shareholder, both demonstrate that ownership and control are matters of degree, a recognition that must temper the analysis of the chapters that follow. With these findings established at the level of the individual project, the study now ascends to the systematic level, in order to reconstruct the architecture of the Chinese financial support system and the mechanisms through which its enterprises and its banks move together.

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CHAPTER 6: The Integrated Financial and Banking System

China's transformation from a closed, inward-looking economy to one of the world's largest sources of outward foreign direct investment represents one of the most dramatic shifts in the global economic order. This evolution can be understood through three distinct phases, each characterised by different policy frameworks, institutional developments, and investment patterns.

The preceding chapter examined the financing of Chinese investment at the level of the individual project, and it concluded that the integrated financial and banking system, though real and formidable where it operates, is conditional rather than universal, being concentrated in the financing of large greenfield infrastructure and receding in corporate acquisition and in investment mediated through listed foreign vehicles. The present chapter ascends from the project to the system, in order to reconstruct the architecture of that financial apparatus and to specify the mechanisms through which its enterprises and its banks move together. It proceeds in five stages. The first maps the institutional ecosystem of Chinese financial support, distinguishing the policy banks from the commercial banks and situating both alongside the development funds, the export-credit insurer and the monetary authority. The second analyses the coordinated package in which financing, construction and operation are bound together, and the role of the holding apparatus that aligns the incentives of the enterprises and the banks. The third assesses the competitive advantage that the integrated model is held to confer, and the fourth weighs the systemic risks that attend it, before the fifth draws the analysis together. Throughout, the argument returns to the four cases of Chapter 5 for its empirical purchase, and it reads the whole through the framework established in the Introduction, in which the party-state functions as a collective capitalist whose financial institutions are the instruments of a centrally coordinated strategy.

6.1 The Architecture of Chinese Financial Support

The financial support available to Chinese enterprises investing abroad is furnished not by any single institution but by a layered ecosystem whose components perform distinct yet complementary functions. At its base stand the two policy banks that have historically supplied the bulk of Chinese development finance, above which sit the large state commercial banks whose role has lately grown as that of the policy banks has receded. Alongside the banks operate a set of equity and quasi-equity funds, an export-credit insurer that underwrites the risk of the whole, and the central bank, whose currency arrangements increasingly anchor the system. What unites these institutions, and what distinguishes the ecosystem from the dispersed and competitive financial landscape that confronts a Western multinational, is their common ultimate subordination to the party-state, a subordination that permits a degree of coordination among them that has no ready counterpart elsewhere. This section examines each component in turn.

6.1.1 Policy Banks as the Backbone: CDB and China Exim Bank

The historic backbone of Chinese overseas finance is the pair of development finance institutions established in 1994, the China Development Bank (*Guojia Kaifa Yinhang* 国家开发银行, CDB) and the Export-Import Bank of China (*Zhongguo Jinchukou Yinhang* 中国进出口银行, hereafter China Exim Bank). Both are policy banks under the direct authority of the State Council, charged with financing the priorities of the central government rather than with the maximisation of return, and CDB ranks as the largest development bank in the world. For the first decade and a half of the present century these two institutions were the principal vehicles of Chinese engagement in Latin America, and their lending defined the relationship. According to the database maintained jointly by the Inter-American Dialogue and Boston University, the only comprehensive public record of such finance, the two banks committed well over US$120 billion to the governments and state-owned enterprises of the region between 2005 and the early 2020s, a sum that for a time exceeded the regional lending of the World Bank and the Inter-American Development Bank combined, the single year 2010 seeing CDB alone extend close to US$25 billion (Ray and Myers 2024; Gallagher and Myers 2020).

Three features of this lending bear directly upon the argument of the thesis. The first is its sectoral and geographical concentration, the finance having flowed overwhelmingly into energy and infrastructure and having been directed at a small number of recipients, with Venezuela alone accounting for nearly half of all Chinese development finance to the region since 2005, followed at a distance by Brazil, Ecuador and Argentina (Americas Quarterly 2025; Gallagher and Myers 2020). The second is the characteristic structure of the loans, which were frequently secured against commodities, most conspicuously in the oil-backed credits extended to Venezuela and Ecuador, and which imposed few of the policy conditions associated with the lending of the multilateral institutions while routinely requiring the use of Chinese contractors or equipment. This last requirement furnishes a direct link to the cases of the previous chapter, since CDB extended export credit to Argentina precisely in order to finance the purchase of rolling stock from CRRC, the supplier whose renovation of the Mexico City metro was examined in Chapter 5 (Gallagher and Myers 2020). The third feature is the most striking in the present moment, namely the dramatic contraction of this lending. From the peak of the previous decade, policy-bank finance to the region fell to an average of little more than US$1.3 billion a year over the period from 2019 to 2023, the year 2022 seeing only some US$863 million committed and the year 2023 only two loans, both to Brazil, while the lending of the World Bank and the Inter-American Development Bank has once again surpassed it (Ray and Myers 2024; Americas Quarterly 2025).

The causes of this contraction illuminate the evolution of the model. A principal driver has been the reluctance of the Chinese authorities to extend further credit to Venezuela, the recipient that had absorbed the largest share of past lending and whose subsequent default cast a long shadow, and a further driver has been the tightening of risk management within the Chinese financial system itself, expressed in the stricter standards imposed from 2023 by the newly created National Financial Regulatory Administration (Americas Quarterly 2025). The contraction does not, however, signify a Chinese retreat from the region so much as a transformation in the form of its financial engagement, away from the sovereign lending of the policy banks and towards the commercial-bank syndication, the enterprise-bundled finance and the corporate equity that the cases of Chapter 5 exemplified. The policy banks, in short, built the model and defined its strategic and concessional character, but the centre of gravity of Chinese overseas finance has since shifted, and it is to the institutions now occupying that centre that the analysis turns.

6.1.2 Commercial Banks in Support of SOE Investment

As the sovereign lending of the policy banks has receded, the large state commercial banks have assumed a growing role in the financing of Chinese investment in Latin America. The foremost of these are the institutions commonly grouped as China's major state-controlled commercial banks, among them the Industrial and Commercial Bank of China (*Zhongguo Gongshang Yinhang* 中国工商银行, ICBC), the Bank of China (*Zhongguo Yinhang* 中国银行, BOC) and the China Construction Bank (*Zhongguo Jianshe Yinhang* 中国建设银行, CCB), several of which rank among the largest banks in the world by assets. Their function differs in kind from that of the policy banks, for where the latter extended sovereign loans to host governments in pursuit of strategic objectives, the commercial banks provide more disciplined project and corporate financing in support of the Chinese enterprises operating in the region, and they have moved to fill the space vacated by such Western banks as have withdrawn from Latin American markets in recent years (Yueh 2024).

Their presence in the region has been established largely through subsidiaries rather than branches, and it now extends across the principal economies, ICBC, BOC and CCB being active in Argentina, Brazil, Chile, Peru and elsewhere, with ICBC and the Bank of China constituting the only two Chinese banks operating in Mexico (Yueh 2024). The most substantial single instance of this commercial-bank expansion is the acquisition by ICBC, in 2012, of a controlling interest of 80% in Standard Bank Argentina for a consideration of approximately US$600 million, the rebranded ICBC Argentina becoming through that purchase one of the larger private banks in the country, with a network of more than a hundred branches (ICBC Argentina, n.d.). This was the most prominent acquisition of a local banking platform by a Chinese institution in the region, and it furnished ICBC with a domestic footing from which to serve both Chinese and local clients.

The significance of the commercial banks for the argument of this thesis is best appreciated through the Chancay case, which exemplifies their new centrality. The senior debt that financed the construction of the Peruvian port was not a sovereign loan from a policy bank but a syndicated facility of some US$975 million arranged in 2023 and led by the Bank of China, with other Chinese institutions participating, a structure that placed a state commercial bank, rather than CDB or China Exim Bank, at the financial centre of a transaction whose operator was itself a central state-owned enterprise (Pizarro Choy 2025). The same institutions perform a further and related function in the internationalisation of the renminbi, the Bank of China having facilitated renminbi-denominated trade finance for Brazilian exporters and the commercial banks generally serving as the clearing and settlement nodes of the emerging currency architecture examined below (Federal Reserve 2024). It must be added that the commercial banks operate under a tightening regulatory regime, the National Financial Regulatory Administration having extended its stricter risk-management guidelines to ICBC and the Bank of China in 2025, a development that signals a more cautious posture towards cross-border lending even as the commercial banks assume the role once played by the policy banks (Americas Quarterly 2025).

6.1.3 Development Funds and Sovereign Investment Vehicles

Beyond the banks, the architecture includes a layer of funds that supply equity and quasi-equity finance, complementing the debt furnished by the lending institutions. From the middle of the previous decade the Chinese authorities established a series of region-wide vehicles, amounting in aggregate to some US$35 billion in announced commitments, among them the China-Latin America Industrial Cooperation Investment Fund and the China-Latin America Cooperation Fund, alongside a dedicated infrastructure credit line, and operating in parallel with the globally mandated Silk Road Fund (*Sichou zhi Lu Jijin* 丝路基金) created in 2014 to provide equity for Belt and Road projects (Myers 2022). These vehicles were intended to extend the range of Chinese finance from sovereign lending towards direct participation in the equity of projects, and thereby to align the financial commitment of the Chinese state more closely with the commercial fortunes of the undertakings it supported.

The practical importance of these funds has, however, been more modest than their announcement suggested, and it has remained uncertain whether they constitute genuinely new finance or a repackaging of existing bilateral commitments (Myers 2022). Their relevance to the present argument is nonetheless twofold. They represent, first, the equity counterpart to the debt instruments of the banks, and thus a further dimension of the integrated apparatus; and they illustrate, second, the breadth of the institutional repertoire on which the Chinese state can draw, a repertoire extending from concessional sovereign loans through commercial project finance to direct equity participation, and supported throughout by the sovereign wealth of the China Investment Corporation, whose capital has been deployed both in equity stakes abroad and in the recapitalisation of the export-credit insurer to which the analysis now turns.

6.1.4 Export Credit Insurance and the Role of Sinosure

The least visible but in some respects the most pivotal component of the architecture is the China Export and Credit Insurance Corporation, known as Sinosure, the only national policy-oriented export-credit agency in China, established in 2001 in the aftermath of the country's accession to the World Trade Organization through the merger of the export-credit insurance functions of the People's Insurance Company of China and China Exim Bank. Sinosure is not a lender but a state-funded insurer, and its function is to cover the political and commercial risks that attend the export of Chinese goods and capital, including the risks of expropriation, of war and political upheaval, of breach of contract and of non-payment, in a manner analogous to that of the Multilateral Investment Guarantee Agency of the World Bank (Odi 2024). Its mandate, originally confined to the promotion of Chinese exports, was substantially enlarged following a capital injection from China's sovereign wealth fund in 2011, after which it came increasingly to underwrite not only the export of goods but the export of capital itself, through insurance covering both the equity and the debt of Chinese investments abroad.

The pivotal character of Sinosure lies in its capacity, as one analysis has put it, to render otherwise unbankable projects bankable, for it is the provision of state-backed insurance that allows the policy and commercial banks to extend finance to projects in jurisdictions whose risk would otherwise deter them (Odi 2024). The scale of this underwriting is very large, the corporation having provided, by the end of 2022, cumulative cover exceeding US$1.3 trillion for projects in Belt and Road countries, and in Latin America it was among the first Chinese insurers to guarantee major engineering and construction undertakings and equipment exports (Odi 2024; Myers 2022). Two implications follow for the argument of this thesis. The first is that Sinosure constitutes a hidden but essential element of the coordinated package since the insurance it provides is frequently the precondition of the lending that the banks supply. The second, to which the chapter returns in its assessment of risk, is that the socialisation of risk through a state insurer carries the seeds of moral hazard, weakening the discipline that the prospect of loss would otherwise impose upon both lender and borrower, a consideration that the diminishing risk appetite of Sinosure under the more cautious dispensation of recent years has begun to reflect.

6.1.5 Inter-Institutional Coordination and Monetary Anchors

The components surveyed above do not operate in isolation but are coordinated, with varying degrees of formality, through the policy apparatus of the party-state, the priorities being set in the successive Five-Year Plans and in the frameworks of the Going Out strategy and the Belt and Road Initiative, and the institutions being directed and increasingly regulated by organs of the State Council, among them the National Financial Regulatory Administration created in 2023. The mechanism of ownership through which this coordination is effected at the level of the enterprises is the subject of the next section. Instead, the central bank has come to provide a momentary anchor for the internationalisation of the renminbi both an instrument and an objective of the financial strategy, and one in which Latin America has figured prominently.

The clearest instance is the bilateral currency-swap arrangement between the People's Bank of China (*Zhongguo Renmin Yinhang* 中国人民银行, PBoC) and the central bank of Argentina. First concluded in 2009 at a value of 70 billion renminbi, and successively renewed and enlarged thereafter until it reached 135 billion renminbi, equivalent to €17 billion, the arrangement has evolved from a mechanism of trade settlement into something approaching a facility of last resort, upon which a chronically reserve-poor Argentina drew in every year between 2014 and 2021, and through which it came by 2023 to settle payments for Chinese imports, and even a portion of its obligations to the International Monetary Fund, in renminbi rather than dollars (Arnold 2023; Federal Reserve 2024). The arrangement was extended once more in 2025, and it has bound the Argentine monetary authority to Beijing in a relationship of pronounced asymmetric dependence, a dependence whose significance for the Tres Quebradas lithium investment, undertaken in the same country, lies in the broader financial entanglement within which that investment is set. A comparable, if less acute, development is observable in Brazil, where an agreement of 2023 provided for the settlement of bilateral trade in renminbi and reais rather than dollars, where a renminbi clearing bank has been established and a Brazilian institution admitted to the Chinese cross-border payment system, and where the Bank of China has begun to furnish renminbi trade finance to Brazilian exporters (Federal Reserve 2024). These arrangements form part of a wider network of offshore renminbi clearing banks and of the cross-border interbank payment system introduced in 2015, and they serve the strategic purpose, integral to the Going Out strategy, of internationalising the Chinese currency and the Chinese financial institutions while reducing the dependence of both China and its partners upon the dollar. The monetary architecture thus completes the financial ecosystem, binding the host economies to the Chinese financial system at the level of the currency itself.

6.2 The 'Moving Together' Model: SOE–Bank Coordinated Packages

The architecture surveyed in the previous section acquires its distinctive power only when its components act in concert, and it is this concerted action that the metaphor of enterprises and banks moving together is intended to capture. The present section anatomises the coordinated package in which investment, construction, financing and operation are bound together; it identifies the mechanism of common ownership, embodied in the state-asset holding apparatus, that aligns the incentives making such coordination possible; it examines the principal instruments through which the package has historically been assembled; and it tests the whole against the four cases of Chapter 5.

6.2.1 Anatomy of the Coordinated Package

The character of the Chinese coordinated package is best grasped by contrast with the arrangement it displaces. In the financing of a large infrastructure project in a market economy, the host ordinarily contracts separately with an operator and a construction contractor, and arranges finance at arm's length from commercial banks or the bond markets, the several parties being independent and profit-seeking, and the relationship between lender and borrower being inherently adversarial in the sense that each prices the risk it bears against the other. The Chinese package collapses these separations. It presents the host with a single integrated proposition in which the operator, the construction contractor, the senior lender and frequently the insurer are all Chinese entities subordinate, through their several chains of ownership, to the same state, and in which investment, construction, financing and often the long-term operation of the asset are combined within one undertaking.

The advantages of this bundling are considerable. The package can be assembled and delivered with a speed that separate tenders and independent negotiations would preclude; it carries the weight of state-backed finance behind it; and it internalises the costs of coordination that would otherwise fall upon the host. Its deeper significance, however, lies in the fact that its components do not behave as arm's-length counterparties, for the lender, the builder and the operator share an ultimate owner, and the discipline that the prospect of mutual default imposes upon independent parties is correspondingly attenuated. This is the substance of moving together: the finance follows the firm, the firm deploys Chinese equipment and Chinese contractors, and the resulting whole is underwritten by the state insurer, in a configuration that one influential study has characterised as the encompassing quality of Chinese state capital, which binds economic engagement to political and diplomatic accompaniment (Lee 2017). The package is not invariant in form, and as the cases will show it may be led by a bank, internalised within a single enterprise, or absent altogether, but its logic is constant wherever it appears.

6.2.2 SASAC and the Alignment of Incentives under Common Ownership

The mechanism that renders the coordinated package possible is common ownership, for it is because the operator, the contractor, the lender and the insurer are owned, in the last instance, by the same party-state that the adversarial relationship of market finance gives way to a coordination internal to a single ownership structure. The institutional embodiment of that ownership, on the non-financial side, is the State-owned Assets Supervision and Administration Commission (*Guoyou Zichan Jiandu Guanli Weiyuanhui* 国有资产监督管理委员会, SASAC), established in 2003 through the consolidation of the state-asset functions previously dispersed among numerous ministries, and charged with exercising the responsibilities of the owner over the central, non-financial state-owned enterprises (Asia Society Policy Institute 2022). SASAC supervises a body of around 97 central enterprises, reduced over two decades from nearly 200 through a deliberate programme of merger and consolidation, and these enterprises occupy the commanding heights of the economy, their combined assets exceeding 90 trillion yuan, equivalent to €11 trillion, by 2024 (SASAC 2025; Asia Society Policy Institute 2022).

The powers of the commission are those of an owner acting strategically rather than of a regulator acting at a distance. It performs the investor's responsibilities over the enterprises it supervises, it approves their major reorganisations and mergers, it establishes the criteria by which their performance is evaluated, and it bears responsibility for the preservation and increase of the value of the state's assets, its mandate resting upon the State Council regulations of 2003 and the Law on State-Owned Assets in Enterprises of 2008 (Asia Society Policy Institute 2022). Crucially, the appointment and removal of the senior executives of these enterprises is exercised in deference to the Organization Department of the Chinese Communist Party, so that the leadership of the state-owned sector is selected through the same personnel system that staffs the party and the state, and executives move in the course of their careers between the enterprises, the banks, the regulators and the organs of government (SASAC 2021). It is this fusion of ownership with party personnel control that gives concrete institutional form to the conception of the party-state as a collective capitalist exercising, through a directing stratum, the disposition of the means of production according to the joint logic of accumulation and strategic priority (Bettelheim 1978, 22).

The bearing of this apparatus upon the cases is direct. The operator of the Peruvian port, the China COSCO Shipping Corporation, its builders, the China Communications Construction Company and its subsidiary, and the developer of the Chilean wind assets' ultimate parent, the China Three Gorges Corporation, are all central enterprises supervised by SASAC, as is the renovator of the Mexican metro, CRRC. Their senior leadership is appointed through the party's personnel system, and their conduct is evaluated against targets that incorporate strategic as well as commercial objectives. The banks complete the structure of common ownership from the financial side, the policy banks standing under the direct authority of the State Council and the major commercial banks being controlled by the state through the sovereign holding company Central Huijin (*Zhongyang Huijin* 中央汇金), so that the enterprise undertaking an investment and the bank financing it answer, in the last instance, to a single owner. The arrangement that a Western multinational conspicuously lacks, whose lenders are independent institutions pricing its risk adversarially, is thus the defining feature of the Chinese SOE's financial environment, in which the lender is, at the ultimate level of ownership, an arm of the same state as the borrower. One qualification, already encountered in Chapter 5, must be restated here, for the holding apparatus is not monolithic but tiered. SASAC supervises the central enterprises, but a parallel structure of local commissions and state-investment vehicles supervises the enterprises owned at the provincial and municipal levels, and it is within this local tier, rather than outside the state-ownership structure altogether, that the Zijin Mining Group is situated, its largest shareholder being the state-investment vehicle of a county government in Fujian. This tiering both extends the framework to Zijin and accounts for the more commercial complexion of its conduct, since a locally owned and market-listed enterprise, lacking the central strategic mandate and the privileged access to the central policy banks that a SASAC enterprise enjoys, may be expected to behave, and in the lithium acquisition did behave, more nearly as a commercial actor financing itself.

6.2.3 Commodity-Backed and Concessional Lending

The signature instrument of the policy-bank era was the commodity-backed loan, and its most characteristic form was the loan repaid in oil. Through such arrangements the policy banks extended very large credits, most prominently to Venezuela and Ecuador, which were serviced through deliveries of crude to Chinese state oil companies or secured against the revenues of commodity sales, and energy loans of this kind accounted for the largest single category of Chinese finance to the region, with Venezuela alone absorbing close to half of all such lending since 2005 (Gallagher and Myers 2020; Americas Quarterly 2025). The mechanism exemplified the coordinated logic in a particularly clear form, since the loan extended by the bank was repaid in the physical commodity delivered to an enterprise, binding lender and off-taker within a single circuit, securing for China the resource it sought, and reducing the credit risk of the loan by tying its repayment to the resource itself.

The terms of this lending were distinctive in ways that the literature on Chinese strategic finance has emphasised. The loans were typically of long tenor and carried few of the policy conditions that the multilateral institutions attach to their lending, while routinely requiring the employment of Chinese contractors or the purchase of Chinese equipment, so that the credit served simultaneously to secure resources, to promote exports and to extend influence (Yueh 2024). None of the four cases examined in this thesis is a commodity-backed loan, the instrument having peaked in the previous decade and contracted sharply in the wake of the Venezuelan default, and its decline forms part of the same shift, away from sovereign concessional lending and towards commercial syndication and corporate equity, that the cases collectively register. Its importance for the present argument is therefore historical and structural: it established the template of finance tied to resource and to contractor that the later instruments have inherited in modified form.

6.2.4 Equity and Self-Financed Acquisitions

As the sovereign concessional lending of the policy banks receded, two forms of equity finance assumed a larger place in the repertoire. The first is the participation of the equity and quasi-equity funds surveyed above, through which the Chinese state takes stakes in projects rather than lending to their sponsors. The second, and for the present argument the more instructive, is the financing of acquisitions by cash-rich enterprises from their own balance sheets. The Argentine lithium case is the exemplar of this second form, the Zijin Mining Group having acquired the Tres Quebradas project, through its purchase of the Canadian company that held it, in an all-cash transaction funded from its own resources and unaccompanied by any Chinese bank syndicate (Zijin Mining 2021; NS Energy 2021).

This mode of financing represents a maturation of the model rather than a departure from its strategic purpose. Where the early engagement relied upon policy-bank credit extended to host governments, the newer pattern deploys the corporate capital of enterprises that acquire assets and companies directly, a shift that transfers the financial risk from the host sovereign to the balance sheet of the Chinese enterprise and that reduces the visibility of the state's hand, since the acquirer presents itself, and in a commercial sense genuinely acts, as an ordinary corporate purchaser. It is precisely in this form of investment that the integrated banking apparatus is least in evidence, a circumstance that confirms the central finding of the previous chapter that the apparatus is conditional rather than universal. Yet the strategic logic persists in the absence of the banking machinery, for the object of the lithium acquisition was the same resource security that the commodity-backed loans of an earlier period had served, a continuity that bears upon the distinction, developed below, between the competitive advantages of the financial model and the strategic motivations that outlast any particular financial form.

6.2.5 Renminbi Internationalisation and Currency Arrangements

The currency arrangements examined in the survey of the architecture extend the coordinated logic to the monetary plane, and they warrant brief restatement here in that light. The swap lines, the clearing banks and the settlement mechanisms together permit Chinese finance, the purchase of Chinese equipment and the conduct of bilateral trade to be denominated and settled in renminbi, reducing the exposure of both parties to the dollar and to the exchange risk that dollar intermediation entails. The Argentine swap line, the deepest such arrangement in the region, illustrates the point in its most developed form, for in sustaining the capacity of a reserve-poor economy to trade with and to pay China in renminbi it underwrites the broader financial stability within which Chinese investments in that country, the lithium project among them, are necessarily set (Federal Reserve 2024; Arnold 2023). The monetary dimension is, moreover, the element of the integrated model whose payoff is the most strategic and the most long-dated, since the internationalisation of the currency and of the financial institutions that transact in it was an explicit objective of the Going Out strategy, and the binding of host economies to the renminbi system is a benefit that accrues to the Chinese state irrespective of the commercial fortunes of any particular project.

6.2.6 Evidence from the Four Case Studies

The four cases of Chapter 5 may now be read explicitly against the model that this section has reconstructed, and they array themselves, as the cross-case analysis anticipated, along a descending scale of integration. The Peruvian port represents the coordinated package in its fullest and most complete form. Its operator is a central enterprise supervised by SASAC; its builders are likewise central enterprises under the same supervision; its senior debt was led by a state commercial bank within a syndicate of Chinese institutions; and the whole was assembled under the common ultimate ownership of the party-state, in a package led by the bank and combining operation, construction and finance within a single Chinese-owned undertaking (Pizarro Choy 2025). It is the clearest instance in the thesis of enterprises and banks moving together.

The Mexican metro renovation represents the same logic internalised within a single enterprise rather than distributed among several. CRRC, itself a central enterprise under SASAC, combined within its System+ model the investment, the financing, the manufacture of the rolling stock and the long-term operation and maintenance of the line, so that the coordination effected at Chancay across distinct Chinese entities was here concentrated within one, and it was this internalised bundling, and the price advantage it conferred, that allowed the Chinese bid to prevail over its European competitor (China Daily 2023; Railway Gazette 2025). The package is present and decisive, though its form is enterprise-led rather than bank-led.

The remaining two cases are characterised by the absence of the package, and they delimit the model accordingly. In the Chilean renewable-energy investment the operator is a listed European utility, the financing is European and contractual, and the sole Chinese element is the minority and non-controlling shareholding that a SASAC enterprise holds in the parent company, so that none of the constituents of the coordinated package, neither a Chinese builder nor a Chinese lender nor a Chinese operator acting as such, is present (EDPR 2025). In the Argentine lithium investment a single enterprise, owned within the local rather than the central tier of the state structure and listed upon international exchanges, financed an acquisition from its own resources, again without a Chinese builder or a Chinese banking syndicate, the only financial entanglement of the Chinese state being the macroeconomic backdrop of the currency-swap arrangement (Zijin Mining 2021; NS Energy 2021). The four cases together establish that the coordinated package is most complete where a central SASAC enterprise undertakes large greenfield infrastructure financed by the Chinese banks, that it may be internalised within the enterprise where the investment takes the form of an equipment-centred concession, and that it is absent where the investor is a foreign-listed vehicle or a self-financing firm. The common ownership administered through SASAC is the precondition of the model, and the presence, the internalisation or the absence of that condition, together with the tier of the state structure within which the investor is situated, accounts for the variation the cases display. It remains to assess the competitive advantage that the model confers where it operates, and the risks that attend it, which are the subjects of the two sections that follow.

6.3 Assessing the Competitive Advantage of the Integrated Model

The first hypothesis of this thesis holds that the integrated financial and banking system confers upon Chinese state-owned enterprises a competitive advantage over investors financed through conventional Western channels. The present section assesses that claim, and it begins by dispelling a misconception that has attached to it, for the advantage is widely supposed to consist in the cheapness of Chinese finance, and the systematic evidence does not support that supposition. The advantage is real, but it must be located with care, and it is to be found in the time horizons that state ownership permits, in the scale and availability of the capital, and in the flexibility and the bundling of the offer, rather than in the price of the money. Each of these is examined in turn before the model is set against its Western and multilateral counterparts.

6.3.1 Time Horizons and Patient Capital

The first and most genuine advantage is the patience of the capital, though its location must be specified precisely, for it does not reside in the terms of the loans, which as the comparison below establishes are of shorter maturity than those of the multilateral institutions, but in the equity and the strategic posture of the enterprises themselves. A state-owned enterprise, or a state-anchored enterprise of the kind that the Argentine lithium investor exemplifies, is not subject to the discipline of quarterly earnings and impatient shareholders that constrains a listed Western firm, and it may therefore hold a position over many years, absorb a cyclical downturn and pursue an objective whose return is strategic and long-dated rather than immediate. The cases illustrate the point with clarity. The lithium acquirer maintained its commitment through the steep collapse of the lithium price across 2023 and 2024, a counter-cyclical persistence that a firm answerable to the market would have struggled to sustain; the operator of the Peruvian port built towards a configuration not to be completed until 2032 and beyond; and the renewable-energy developer pursued a build-out extending across the remainder of the decade. This patience is the financial expression of the developmental-state orientation, in which the horizon of the investment is set by strategy rather than by the market. It must be added, however, that the same patience is enabled by the state backing and the soft budget constraints examined below, so that it is double-edged, permitting a strategic persistence that may be valuable and a loss-making persistence that may not, a duality to which the assessment of risk returns.

6.3.2 Scale and Capital Availability

The second advantage is the scale at which the Chinese state can mobilise capital and the availability of that capital to projects and to jurisdictions that the market and the multilateral institutions decline to serve. The magnitude is not in doubt, the policy banks having at their peak out-lent the World Bank and the Inter-American Development Bank combined, the commercial banks ranking among the largest in the world, and the funds and the sovereign wealth vehicle adding equity to the debt that the banks supply. For a host government the decisive feature is less the magnitude than the availability, since Chinese finance has reached borrowers whose credit standing excluded them from the commercial markets and whose circumstances deterred the multilaterals, the lending to Venezuela, to Ecuador and to a chronically distressed Argentina being cases in point. To this is joined the advantage of speed, for Chinese finance has historically been disbursed with a rapidity that the deliberate and condition-laden procedures of the multilateral institutions cannot match, a difference that the contrast between the swift assembly of the Chancay syndicate and the protracted appraisal of a comparable multilateral loan illustrates, and that the immediate liquidity furnished to Argentina through the currency swap, unencumbered by the conditionality that an approach to the International Monetary Fund would have entailed, exemplifies in the monetary sphere.

6.3.3 Flexibility and the Bundling of Finance

The third advantage lies in the flexibility of the Chinese offer and in its characteristic bundling. The flexibility derives in part from the deliberate ambiguity, remarked upon by observers of Chinese finance, between its concessional and its commercial elements, an ambiguity that permits Chinese negotiators to combine aid, investment, contracting and trade within a single arrangement in a manner that the international rules separating development finance from export finance deny to lenders from the member states of the Organisation for Economic Co-operation and Development. The bundling is the practical form that this flexibility assumes, and the Mexican metro renovation is its clearest instance, the System+ model having folded financing, manufacture and long-term operation into one proposition and having thereby presented the host with a turnkey solution that it did not need to assemble from independent and separately contracted parties. To these is joined the absence of the policy conditions that the multilateral institutions attach to their lending, for Chinese finance does not ordinarily require the governance reforms or the fiscal adjustments that accompany an approach to the International Monetary Fund, a forbearance that is attractive to sovereigns wary of external conditionality. The flexibility extends even to the resolution of distress, since the record shows China renegotiating and in cases forgiving debt rather than enforcing its claims to the letter, a disposition examined further below.

6.3.4 Comparison with Western and Multilateral Finance

The comparison with Western and multilateral finance must begin by correcting the supposition that Chinese finance is cheap, for the most systematic study of the question, drawing upon a dataset spanning more than a hundred and fifty countries, demonstrates that Chinese official financing is in fact less concessional than that of the World Bank, carrying higher interest rates, shorter maturities and shorter grace periods (Morris, Parks, and Gardner 2020). The average loan extended under the Belt and Road Initiative has been estimated to carry an interest rate of some 4.2%, and the commodity-collateralised loans to resource-rich borrowers to carry rates approaching 6%, where the comparable lending of the multilateral institutions to low-income countries is frequently near-concessional or interest-free (AidData 2021). The advantage of the Chinese model, properly understood, is therefore not one of price but of the availability, the speed, the flexibility and the bundling already described, joined to a tolerance of risk that its competitors do not share, a tolerance underwritten by the collateralisation of the loans against commodities and by the insurance of the whole through Sinosure.

The model is further distinguished by the character of its contracts, which a comparative study of a hundred Chinese loan agreements has shown to contain confidentiality provisions considerably more far-reaching than those of other lenders, alongside the collateral and cross-default protections that secure the creditor's position (Gelpern et al. 2022). Two qualifications complete the comparison. The first is that the Chinese advantage in sovereign lending has narrowed, the lending of the World Bank and the Inter-American Development Bank having once again surpassed that of the Chinese development banks in the region since 2019, so that the contest has shifted from the sovereign loan, where the multilaterals have recovered their primacy, to the commercial and corporate finance and the bundled package, where the advantage of the integrated Chinese model continues to obtain (Ray and Myers 2024). The second is that the advantage, even where it obtains, is conditional in the manner that the previous chapter established, operative in the financing of large greenfield infrastructure through the coordinated package and absent from the self-financed acquisition and the foreign-listed vehicle. The first hypothesis is therefore sustained, but in a reframed and qualified form: the integrated model confers a genuine competitive advantage, but it is an advantage of structure and of strategy rather than of price, and it is specific to the circumstances in which the coordinated package is deployed.

6.4 Systemic Risks and the Sustainability of the Model

An assessment confined to the advantages of the integrated model would amount to an apologia, and the present section accordingly weighs the systemic risks that accompany it. These fall into three families, concerning the sustainability of the debt and the opacity that surrounds it, the soft budget constraints and the principal-agent problems that the structure of common ownership engenders, and the geopolitical and reputational exposure to which the visibility of the model gives rise.

6.4.1 Debt Sustainability and Data Opacity

No charge has been levelled against Chinese overseas finance more frequently than that of debt-trap diplomacy, the contention, originating in 2017 and adopted thereafter as a settled premise of policy in Washington, that China lends deliberately to borrowers who cannot repay in order to seize their strategic assets upon default. The contention has been applied to Latin America in the cases of Venezuela and Ecuador, and it furnished the rhetorical frame within which the United States objected to the Chancay project. The weight of scholarly evidence is, however, against it. Researchers have found no instance of a Chinese bank seizing the asset of an indebted country, no demonstrable intentionality in the pattern of lending, and no robust statistical association between Chinese finance and the fragility of the recipient, while China has shown itself willing to restructure and in cases to forgive the debts it is owed (Brautigam 2020; Jones and Hameiri 2020). The most rigorous treatment of the region's experience finds the evidence of a predatory design to be scant, and observes that the narrative underestimates the agency of the borrowing governments, which enter these arrangements with the same autonomy as any other (Boston University Global Development Policy Center 2023). The Venezuelan case is in this respect instructive in a sense opposite to the one usually intended, for China lent heavily, was repaid erratically and ultimately lost money, a circumstance that exposes the weakness rather than the strength of the resource-backed loan as an instrument of leverage. It is a notable irony, congenial to the framework of this thesis, that the historical use of debt as an instrument of control points not towards China but towards the colonial powers of an earlier era, a point that Lenin himself made of England.

The rejection of the debt-trap thesis does not, however, dispose of the genuine risks that Chinese lending carries. The finance has been concentrated in borrowers already in or near financial distress, the non-concessional terms already described can strain a fragile economy, and the opacity that surrounds the lending is itself a hazard, for a substantial proportion of Chinese overseas lending goes unreported, the confidentiality clauses of the contracts conceal their terms, and developing countries have been found to owe considerably more to China than the public records disclose (Gelpern et al. 2022). This opacity impedes the management of debt and the coordination of relief, and it is the same limitation that the methodology of this thesis was obliged to acknowledge at the outset. The cases reflect the ambiguity. The Peruvian port, being privately financed, added nothing to the public debt of Peru, yet attracted the sovereignty-eroding rhetoric of the debt-trap narrative regardless; the Argentine investment, undertaken against the backdrop of a currency swap upon which the host had become structurally dependent, sits within precisely the kind of financial entanglement whose sustainability is genuinely in question.

6.4.2 Soft Budget Constraints and Principal–Agent Problems

A second family of risks arises from the very feature that lends the model its coherence, namely the common ownership of the enterprise and the bank. Because the lender and the borrower answer in the last instance to the same owner, and because the insurer socialises the risk of the transaction, the discipline that the prospect of loss imposes upon independent parties is weakened, and the enterprise may over-borrow and over-invest in the confidence that the state stands behind it, in the pattern that the economic literature has long termed the soft budget constraint (Kornai 1986). The consequence is a propensity to the misallocation of capital, to the construction of projects whose returns do not justify their cost, and to the export abroad of industrial over-capacity, and the insurance furnished by Sinosure compounds the difficulty by introducing a moral hazard, in that the cover it provides may induce both lender and borrower to assume risks that they would otherwise decline (Odi 2024). To this is joined a principal-agent problem inherent in the tiered structure of ownership, for the chain that runs from the state through the holding apparatus to the enterprise, and separately to the bank, affords the managers of each a latitude that they may turn to private or political ends divergent from the interest of the ultimate owner, and the performance criteria that mix commercial with strategic objectives blur the accountability by which such divergence might be checked. The tightening of risk management imposed by the National Financial Regulatory Administration from 2023 is properly understood as a response to precisely these dangers, an attempt by the centre to rein in the over-extension that the soft budget constraint had permitted. Here too the cases are ambiguous, for the persistence of the lithium investor through the price collapse may be read as the strategic patience extolled above or as the value-destroying continuation that a soft budget constraint enables, and the structure of the model makes the two difficult to distinguish.

6.4.3 Geopolitical and Reputational Exposure

The third family of risks is geopolitical and reputational, and it follows directly from the visibility of the integrated model, for a project in which a Chinese operator, a Chinese builder and a Chinese bank are conjoined under the evident authority of the Chinese state presents an unmistakable target for the contestation of a rival power. The Peruvian port is the clearest instance, having become a focus of strategic anxiety in the United States, the object of congressional scrutiny and of warnings concerning its possible intelligence or military utility, and the occasion of diplomatic pressure upon Lima over the curtailment of its regulator, so that the very completeness of the coordinated package that made the project a triumph of the model also made it a flashpoint of the wider rivalry. The Mexican metro attracted a related if milder concern over the dependence of critical urban infrastructure upon the technology of a strategic competitor. The reputational dimension is equally consequential, for the social and environmental controversies examined in the case studies, and the debt-trap narrative whatever its empirical merits, damage the standing of Chinese investment and provoke a host-country reaction that has found expression in the tightening of investment screening, most pertinently in the closer scrutiny of Chinese investment in critical minerals that the lithium acquisition narrowly preceded. The Chinese-language scholarship has itself identified the intervention of third parties as a principal security risk to Chinese resource investments in the region, an identification that the Chancay experience bears out (Song and Dai 2024). The paradox of the model is thus that its strength and its vulnerability share a single source, for the integration and the state backing that confer its advantages are the same features that render it visible, and the more conspicuously the model succeeds, the more surely it provokes the countervailing measures of those whom its success discomfits.

6.5 Synthesis: The Integrated Financial System as Strategic Instrument

The financial and banking system that supports Chinese investment in Latin America is best understood, through the framework established in the Introduction, as a strategic instrument of a party-state functioning as a collective capitalist, an instrument whose architecture comprises the policy banks that built the model, the commercial banks that increasingly carry it, the equity funds and the sovereign vehicle that supplement it, the export-credit insurer that underwrites it and the central bank whose currency arrangements anchor it, and whose operative principle is the coordination of these institutions with the enterprises under the common ownership that the holding apparatus administers. Where that coordination is fully realised, the enterprises and the banks move together within a single package that combines investment, construction, financing and operation, and the system confers a genuine competitive advantage, an advantage not of cheapness, for the finance is dearer than that of the multilateral institutions, but of availability and speed, of flexibility and bundling, and of a tolerance of risk that the structure of common ownership and the insurance of the state make possible.

This advantage is, however, neither universal nor unqualified, and the chapter has been at pains to establish its limits. It is conditional, in that it operates in the financing of large greenfield infrastructure through a central state enterprise and recedes in the self-financed acquisition and the foreign-listed vehicle, as the spectrum of the four cases demonstrates; it is evolving, in that the centre of gravity of Chinese finance has shifted from the sovereign lending of the policy banks, which has sharply contracted, towards the commercial syndication and the corporate equity that the recent cases embody; and it is accompanied by systemic risks, of debt sustainability and opacity, of the soft budget constraint and the principal-agent problem, and of a geopolitical and reputational exposure that the visibility of the model invites. The first hypothesis of the thesis is accordingly vindicated, but in the precise and qualified form that the evidence requires, namely that the integrated financial and banking system constitutes a real and powerful instrument of strategic advantage whose operation is specific to its circumstances and whose benefits are shadowed by genuine hazards. The system is, in the final analysis, the financial expression of the developmental-state projection of Chinese industrial policy through the Going Out strategy and the Belt and Road Initiative, conducted through an apparatus of state-owned finance, which is to say the very mechanism of the collective capitalist that this thesis has throughout sought to describe. With the architecture and the logic of that mechanism established, the concluding chapter turns to the systematic evaluation of the five hypotheses against the whole of the evidence assembled.

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CHAPTER 7: Conclusions and Findings

This thesis took as its title the image of the backbone of the dragon, the *long zhi jiliang* (龙之脊梁), and the burden of this concluding chapter is in part to vindicate that image. The argument advanced across the preceding chapters has been that the financial and banking system supporting the foreign direct investment of Chinese state-owned enterprises in Spanish-speaking Latin America is not an adjunct to that investment but its structuring axis, the spine that holds the body upright and along which its movement is coordinated, and that the distinctive character of Chinese economic engagement in the region cannot be understood unless this integrated financial apparatus is placed at the centre of the analysis. The chapter draws the study to its close in seven stages. It first answers the primary research question and the secondary questions that subdivided it; it then evaluates each of the five hypotheses against the evidence assembled; it considers the theoretical implications of the findings for the frameworks on which the thesis was built; it surveys the trajectories that Chinese engagement and Latin American responses may follow; it acknowledges the limitations of the research; and it concludes with a final reflection upon the path ahead, returning there to the metaphor with which it began.

7.1 Answering the Research Questions

7.1.1 The Primary Research Question

The primary research question asked how the integrated Chinese financial and banking system facilitates and shapes the foreign direct investment of state-owned enterprises in Spanish-speaking Latin America, and what distinguishes this model from conventional patterns of foreign investment. The thesis answers that the system facilitates such investment through the coordination, under common state ownership, of the several institutions that would in a market economy stand apart and at arm's length from one another, so that the enterprise undertaking an investment, the bank financing it, the contractor building it and the insurer underwriting it may act as components of a single coordinated undertaking rather than as independent and mutually adversarial parties. It shapes the investment by directing it towards the sectors and the projects that serve the strategic priorities of the Chinese state, and by permitting commitments of a scale, a duration and a risk profile that a market-disciplined investor could not sustain. What distinguishes the model from conventional foreign investment is precisely this fusion of the financial with the entrepreneurial function under a single ultimate owner, a fusion that confers advantages of availability, speed and flexibility rather than of price, and that the thesis has characterised, following the framework set out in the Introduction, as the operation of a party-state functioning as a collective capitalist. The model is, however, neither monolithic nor universal, and the qualifications that the evidence imposes upon this answer are the substance of the sections that follow.

7.1.2 Historical Drivers and SOE Investment Behaviour

The first two secondary questions concerned the drivers that led Chinese enterprises to prioritise the region from the early 2000s and the manner in which the dual character of those enterprises shaped their conduct. The thesis finds the drivers to have been the conjunction of a Chinese demand for resources and markets with a Latin American endowment of the former and appetite for the capital that China could supply, a conjunction articulated through the Going Out strategy and subsequently the Belt and Road Initiative, which furnished the policy framework within which the enterprises and their financiers were directed outward. The behaviour of the enterprises is intelligible only through their dual character, as entities that pursue commercial returns and at the same time serve as instruments of state policy. This duality, examined at length in Chapter 6, accounts for the willingness of the enterprises to undertake projects of long payback and considerable risk, for their privileged access to state finance on terms unavailable to private competitors, and for the occasional subordination of immediate commercial logic to a strategic objective, a subordination that the patient persistence of the lithium investor through a collapsing market illustrated. The enterprises are, in short, neither the purely commercial actors that an apologetic account would make of them nor the mere arms of the state that a hostile account would suppose, but hybrids whose conduct reflects the interplay of the two logics.

7.1.3 The Legal-Institutional Framework and Entry Channels

The third and fourth questions concerned the legal and institutional architecture governing Chinese investment and the channels through which the enterprises entered the region. The framework, as the body of the thesis established, is composed of the international instruments of bilateral investment treaties and trade agreements, of the domestic Chinese regime of state-asset supervision and outbound-investment regulation, and of the host-country legal orders within which the projects must operate, the whole loosely overarched by the Belt and Road Initiative. The question framed the initiative as a coordinating mechanism rather than a rigid policy structure, and the thesis confirms that framing, to which it returns in its evaluation of the third hypothesis. The entry channels were found to vary with the character of the asset and the urgency of access, the case studies exhibiting the greenfield construction of new assets where new capacity was required, as at the Peruvian port, and the brownfield renovation or acquisition of existing assets where these were available, as in the Mexican metro and the Argentine lithium deposit, with the mediated participation through a foreign-listed vehicle representing a further and more attenuated channel in the Chilean case. The choice of channel, the thesis argues, was governed by the nature of the opportunity rather than by a central plan, though it was facilitated, where the integrated model operated, by the financial system that is the study's principal subject.

7.1.4 The Integrated Financial System and Its Instruments

The fifth question, which lies at the heart of the thesis, asked what financial instruments and mechanisms compose the integrated system. The answer, developed systematically in Chapter 6, is that the system comprises a layered ecosystem of institutions performing complementary functions. At its foundation stand the two policy banks, the China Development Bank and the Export-Import Bank of China, which built the model through a lending boom that committed well over $120 billion to the region's governments and enterprises before contracting sharply after 2019 (Ray and Myers 2024). Above them have risen the major state commercial banks, the Industrial and Commercial Bank of China, the Bank of China and the China Construction Bank, whose role has grown as that of the policy banks has receded, and whose syndicated lending financed the flagship investment at Chancay (Pizarro Choy 2025). Alongside the banks operate the equity funds and the sovereign wealth vehicle that supply capital in equity form, the export-credit insurer Sinosure that underwrites the political and commercial risk of the whole, and the central bank, whose currency-swap and settlement arrangements anchor the system at the monetary level. The instruments these institutions deploy range from the concessional and commodity-backed sovereign loan that characterised the earlier engagement, through the commercial syndication and the enterprise-bundled finance of the recent cases, to the internally funded corporate acquisition and the equity participation that mark the model's maturation. It is this articulated system, and not any single instrument, that constitutes the backbone of Chinese investment in the region, and the metaphor is exact, for as a backbone both supports the body and transmits the impulses that move it, so the integrated financial system both sustains the enterprises and channels the strategic direction that animates them.

7.1.5 Developmental Impacts and Emergent Challenges

The sixth and seventh questions concerned the impacts of the investments and the challenges that attended their implementation. The thesis finds the impacts to be genuinely double-edged, and to vary systematically with the capacity of the host state. The investments have delivered real benefits, in the infrastructure constructed, the capital provided and the capability transferred, the Peruvian port promising a continental logistics hub, the Mexican renovation modernising a metropolitan transport artery and transferring manufacturing capability, and the Chilean and Argentine investments contributing low-carbon generation and the development of a critical resource respectively. These benefits have been accompanied, however, by costs concentrated upon affected communities and the environment, and by frictions over the conduct of the projects, the gravest of which appeared where the host institutions were least able to regulate the investor, as the social and environmental controversy and the erosion of regulatory oversight at Chancay attested, and the mildest where the host order was most robust, as the orderly integration of the Chilean investment demonstrated. The challenges that emerged were met by responses on both sides, the host states ranging from legislative accommodation through orthodox regulation to the extraction of localisation commitments, and the Chinese actors adjusting, with varying success, to the requirements of the social licence to operate. The Chinese-language scholarship has itself drawn attention to the security risks that community opposition and third-party intervention pose to these investments, an analysis that the experience of the region bears out (He 2022, 48; Song and Dai 2024, 49–50).

7.2 Evaluating the Central Hypotheses

7.2.1 H1: The Integrated Financial System as Competitive Advantage

The first hypothesis held that the integrated financial and banking system provides competitive advantages over Western investors, particularly through longer time horizons, larger capital availability and greater flexibility in financing terms. The thesis sustains this hypothesis, but in a reframed and qualified form that the evidence of Chapter 6 made necessary. The advantage is genuine, and it does indeed comprise the patient capital, the scale and the flexibility that the hypothesis specified, but it does not consist, as is commonly supposed, in the cheapness of the finance, for the systematic evidence demonstrates that Chinese official lending is in fact less concessional than that of the World Bank, carrying higher interest rates and shorter maturities (Morris, Parks, and Gardner 2020). The advantage lies rather in the availability of capital to projects and jurisdictions that the market and the multilateral institutions decline to serve, in the speed with which it is mobilised, in the flexibility of an offer that bundles finance with construction and operation, and in a tolerance of risk underwritten by collateralisation and state insurance. The hypothesis must be qualified, further, by the finding that the advantage is conditional rather than universal, operative in the financing of large greenfield infrastructure through the coordinated package and absent from the self-financed acquisition and the foreign-listed vehicle, as the spectrum of the four cases established. With these reframings, that the advantage is one of structure rather than of price and that it is specific to its circumstances, the first hypothesis stands.

7.2.2 H2: The Dual Nature of SOEs and Sectoral Concentration

The second hypothesis held that the dual character of the enterprises, as profit-maximising firms and as policy instruments, produces a distinctive pattern of investment marked by a strategic sectoral concentration aligned with China's developmental needs. This hypothesis the thesis strongly confirms. The four cases, spanning port logistics, renewable energy, urban-rail equipment and lithium extraction, cluster not around a representative cross-section of commercial opportunities but around the extractive, infrastructural and energy sectors that serve the strategic priorities of the Chinese economy, in a concentration that the wider scholarship has independently documented (Dussel Peters, Cook, and Alter 2024, 8). The duality posited by the hypothesis was visible throughout, in the alignment of each investment with a recognisable element of Chinese industrial policy, whether the security of a critical mineral, the projection of connectivity infrastructure or the export of rolling-stock capability, and in the simultaneous pursuit within each of a commercial return. The hypothesis is sustained without significant qualification, and it furnishes, with the developmental-state framework, the most robust of the thesis's findings.

7.2.3 H3: The Belt and Road Initiative as Umbrella Framework

The third hypothesis held that the Belt and Road Initiative functions not as a coherent master plan but as an umbrella framework providing political legitimacy and coordination for diverse and independently motivated investments. The thesis confirms this hypothesis. The evidence of the case studies, and of the chronology of the flagship investment in particular, showed the initiative to operate as a framework into which projects were gathered rather than as a blueprint from which they issued, the Peruvian port having been conceived in commercial terms and assembled through the ownership of the operator before it was folded into the initiative and made the occasion of a diplomatic celebration. The other investments proceeded under varying and sometimes negligible association with the initiative, the Chilean and Argentine cases owing little to it in any direct sense. This reading accords with the conception of Chinese global engagement as an encompassing phenomenon that coordinates and legitimises rather than centrally scripts the diverse undertakings conducted beneath it, a conception that the thesis has drawn from the scholarship on Global China and on the region's relations with China (Lee 2017; Vadell 2022). The hypothesis is sustained.

7.2.4 H4: Developmental Benefits and Sustainability Challenges

The fourth hypothesis held that the investments generate significant benefits for host countries while creating sustainability challenges, related to debt, environmental impact and social conflict, that vary according to the governance capacity of the host. This hypothesis the thesis confirms, and the variation it specified emerged as one of the study's central findings. The benefits were real and substantial, as the preceding section recounted, and so were the costs, but the decisive observation is that the balance between them turned upon the capacity of the host state to regulate the investor and to distribute the gains. Where that capacity was weak, the costs and the erosion of governance were gravest, as the concentrated social and environmental burden and the curtailment of the regulator at Chancay demonstrated; where it was strong, the benefits accrued with the least friction, as the orderly absorption of the Chilean investment within a mature regulatory order showed. The hypothesis is therefore sustained, and its identification of host governance as the mediating variable is corroborated, a finding consonant with the literature on the agency of recipient states in shaping the outcomes of Chinese engagement (Guo 2023). It should be added that the debt dimension of the hypothesis must be read in light of the thesis's finding that the debt-trap narrative is largely unsupported by the evidence, the genuine debt risks lying in opacity and in the concentration of lending upon distressed borrowers rather than in any predatory design (Brautigam 2020; Jones and Hameiri 2020).

7.2.5 H5: Entry-Mode Determinants and the Role of Finance

The fifth hypothesis held that the choice between greenfield and brownfield entry is determined primarily by sector characteristics and the urgency of resource access rather than by coordinated state planning, though facilitated by the integrated financial system. The thesis sustains this hypothesis with one refinement. The case studies confirmed that the mode of entry tracked the nature of the asset and the route of swiftest access, the greenfield form being adopted where new capacity had to be created and the brownfield form where an existing asset or a defined and permitted resource was available, and they confirmed that this choice was not dictated by a central plan, the sectoral targeting that is strategic at the level of the portfolio leaving the mode of entry to be settled by the circumstances of the individual opportunity. The refinement concerns the role of finance. The hypothesis held the entry to be facilitated by the integrated financial system, and this was true where that system operated, as in the bank-financed construction at Chancay and the enterprise-bundled concession in Mexico City, but the Chilean and Argentine cases showed entry accomplished without the integrated system, through a foreign balance sheet and through corporate self-finance respectively. The hypothesis is therefore sustained as to the determinants of mode, and sustained with qualification as to the role of finance, which facilitates entry where it is deployed but is not a necessary condition of it.

7.3 Theoretical Implications

7.3.1 The OLI Paradigm Revisited for State-Owned Investors

The findings carry implications for each of the three frameworks on which the thesis was built, and for the eclectic paradigm in the first place. That paradigm, which explains foreign direct investment by the conjunction of ownership, location and internalisation advantages, proved a serviceable description of the Chinese investments, but only once its categories were adapted to an investor whose advantages are derived from the state (Dunning 2000; Buckley et al. 2007, 502). The ownership advantages of the Chinese enterprises were shown to consist less in the proprietary technology and brand of the conventional multinational than in their privileged access to state finance, their diplomatic backing and their state-underwritten tolerance of risk, advantages that the standard paradigm, conceived for the private firm, does not readily accommodate. The thesis thus supports the view that the eclectic paradigm retains its explanatory value for state-owned investors only when understood, as its author latterly proposed, as an envelope capacious enough to admit the institutional peculiarities of different economic systems (Dunning and Lundan 2008). The implication is that the paradigm describes the form of the Chinese investment, the where and the why of its occurrence, but is silent upon the question that this thesis has placed at the centre, namely the character of the investor and the financial apparatus that sustains it, for which a different theoretical resource is required.

7.3.2 State Capitalism and the Party-State as Collective Capitalist

That resource the thesis found in the Marxist theory of state capitalism, and it is here that the study's principal theoretical contribution lies. The conception of the party-state as a collective capitalist, derived from the kernel that Engels supplied and elaborated through the relational reading that Bettelheim advanced, proved capable of illuminating precisely what the eclectic paradigm left obscure, the class character of the investor and the integration of enterprise and bank under a single ownership (Engels [1880] 1892; Bettelheim 1976a, 22). The institutional analysis of Chapter 6 gave this conception a concrete referent, for the holding apparatus administered through the state-asset commission, the appointment of the leadership of the enterprises and the banks alike through the personnel system of the party, and the consequent dissolution of the arm's-length relationship between lender and borrower, are the institutional substance of the directing stratum that the relational theory posits. The thesis thereby demonstrates the analytical fertility of a framework that locates the capitalist character of the Chinese formation not in the legal form of ownership but in the relations of production and the logic of accumulation that govern it, and it does so against the alternative, non-Marxist characterisations of Chinese state capitalism, which describe the same configuration in the comparative terms of the state as investor without capturing the class relation at its core (Musacchio and Lazzarini 2014; Bremmer 2010). The relational reading is to be preferred, the thesis concludes, precisely because it renders intelligible the moving together of enterprise and bank that the comparative accounts can only describe.

7.3.3 The Developmental State Projected Abroad

The third framework, the theory of the developmental state, the thesis found to be vindicated and at the same time extended by the Chinese case. The tradition that runs from Johnson's study of the Japanese ministry through the analyses of Amsden and Wade explained the East Asian ascent by the disciplining of capital towards the ends of industrial policy, and the Chinese state was shown to conform to this model in its outward as in its domestic conduct (Johnson 1982; Amsden 2001; Wade [1990] 2004). The extension that the Chinese case requires is twofold. It differs from the classical developmental state, first, in that the party-state does not merely steer private capital towards strategic ends but owns outright the enterprises that occupy the commanding heights, a difference that the institutional analysis of state ownership documented (Naughton 2018; Lardy 2019). It differs, second, in that the developmental project has been projected beyond the national territory, the Going Out strategy and the Belt and Road Initiative carrying the disciplining of capital for strategic ends into the foreign field, and the integrated financial system examined in this thesis being the instrument of that projection. The theoretical implication is that the developmental state, in its Chinese form, has become an exporter of its own model of state-directed accumulation, and that the financial apparatus through which it does so is the proper object of study for any account of how Chinese economic power is projected into regions such as Latin America.

7.4 Future Trends and Scenarios

The findings describe a model in transition, and the analysis turns from what has been to what may come, sketching the trajectories along which Chinese engagement and the financial system that sustains it appear to be moving. Four are salient, concerning the shift from quantity to quality, the reorientation towards green and digital sectors, the recalibration of finance, and the place of the whole within an emerging multipolar order.

7.4.1 BRI 2.0: From Quantity to Quality

The most pronounced trend is the passage from the lending boom of the previous decade towards a leaner and more selective engagement, a transition that observers have summarised in the formula of quality over quantity and that the sharp contraction of policy-bank lending documented in Chapter 6 most clearly registers. The recent data confirm the shift without suggesting a withdrawal, the overseas development finance of the two development banks having recovered modestly to some $2.8 billion in 2024, the highest level in five years yet far beneath the peak of a decade earlier, even as the relationship has grown more diversified and the protagonism within it has passed from the state as direct lender to the individual enterprise (Ray and Dussel Peters 2025; Dialogue Earth 2026). The most recent statement of Chinese policy towards the region has accordingly placed its emphasis upon high-quality cooperation, upon sustainability and technological innovation and the energy transition, and correspondingly less upon the bilateral loan (Dialogue Earth 2026). This trajectory vindicates the reading advanced throughout this thesis, for the model is evolving from the sovereign lending of the policy banks towards the commercial syndication and the corporate equity that the four cases embodied, so that those cases, in which the state appeared as syndicating commercial bank, as bundling enterprise and as self-financing acquirer rather than as sovereign creditor, are properly understood as leading indicators of the aggregate trend rather than as departures from it.

7.4.2 The Green and Digital Silk Road

Two reorientations of the content of Chinese engagement deserve particular notice, the one towards green industry and the other towards digital infrastructure. The green reorientation is already well advanced, the export to the hemisphere of what China terms the new three, namely solar panels and lithium batteries together with electric vehicles, having surged even as the more traditional infrastructure projects have receded, and this in spite of a rightward political turn across much of the region (Americas Quarterly 2026). The pattern is visible in the investment data, Chinese outbound investment in the minerals of the energy transition having more than doubled in 2024 while that in wind and solar generation grew by more than half, and the automotive investment having flowed overwhelmingly towards the manufacture of electric rather than combustion vehicles (Ray and Dussel Peters 2025). The scale of the regional opportunity is considerable, the energy transition of Latin America being estimated to require some $500 billion of investment by 2030, and the lithium of the southern cone together with the copper of Peru standing at the centre of the high-quality development that Chinese policy now proclaims, a centrality underwritten by China's command of around 70% of global battery manufacturing (IEA and OLADE 2025). The cases of this thesis anticipate the pattern, the Chilean renewable investment and the Argentine lithium acquisition being early instances of the green pivot, and the rolling-stock manufacturer whose Mexican renovation was examined having extended its reach, in partnership with a Chinese automaker, into the supply of electric buses and new-energy light rail to Argentine municipalities (Global Times 2025).

The digital reorientation is the newer and, in its implications, the more fraught. The Digital Silk Road, conceived around 2015 as the technological arm of the Belt and Road and as the vehicle of the industrial and standard-setting ambitions expressed in the Made in China 2025 and China Standards 2035 programmes, has carried Chinese cloud and telecommunications infrastructure across the region, the data centres of the major Chinese providers having extended into Latin America and the leading Chinese vendor, present in more than a hundred and seventy countries, having established fifth-generation networks in the largest regional economy (Chilukuri and Scanlon 2025). The attraction of the digital frontier is partly that its projects are delivered more quickly, at lower cost and with less disruption than the great works of transport and energy, an advantage of considerable weight after the difficulties that attended the earlier infrastructure drive. However, it is precisely the digital frontier that arouses the sharpest disquiet, over the surveillance and the control of data, over the setting of technical standards and over the security of critical systems, the very anxieties that the Mexican metro renovation raised in milder form concerning the dependence of essential infrastructure upon the technology of a strategic rival, here magnified by the sensitivity of the digital domain. The reorientation thus carries the integrated model towards the sectors in which its economic logic is most compelling and its geopolitical reception most hostile.

7.4.3 Debt Sustainability and Financial Recalibration

A third trend is the recalibration of the financial apparatus itself, away from the concessional sovereign loan and towards the commercial, the equity and the self-financed forms that the recent cases displayed, a recalibration reinforced by the tightening of risk management under the regulatory authority established in 2023 and by the diminished risk appetite of the export-credit insurer. The recalibration extends to the management of the existing exposure, China having shown itself willing to renegotiate and in cases to forgive the debt it is owed, and having to address the concentration of its past lending upon a handful of distressed borrowers. At the same time the monetary dimension of the apparatus is deepening, the credit line of some $9.2 billion announced at the most recent ministerial forum being explicitly directed towards the promotion of the Chinese currency, in continuity with the swap arrangement upon which Argentina has come to depend and the settlement mechanisms established with the region's largest economy. The recalibration is, in sum, a maturation rather than a retreat, the backbone becoming more commercial, more selective and more conscious of risk, yet no less an instrument of strategy for that.

7.4.4 Alternative Futures in a Multipolar Order

The whole of this development is set within the passage from a unipolar towards a multipolar international order, a framing that this thesis adopted at the outset and that the recent course of the region's relations with China bears out. The ministerial forum between China and the Community of Latin American and Caribbean States, convened in Beijing in 2025 upon the tenth anniversary of its founding, served to reaffirm the Chinese commitment to the region and to announce fresh lines of financial support, with an emphasis upon political coordination and high-quality cooperation that the analysis of the new dispensation would lead one to expect (European Parliament 2025; Vadell 2022). The decisive variable shaping the futures available is the intensification of the rivalry between China and the United States, into which the region is increasingly drawn, and which the contestation surrounding the Peruvian port already foreshadowed, China's advance proceeding in part through the space left by a diminished American engagement (Dialogue Earth 2026). Several futures may be imagined, ranging from a deepening integration under the banner of green and digital cooperation, through a bifurcation in which the pressure of American de-risking compels the region's governments towards a choice, to the carving by the region itself of a path of strategic autonomy that draws upon both powers without subordination to either. Which of these eventuates will depend upon the choices of the host states and upon the trajectory of the great-power contest, but in each the integrated financial system will remain the instrument through which Chinese economic power is projected, and its evolution will track the order within which it operates.

7.5 Latin American Responses and Strategic Options

This thesis has insisted throughout upon the agency of the host states, and it closes its forward-looking analysis by considering the strategic options open to them. These may be grouped under the strengthening of regulatory capacity, the diversification of economic partners and the coordination of the region's bargaining.

7.5.1 Strengthening Regulatory and Screening Capacity

The clearest lesson of the case studies is that the outcomes of Chinese investment turn upon the regulatory capacity of the host, the benefits having accrued with the least friction where that capacity was strongest, as in Chile, and the costs and the erosion of governance having been gravest where it was weakest, as in Peru. The strategic implication is that the first task of the host state is the strengthening of its own institutions, of the screening of inward investment, of the regulation of environmental and social conduct, and of the enforcement of the conditions upon which the social licence to operate depends, the closer scrutiny of investment in critical minerals that the Argentine lithium acquisition narrowly preceded being an instance of such vigilance in formation. The object of this strengthening is not the exclusion of Chinese investment, whose benefits the thesis has acknowledged, but its integration into a framework of national development, so that the terms of entry and conduct serve the host's objectives as well as the investor's, a balance whose attainment is the central problem of policy that this study's evidence poses.

7.5.2 Diversification of Partners and Markets

The original impulse behind the region's courtship of China was the diversification of its external relations away from a historic dependence upon the United States, and the principal hazard of that course is the substitution of one dependence for another, a concentration of resource and of technology in Chinese hands. The frontier of electric mobility illustrates the dilemma with precision, for the deepening engagement offers to some economies a genuine opportunity of diversification and of ascent towards higher-value activity, as the assembly of batteries and vehicles in Brazil suggests, while threatening others with a deeper dependency and a concentration of their critical resources under the control of Chinese firms, as the position of the raw-material exporters of the southern cone and the Andes illustrates (Center for Strategic and International Studies 2024). The strategic option is accordingly twofold, lying in the diversification of partners among China and the Western economies and others, and, more fundamentally, in the diversification of the region's own role, through the movement from the export of raw materials towards their domestic processing, so that the lithium is refined and the battery manufactured within the region rather than the ore merely shipped from it. Such a movement is the precondition of an engagement that develops rather than merely extracts.

7.5.3 Regional Coordination and Collective Bargaining

The structural weakness of the region in its dealings with China is its fragmentation, for the individual state negotiating bilaterally confronts a counterpart of vastly greater weight, in an asymmetry that the dependence of Argentina upon the Chinese swap line starkly exemplifies. The strategic remedy is the coordination of the region's bargaining, the deployment of a collective platform through which common standards might be set and better terms obtained and a competitive descent among the host states averted, the forum with the Community of Latin American and Caribbean States offering the natural vehicle. The effectiveness of such coordination is, however, constrained by the political heterogeneity of the region and by the preference of China for the bilateral and the minilateral channel, through which the weight of its engagement is brought to bear upon one partner at a time (Vadell 2022). The agency of the recipient states is real, as the scholarship and the evidence of this thesis affirm, but the conversion of that agency into collective leverage requires the overcoming of a fragmentation that has long resisted it (Guo 2023; Serbin 2022).

7.6 Research Limitations and Avenues for Future Research

The contribution of this thesis must be weighed against the limitations that constrain it, several of which were anticipated in the methodological discussion of the Introduction and confirmed in the course of the research. The foremost is the opacity of the data, for the financial information of the Chinese enterprises and banks is incompletely disclosed, a substantial proportion of Chinese overseas lending goes unrecorded in the public sources, the figures reported across the several databases diverge, and the transactions touching strategic sectors are the least transparent of all, a limitation that the thesis has itself identified as a feature of the model and that constrains in equal measure the study of it. A second limitation is the absence of primary interviews, for the research has rested upon publicly available documents and secondary accounts rather than upon direct access to the executives of the enterprises, the officials of the banks or the decision-makers of government, so that the internal processes of decision have necessarily been inferred rather than observed. A third is the limitation of scope, the deliberate confinement of the study to Spanish-speaking Latin America having secured a cultural and institutional coherence at the cost of the generalisability of its findings, which may not extend to the Portuguese-speaking giant of the region or to other contexts. To these are joined the definitional difficulties attending the very notion of a Chinese investment, complicated as it is by the use of offshore entities and joint ventures of the kind that the Chilean case displayed, and the subjectivity of the category of a Belt and Road project in the absence of any authoritative list, together with the temporal constraint that the findings reflect the conditions of a fast-changing relationship as they stood towards the middle of the present decade.

These limitations mark the avenues along which future research might proceed. A comparative extension to Brazil would test whether the integrated model operates differently in the region's largest economy, and a systematic study of the green and digital frontiers would address the sectors towards which the engagement is now moving. Primary fieldwork, conducted through interviews with the participants, would illuminate the processes of decision that this thesis could only infer, and a closer study of the evolving financial apparatus would track its passage towards commercial and equity finance and the internationalisation of the currency. A comparative analysis of the regulatory responses of the host states would deepen the understanding of the governance variable that the thesis found decisive, and the quantitative dimension of the inquiry might be strengthened as the transparency of the data improves. The subject, in short, is far from exhausted, and the present study is offered as a contribution to an inquiry that the dynamism of its object will long sustain.

7.7 Final Reflections: The Path Forward for China–Latin America Economic Relations

It remains to return to the image with which this thesis began. Its title invoked the backbone of the dragon and the argument of the preceding chapters permits that figure now to be stated in full. The dragon is the economic power of China as it extends into Latin America; the visible body of the creature is the totality of the projects through which that power is made manifest upon the ground, the ports and the mines, the railways and the wind farms that mark its presence; and the limbs that act are the enterprises themselves. The backbone, however, the spine that holds the body upright, that articulates its several parts into a single frame and that transmits the impulses by which the body is moved, is the integrated financial and banking system that this thesis has taken as its subject. Without the spine the limbs cannot act in concert and the body can neither stand nor move with purpose, and it is for this reason that the financial system, rather than the enterprises or the projects considered severally, is the proper centre of any account of how China projects its economic power into the region, and it is there that this thesis has placed it.

The metaphor carries the central theoretical claim of the study within it. The backbone is the anatomical expression of the collective capitalist, the structure through which the party-state, in its capacity as the owner at once of the enterprises and of the institutions that finance them, exercises the directing function that the relational theory of state capitalism describes. The vertebrae of the spine are the policy banks and the commercial banks, the funds and the insurer and the central bank, coordinated beneath the common ownership that the holding apparatus administers; the impulse that the spine transmits is the strategic direction of the state; and the moving together of enterprise and bank, which no investor lacking a common owner can replicate, is the coordinated motion that the spine makes possible. The financial backbone is thus the institutional form of the class relation that the thesis has throughout sought to describe, and the figure of the dragon's spine is no mere ornament of the title but the compressed statement of its argument.

The path that lies ahead may be discerned in outline. The backbone is being redirected, towards the green and the digital sectors in which the economic logic of the engagement is now strongest; it is being recalibrated, towards the commercial and the selective and the risk-conscious; but the logic that animates it, the disciplining of state-owned capital towards the strategic ends of a developmental state projected abroad, persists through these changes of form. For Latin America the path forward lies in the exercise of the agency that this thesis has been at pains to affirm, in the strengthening of the institutions that regulate the investor, in the diversification that guards against a renewed dependence, and in the coordination that might convert the weight of numbers into the force of a common bargain. Whether these capacities are developed will determine whether the strength of the dragon serves the development of the region or merely the extraction of its wealth.

A final reflection is owed to the spirit in which the study has been conducted. It has sought neither to celebrate the Chinese engagement nor to condemn it, but to understand it, and the understanding it has reached is of a model genuinely formidable and genuinely ambivalent. The integrated financial and banking system has built real infrastructure and supplied real capital, and it has financed the entry of an external power into the strategic sectors of a region whose agency in the encounter is unequal to its own; it has delivered development and it has carried the risks of debt, of dependency and of the erosion of the host's autonomy. Its outcomes are not foreordained, but turn upon the choices of China and of its partners alike. The backbone of the dragon will continue, through whatever reorientations, to support a formidable body; whether that body moves to the common benefit of China and of Latin America, or to the advantage of the one at the expense of the other, is the question upon which the coming decade will turn, and its answer lies not in the structure of the Chinese model alone but in the agency of the peoples of the region with whom that model has come to engage.

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