Austral: Brazilian Journal of Strategy & International Relations
e-ISSN 2238-6912 | v.11, n.22, Jul./Dec. 2022 | p.133-156

THE BELT AND ROAD INITIATIVE: DYNAMICS FOR LATIN AMERICA AND THE CARIBBEAN REGION

Anurag Tripathi[1]
Abhishek R.L.[2]
Arun Teja[3]

Introduction:

The Belt and Road Initiative (BRI) is considered the cornerstone of President Xi Jinping's foreign policy. The concept of the BRI is inspired by the ancient Silk Route. It was referred to as 'One Belt One Road' in the past. The rise of China as an economic superpower has led to its own set of challenges such as securing access to new markets and ensuring energy resources to sustain economic growth. The BRI is seen as a mechanism through which China intends to increase its connectivity and its global influence. It aims to build such linkages which are required for the sustained growth of China through investing in infrastructure, opening transport and economic corridors, and connecting China to other nation-states "physically, financially, digitally, and socially" (Mobley, 2019).

When the BRI was first proposed, it was limited to two specific geographical routes—an overland Silk Road Economic Belt and a sea-based Twenty-First Century Maritime Silk Road ("Belt and Road Initiative (BRI)", 2019). Nevertheless, the BRI has increasingly turned out to be a global endeavor. Though excluded in its earliest phases, the Latin American and the

1 Assistant Professor Department of International Studies, Political Science and History, Christ University, Bangalore India. E-mail: anurag.tripathi@christuniversity.in

2 Research Scholar in the Department of International Studes and History. Christ University, Bangalore, India. E-mail: anuragjnu@gmail.com

3 Research scholar at O.P. Jindal Global University (JGU)

 133

Caribbean region was stated to be a 'natural extension' of the Maritime Silk Road by President Xi Jinping during his meeting with Argentine President Mauricio Macri at the Belt and Road Forum (Babineau & Farah, 2019). Since the conclusion of the first BRI forum, the LAC region has slowly begun to come under the ambit of the BRI.

Despite Latin America and the Caribbean states relative distance, geographically, the leaders and diplomats of LAC nation-states have been advocating for the inclusion of the region under the BRI. For example, in 2015, Bolivia's ambassador to China stated that the BRI is "extremely important to Bolivia's future development" (Myers, 2018). Several other Latin American officials such as the former Foreign Minister and Ambassador of Peru to China, Gonzalo Gutiérrez Reinel (published an article regarding Peru's hope that the Belt and Road would be extended to Latin America), Ecuador's Ambassador to China José Borja, Chile's Ambassador to China Jorge Heine etc., have sought for the BRI to be extended to Latin America (ibid). Panama became the first nation-state in the region to sign a cooperation agreement under the BRI in 2017. Following this several other nation-states such as Chile, Ecuador, Antigua and Barbuda, the Dominican Republic and Jamaica have signed the BRI agreements (Koop, 2019). Peru is the latest in the region to join the BRI, which happened during the Second Belt and Road Forum.

However, not all nation-states in the region, have been enthusiastic in joining the BRI. The largest economies in the region – Brazil and Mexico have not yet signed any BRI agreements so far (ibid.). Chile is the only big economy of the region that has signed up for the BRI. However, recently the new president of Argentina, President Alberto Fernandez has reportedly expressed his eagerness to join the BRI ("Argentina wants to join China's Belt & Road Initiative - Belt & Road News", 2019). Sustaining eagerness, Argentina joined BRI recently in February 2022 (Lanteigne, 2022). With increasing interest and participation from the LAC nation-states, it becomes important to understand as to why China is gradually trying to bring the LAC (Latin America and the Caribbean) states under the ambit of the BRI and what the Latin American and the Caribbean states would gain from being a part of the BRI. While infrastructure development is stated to be the critical element of the BRI, scholars such as Matt Ferchen have expressed concerns regarding the link between infrastructure development and what it means for China in terms of security and access to resources. For instance, Venezuela has borrowed heavily from China while being mired in economic troubles. The Venezuelan example serves as a caution to others as well as China on the intricacies of debt management and lending. The situation in Venezuela raises questions as to what China's deeper strategic motives are and provides a case for analyzing the BRI in this context.

To examine the challenges and risks arising from the Belt and Road Initiative, this article, in its initial section undertakes a case study of Venezuela in explaining the probable debt-trap situation arising in the Latin American region. Following it, the next section examines the risks arising from BRI from the perspective of dependency theory. It is observed that the US has taken the Latin American region for granted. However, China appears to encroach into what the US considers as its backyard. With this hindsight, China's increasing involvement in the region is dichotomously analyzed to ponder whether it is a strategy to gain influence or an extension of peaceful rise in the third section. China's post-pandemic investments in LAC have been analyzed to enhance the argument of a tussle between the US and China. This provides a clear picture of how the two global economic giants are scrambling their money to sustain their influence over LAC. Finally, digital geopolitics has also been considered in explaining the risks and challenges of BRI. It is observed that without any data regulation regime currently across the world, would end up LAC states into what we call *data-trap*. As all the above is considered, it cannot be ignored that the future of geopolitics is no more validly explained through hegemonic stability theory or hierarchical structures. It is either going to be a horizontally varied power poles anchored to the regional institutions or going back to the idea of sovereignty as the main concept.

The Belt and Road Initiative in Venezuela: Debt-Trap as a tool for gaining strategic leverage?

President Hugo Chávez of Venezuela died in 2013. Ever since his death, Venezuela has been experiencing a period of great political instability. The current President of Venezuela Nicolás Maduro was re-elected in May 2018 for a second term, but the results were criticized as being fraudulent by most neighboring nation-states and the United States of America (Kaburi, 2019). China, however, recognized the election of President Maduro. The situation though deteriorated in January 2019, as the opposition-controlled National Assembly declared that President Maduro's re-election was invalid. Juan Guaidó was declared as the acting president of Venezuela. The United States of America, Canada, Brazil, and several other Latin American states recognized Juan Guaidó as the interim president, however, China expressed its support for President Maduro (ibid.). The Chinese support to President Maduro became evident in February 2019, when China along with Russia vetoed a United Nations Security Council resolution calling for new presidential elections in Venezuela ("What's behind Venezuela's political crisis?", 2019). China has continued to extend its support to President Maduro in the hope that its interests were not adversely affected. This is because Venezuela has a lot of debt with China. With the United States backing a new president, China could have a lot of issues in Venezuela.

This begs the question as to why China is still interested in the affairs of Venezuela despite being well aware of the grave issues that Venezuela faces. China has not only continued to back Venezuela financially till date but has also signed agreements under the banner of the BRI. To gain an insight into the matter as to why China continues to be involved deeply with Venezuela, a historical perspective needs to be looked at. Until 2003 the economic relations between China and Venezuela were very insignificant. However, under the rule of President Hugo Chávez, the Sino-Venezuelan economic ties grew exponentially. From the year 2003 to 2012 the bilateral trade between China and Venezuela increased to about 24-times from $742,417,000 in 2003 to $20,000,000,000 in 2012 (Ríos, 2013).

During this period Venezuela also became China's fourth-largest oil supplier. However, recently it has come to light that from approximately 2007 to 2014, China had lent Venezuela a staggering sum of nearly $63 billion (Balding, 2019). This amounts to about 53 per cent of all the Chinese lending to Latin America during this period (ibid.). Beijing though had sensibly insisted on the loans being repaid in the form of oil. Oil was arranged as the guarantee for the repayment of loans as it was widely known by this time that Venezuela had the largest proven oil reserves in the world. The problematic concern here is that most of this deal was agreed to when oil prices hovered at more than $100 a barrel. The oil prices in the world market floated at this rate during the period from roughly 2007 to 2014. However, oil prices have experienced a severe downfall since January 2016. The price drop has been so severe that the oil prices now range close to about $30 a barrel (ibid.). This becomes a major issue for Venezuela as its price tag for completing its debt payments has now exploded. In order to repay Beijing now, Venezuela must ship two barrels of oil for every one barrel it had originally agreed to.

Chinese investment and lending arrangements are generally intended to open up new export markets and secure access to natural resources (Chellaney, 2017). The reason why China had originally grown closer to Venezuela was that China at that point in time was interested in gaining friends in the Western Hemisphere. This along with the need for securing access to oil overlapped with Venezuela's interest as well. Venezuela was interested in diversifying its customer base away from the United States (Ríos, 2013). However, this overlap of interest did not mean that China had ever offered any sort of discount on its loans. China has lent at exorbitant rates to Venezuela. Now, China refuses to renegotiate those debts, even as Venezuela's economy and oil industry are struggling. Strategically, Venezuela has changed from being the closest ally China had in Latin America and the Caribbean to a clear liability. A Venezuelan default could have grave consequences for China.

Through the BRI China sees an opportunity to push its influence farther, winning friends and securing assets at the same time. Today China is at an even better position to strike such deals to gain friends in the Western Hemisphere while securing resources. China has constantly leveraged its financial strength and expertise in infrastructure. Based on the Venezuelan model, China is planning to go ahead with the same kind of deals as a part of the BRI (Balding, 2019). This is a cause for concern as Chinese investments and lending under the BRI does come with conditions such as the projects undertaken must be granted to Chinese companies and at least 50% of the material, equipment, technology, or services must be sourced from China (Mobley, 2019).

China's unsustainable debt relationship with Venezuela is a clear example of how the Chinese BRI could lead to a debt-trap scenario. This along with the clauses such as having to grant the projects under the BRI to Chinese companies and 50% of the material, equipment, technology, or services having to be sourced from China is a matter of great concern. This leads to the economically weaker states becoming dependent on China in the long run as they are unable to sustain paying loans just like in the case of Venezuela. This phenomenon is defined as a debt trap. A debt trap is ordinarily defined as "A situation in which a debt is difficult or impossible to repay, because of the high-interest payments preventing repayment of the principal" ("Debt Trap | Meaning of Debt Trap by Lexico", n.d.). A dept-trap helps the creditor nation to leverage influence or arm-twist nation-states into following the policies which benefit the creditor. This is a situation in which smaller nation-states could end up if they are unable to repay loans in the long run.

The Venezuelan example possibly could be the most extreme case of a debt relationship gone wrong. However, this is not an isolated occurrence with China's investment. Recently a lot of other examples are emerging. The China–Pakistan Economic Corridor (CPEC) has increasingly been scrutinized for the ways in which China's economic and security interests may be undermined by deals gone wrong (Ferchen, 2018). In Sri Lanka, the case of the Hambantota port in which Sri Lanka had to handover the port for lease to China for 99 years is yet another example of a nation-state being subject to a debt trap (Chellaney, 2017).

China is yet to use coercive means (such as a military option) in the case of Venezuela. If China does use more coercive methods in order to retrieve the money, oil, or ports it has financed, it risks adding to the growing impression that all of its rhetoric of a "win-win" situation under the BRI and contributions to developmental cooperation is really just a cover for a more traditional zero-sum realpolitik game (Ferchen, 2018). It thus becomes interesting to witness as to how China intends to recover its dues from Venezuela and as to why China is continuing to lend huge sums of money to economically weaker states. China under the BRI is continuing to invest huge sums of money which is like the Venezuelan model. This begs the question as to whether the BRI in Latin America and the Caribbean is just a tool for replicating the means to create a dependency model.

The Belt and Road Initiative: Creating a system of Dependency?

Every nation-state faces the difficulty of having limited resources to fulfil its needs. For a rising power like China, it becomes essential to secure access to resources and new markets. The age of using brute force and colonizing other states to achieve the above-stated aim has passed. In the study of International Relations, Dependency theory tries to map out as to how powerful states try to secure their national interests by other means which are not essentially linked with the use of military force as the primary method of securing their interests. The Chinese practices of investment as seen in the case of Venezuela draws the question as to whether they are following a similar model based on Dependency theory (Abdenur, 2017). Dependency theory emphasized the constraints imposed by the global political and economic order which prevented lesser developed nation-states from achieving its full potential and being dependent on the developed economies. Dependency theory was first proposed during the late 1950s. The credit of proposing this theory goes to the Argentine economist and statesman Raúl Prebisch. The theory though gained prominence only during the 1960s and the 1970s.

The crux of the theory is that nation-states are divided into three categories which are the core, periphery, and the semi-peripheral states. It emphasizes the unequal relations between the states worldwide (Zimmerman, 1978). These unequal relations are exacerbated in Latin America when the European and the US industries established their economic control over the resources (Kaufman et, al., 1975). This explanation stands on the proposition that the core states are economically well developed, the semi-peripheral states are developing states who are in the process of becoming a developed state and the peripheral states are the states in which there is a very weak economic structure usually caused due to the lack of modernization (these peripheral states are usually the formerly colonized states who have been exploited). Underdevelopment in the peripheral states according to the theory is mainly caused by the International system (Munro, n.d.). The affected nation-states in the world economy (the semi-peripheral and peripheral states) are typically underdeveloped states who offer cheap labour and raw materials in the world market. The core states (developed states) possess the means to transform the resources into finished products. The very resources sold by the peripheral states as raw materials are sold back to them as finished commodities at very high prices, depleting their capital resources. This capital could have otherwise been devoted to upgrading their own productive capacity by the peripheral states. This results in a vicious cycle that leads to the division of the world economy between a rich core and a poor periphery.

In the context of the BRI, the Chinese are at a position to strike deals in which the lesser developed states of Latin America and the Caribbean region are vulnerable to becoming victims like the dependency theory states. It is essential to understand the relationship between China and the region to evaluate as to whether a dependency model is being created by using the BRI as the means. The trade relations between China and the LAC were not significant. This was because Latin America and the Caribbean region was considered to be in the zone of influence of the United States of America. However, China is slowly starting to make considerable inroads into the region. The total annual trade between China and Latin America rose to more than $200 billion by 2014 (Schechter, 2019). This is a significant rise and according to the Inter- American Development Bank (IDB), Latin America's exports to China increased by around 30 per cent in 2017 (ibid.). This exponential growth in economic relations could be attributed to a rise in the prices of the South American oil, minerals, and other commodities. China has become the largest trading partner of Brazil, Chile, and Peru in such a short span of time. Along with an increase in trade, the investments by China have also shot up. The concern here is regarding the type of investments. A report by the Boston University's Global Development Policy Center points out to the sort of investments undertaken by China (ibid.). Chinese companies have majorly used the method of "greenfield" foreign direct investment in the region. The commonly accepted definition of a greenfield investment is "A type of foreign direct investment (FDI) in which a parent company creates a subsidiary in a different state, building its operations from the ground up" (Abdenur, 2019). Greenfield investments authorize the construction of new production facilities. Such ventures additionally include the construction of new distribution hubs, offices, and living quarters. This characteristic of the greenfield investment type of foreign direct investment is that it provides the highest degree of control for the sponsoring company (ibid.). This could lead to unfair terms of trade contracts as Latin American states will find it difficult to regulate the Chinese investments. China in recent years has increased such investments in Latin America through its enterprises. The Chinese enterprises have increased their investment based on the "greenfield" foreign direct investment pattern in Latin America to approximately a total of $29.5 billion from 2013 to 2017 (ibid.). Since 2008, Latin America has turned out to become the second-largest destination for Chinese finance. The recent trend in Chinese investments is that Chinese investors are diversifying their investments away from extractive industries. Their geographic focus which was mainly on Venezuela is also shifting into a more comprehensive outlook. Investments in Brazil and Argentina have progressed to such a great degree that the Chinese are concentrating on banking and infrastructure projects now such as rail- roads, power plants, and ports (Schechter, 2019). This greatly resembles the way in the BRI agreements have been carried out in other countries like Pakistan for instance, under the China-Pakistan economic corridor (Chellaney, 2017). These investments are a cause of concern primarily due to the Chinese policies which have been criticized for employing methods such as 'debt trap, to secure its interest (ibid.).

Scholars such as Matt Ferchen, however, have claimed that China's Belt and Road Initiative is a little more than just a 'debt trap' (Ferchen, 2018). The numbers though speak for themselves. According to a report of the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) from January 2018 on "Exploring New Forms of Cooperation between China and Latin America and the Caribbean," it has been reported that 80 per cent of the international loans granted to the Latin American states from the year 2005–2016 have originated from the China Development Bank (Schechter, 2019). It amounts to a staggering total of $141 billion. This is highly significant because the Chinese lending to the region's governments exceeds that of the World Bank, the Inter-American Development Bank, and the CAF Development Bank of Latin America put together (ibid). The issue here is that the loans provided by the multilateral financial institutions usually insist on accountability and reforms as conditions for providing these loans. In contrast, though the loans granted by China lack measures which insist on structural reforms or accountability. They instead have stipulations which mandate that the projects tied up under the loans must be granted to Chinese companies and at least 50% of the material, equipment, technology, or services used must be sourced from China. Early BRI infrastructure investments have already been subject to scrutiny due to these kinds of practices which is followed by China. China is known to use the debt trap strategy to "reshape international relations in its favor" (Mobley, 2019). This is usually done by creating a model of dependency with its BRI partner country. This can be seen as Chinese lending to "more than half the nations listed under BRI are rated as 'junk' or not graded, due to internal political and economic weaknesses. (ibid)." The Latin American states have limited options and are very vulnerable to dependency and economic coercion as piling up loans without reforms could create a severe crisis as seen in the case of Venezuela.

However, the BRI cannot be refused by the region as China has offered to provide loans to states where other lenders are very reluctant to engage. This has led to concerns that it is a strategic ploy by China to gain assets and build influence through diplomatic and economic coercion. From the regions viewpoint though these investments and loans offer infrastructure investment opportunities which may have otherwise not been available. The question as to whether the region will be able to avoid becoming victims of economic coercion will depend on the ability of the region's states to strike an equitable balance between China's interests and those of the partner nations. For striking an equitable balance the states need to be aware of their political and economic health, as well as their ability to hedge against excessive dependence on China. But the question remains as to whether Latin America and the Caribbean states can come out of being mere peripheral nations supplying raw materials to China which is on its way to becoming a developed state (China still has a long way to go before being classified as a developed nation) or can become a partner with equal stakes in the BRI. This depends on whether China's rise on the world stage will peaceful.

The Belt and Road Initiative: The means for China's peaceful rise or a dominance agenda in Latin America?

The BRI deserves both praise and criticism. China has taken interest and invested in nation-states where other lenders are reluctant to engage. For example, Chinese manufacturers BYD and Yutong sold 200 electric buses in Chile in 2019 ("The Chile Embrace: Beijing Charts path into Latin America - Belt & Road News", 2019). Such initiatives by China demonstrate a dramatic shift in China's relationship with the region. Chile's capital (Santiago) will now have the second-largest fleet of electric buses in the entire world (ibid.). While Latin America's largest economies namely Brazil and Mexico remain skeptical of the BRI, China is increasingly focused on making inroads in the region through states such as Chile. Chile has a fast-growing economy, stable government and natural resources which makes it an important target for China's efforts to expand its global reach. This development also shows the progress of China's technology which can make affordable and environmentally conscious products. This can immensely help the busy cities of Latin America to reduce pollution. However, many scholars have argued that China's real intention is to use the BRI to improve its economic, political, and security situation. China on its part though has stated that the BRI is an economic boon for partner countries and has highlighted the BRI as China's means of rising peacefully. This is a positive development.

However, it is essential to look at the other side of these developments as well. Dr John J. Mearsheimer in his work "The Tragedy of the Great Power Politics" used his framework of Offensive realism to offer important insights into the rise of China. One of his main arguments was that if China continued to grow economically, it will eventually attempt to dominate Asia. This will result in the United States of America (considered as the hegemon and the leader of the free world) going to enormous lengths to prevent China from achieving such regional hegemony. The result of this clash of national interests according to Dr Mearsheimer will be an intense security competition with significant potential for war (Mearsheimer, 2014). According to him, China's rise is unlikely to be a tranquil one. This view has been criticized but according to Jennifer Lind, China is already following the strategies of previous regional hegemons. She states that China is using economic coercion to bend other countries to its will (Lind, 2018). China according to Jennifer Lind is intervening in other states domestic politics to get more favorable policies. This can be backed up by evidence also. One can see that China has been successful to implement this with smaller states like Cambodia which is willing to serve as China's proxy within the Association of Southeast Asian Nations (ASEAN).

Some scholars associate China's engagement using the BRI in Latin America as a means to secure its ever-growing energy needs which is termed as a sort of "energy mercantilism" (Mobley, 2019). This comes in the backdrop of China's insecurity with the ability of the United States to use access to oil as a weapon. China fears the possibility of being coerced and appears to face the Malacca dilemma (China depends heavily on import of oil which must pass through the Malacca straits which is considered as a choke point which could be used by China's enemies for gaining leverage). The expansion of the BRI to Latin America and the Caribbean is seen as a means to secure multiple energy supply sources and routes. China is also building such relationships globally to ensure favorable votes in the United Nations General Assembly and other multilateral bodies (Babineau & Farah, 2019). Another critical priority for China is to strengthen its position as the legitimate Chinese government in the Western Hemisphere (ibid.). Beijing considers Taiwan to be a breakaway

Chinese province. China attempts to avert countries from establishing ties with the island. In 2017, Panama established diplomatic ties with Beijing after breaking ties with self-ruled Taiwan. This is a major victory for China which has now become the second most important customer of Panama's key shipping canal ("Group including Chinese firm begins Panama port project", 2017). Following Panama, El Salvador cut ties with Taiwan in August 2018. The Dominican Republic cut ties with Taiwan in May 2018 (Babineau & Farah, 2019). This left Taiwan with just 17 formal diplomatic allies. This is a cause of concern for the United States of America. This development shows the increasing willingness of the Latin American and the Caribbean states to accept the BRI and China. This does not go well with the present-day superpower the United States of America. This is because the United States and China have differences of opinion due to their view of world politics.

In his article "The Strategic Price of Neglect", Peter Schechter warns the United States of the price it will pay if it does not actively involve itself in the Latin American region. The United States has considered Latin America to be in its sphere of influence. The United States has taken it for granted that it would continue to enjoy a predominant influence in the region. This attitude can be seen with the lack of attention from the U.S. policymakers. It is well known that Latin America has not enjoyed commercial favoritism from America's businesses despite Latin America being geographically close. Peter Schechter and other scholars have called for more assistance, more presidential visits and more creative policy frameworks with Latin America and the Caribbean region. The inroads made by China are a threat to the traditional area of influence of the United States (Roa, 2019). China's increased interest in the region has not come without controversy though. This interest has prompted the officials from the United States to warn Latin America about China's "predatory" nature, and the "debt traps" it has created for developing countries (Churchill, 2018). The practices followed by China in granting loans or while investing often requires that the projects be granted to Chinese companies and at least 50% of the material, equipment, technology, or services be sourced from China. Such clauses as explained earlier could be used by a stronger nation to arm-twist weaker states. This creates a sort of dependency as the Latin American and the Caribbean states often do not possess the strength to counter China. China has also been very secretive as the deals signed under the BRI in the region have been very obscure. The projects which have the involvement of Chinese enterprises could establish a monopoly over raw materials and scarce resources and use its power to enforce its control over the smaller Latin American states.

In addition to all the skeptical observations, LAC's growing renewable energy capacities can be attributed to Chinese investments. This is done under China-Latin American and Caribbean Countries Cooperation Plan (Lu, 2017). Even when European firms undertake the projects, some of their equipment are sourced from China (Albe & Sarah, 2021). From 2011- 2018, most of the Chinese investments are in the energy sector (Ding et al., 2021). Not only in the energy sector, but Chinese investments are also significant even in agriculture, and infrastructure (Neves & Tulio, 2022). This shows that Latin America benefits economically from Chinese investments. However, as discussed earlier, LAC countries should be wary of the debt traps.

It is very early to judge whether China is pursuing the BRI in Latin America and the Caribbean as a strategic ploy to gain influence or as to whether China indeed seeks a peaceful rise. This along with the fact that the entire picture of the BRI in the region is unclear due to the lack of transparency and the scarce availability of the Memorandum of Understanding signed under the BRI initiative in Latin America raises suspicion of the Chinese intentions. Peter Schechter points out that there will inevitably be a debate about the role of China in Latin America sooner or later. This is because, despite the lack of clarity with regards to the BRI's motives in Latin America and the Caribbean region, the BRI's success or failure in the region will determine or shape the world's view of the BRI in general. Margaret Meyers goes on to ask as to whether China has understood the appeal to Latin American governments of inclusive rhetoric and development-oriented policies, may be better than the United States. If this is the case, then China will be able to prove that it is a leader of the developing states of the world and that by joining the BRI the world stands to benefit. The United States, on the other hand, must be able to prove that its claims of the BRI being a strategic tool of the Chinese to bring smaller nation-states under its influence is not just mere rhetoric to prevent the rise of China. For this, the United States must provide the region with economic support. However, as Peter Schechter has rightly pointed out that the United States must move beyond the narrow narrative of looking at the Latin American states through the lens of drugs, crime, and immigration for providing such support. He further states that the United States is at a historic juncture where the price for neglecting the region is simply the abdication of influence to the United States' most important strategic rival- China. He calls for the U.S and its allies to build an "arc of confidence" of western-oriented, democratic nations that have faith in the rules-based order and have chosen openness and inclusion for all.

However, building such a rules-based international order is going to be challenging. Dr. Evan Ellis who is a research professor of Latin American Studies at the U.S. Army War College points out as to how China does not adhere to the key tenants of the liberal world order (Ellis, 2019). The way in which China operates is a challenge to the United States as in a world with the rise of Chinese influence the goals that the United States has actively promoted through its foreign policy is under threat. China has also been accused of the desire to gain hemispheric leverage. China has displayed an attitude that is largely devoid of considerations for issues such as environmental degradation, rule of law, functioning democratic institutions, and internal repression. For example, in the capital of Ecuador (Ecuador has signed the BRI agreement), Quito, Chinese made video surveillance devices are installed on street corners and inside buildings (Carvalho, 2019). In 2011, Ecuador introduced a monitoring system in public spaces which also comprises of facial recognition technology. The adoption of such Chinese technology has given rise to human rights concerns as images captured using these kinds of CCTV cameras have also been used for surveillance and intelligence gathering. The usage of such technology aids in internal repression (ibid). The lack of privacy and concern for human rights helps to explain China's willingness to lend massive amounts of money to the Maduro regime in Venezuela. China has displayed that it is not concerned with values such as human rights, rule of law etc. As long as China sees an opportunity to secure its needs it continues to aid the governments of its allies. The outcome of such disregard for the established norms could lead to a confrontation. The largely dominant American view is that the Chinese companies are harming Latin America by investing mostly in the fields of extraction and transportation of its precious raw materials.

Apart from the natural resource exploitation and economic risks of BRI, the new left also appears to support the Chinese rather than the European and the US. China's increased investments in natural resources and infrastructure are partly attributed to the approach of the new left in LAC (Pickup, 2018). The leaders - Hugo Chavez, Evo Morales, Rafael Correa are considered proponents of the 'new left' in LAC. Hugo Chavez openly advocated a multi-polar world subtly showing his resentment towards the growing US hegemony (Ellner, 2012, P. 104). The newly elected leader Xiomara Castro of Honduras (Arsenault, 2021), Gustavo Petro of Columbia (Vishwanathan, 2022), leaders of Chile and Brazil (Londono et al., 2022), and Mexico, Argentina, Bolivia, Peru (The Economist, 2022) are categorized as new left. From this development, it is not a stretch to infer that they would allow the increase in Chinese influence.

For Latin America and the Caribbean region, a confrontation between the United States of America and the Chinese could lead to disastrous consequences and further push them back from achieving their developmental aims. Hence the Latin American states must be careful while signing the BRI agreements as there is a possibility that nation-states will increasingly be forced, as they were during the Cold War, to choose sides. The challenge for the Latin American and the Caribbean states will be to tap into the possibilities that the US-China competition offers without becoming its victims.

Post pandemic BRI Investments

UNCTAD's director of investment and enterprise, James Zhan said that the LAC region's economies would be pushed into deep recession because of the COVID – 19 pandemics (UNCTAD, 2020). The major factor for the latter is opined to be the reduction in the Foreign Direct Investments (FDI) into the region. Before this COVID – 19 struck the world, FDI inflows into this region was mired with strategic implications. A snap into the pre-pandemic world shows a booming Chinese capital inflow into the region. In 2018, China accounted for more than 20% of the regions FDI inflow (Chen, 2018). They have invested in high technology companies making global assets (Rolando Avendano, 2017, p. 4). China's trend of increasing outward capital flows is definitely helping the LAC region though it is a strategic move. Will China's role in the LAC in the post – pandemic world will be same as it was during the times of 2008financial crisis?

It can be argued to go both ways, but mostly the investments would increase. It cannot be ignored that the China has potential to lend financial and technical assistance to the LAC and is an equal competitor to the US. Before the pandemic, the decline of the US investments in the Latin America were attributed to the US exit from Trans Pacific Partnership [TPP] (Rolando Avendano, 2017, p. 5). The increasing domestic political disturbances in the US open up a channel for China to extend a strategic helping hand to LAC countries. China's increased focus on the service sector further encourages it to provide surveillance systems and health care services. Already Chinese companies like Huawei, ZTE, and Bank of Communications have made their inroads into the domestic market (Robert Greene, 2020, p. 7). Tencent is seen as an emerging investor for the region's startups (Asia Unbound, 2021).

An article published in *The Diplomat* fancily argues that if LAC realizes that China is engaged in the neo-colonial pathway to overthrow the US hegemony globally, LAC states would have less incentive to co-operate (Bernhard, 2021). But a Baker McKenzie report says that the Covid – 19 pandemic has given rise to the investments on the digital infrastructure development (GRI News Reports, 2020, p. 5). Another major opening for China is its investments in the health care sector (Koop, 2020). These two areas would be enough to conquer the whole of the influence, if done effectively. Digital technologies like AI, and surveillance systems would provide China access to the citizen's data. Such access if unregulated would give away perception control of LAC to China. However, the argument of hegemony and social control cannot be solely applied for China. It equally implies for the US. Thus, it is up to the LAC states on which terms they would allow the investments.

The strategic importance of LAC region can be understood by looking at the customs records of China during the pandemic. Its import of food supplies has increased during the first quarter of 2020 (Yunxia, 2020). This trade ensured the unhindered food supplies for China during the pandemic. Scholars opine that the future wars would be fought over food and water. In such scenario, extending ties across the world and securing the national interest become inevitable. China appears to be the right path to tackle its growing demands.

The conflict between the dominant power i.e. the US and the emerging great power which is the China is better explained by Organski's Power Transition Theory. This neo-realist sub theory strongly proposes that the national power includes socioeconomic and political resources. Such development in understanding the concept of *power* is derived from the economic fruits provided by the industrialization, demographical change and the ability of elite to make use of such skilled industrial demography (Kugler & Organski, 1989, p. 181).

The power of a state is calculated by Power = (Economic Production per Capita x Population) x Relative Political Capacity Where the Relative Power Capacity (RPC) is the ratio of the revenue expected to the revenue generated. When such calculated power of great power exceeds dominant powers, conflict arises. In the case of China's BRI and its tussle with the US, China's PRC might have been increased when compared to that of US in this region. The US looks at China as a belligerent state. Gilpin argues that a dominant state would try to protect its status if a hegemon when a rival arises. He also proposes that a counter Hegemon might successfully emerge if it has a superior technology and organizational capacity (Gilpin, 1988, p. 8).

China's Digital Silk Road

The Digital Silk Road, which was announced in 2015 Chinese government white paper aims to provide assistance in improving the digital communications, network capacities, and almost all the other critical internet infrastructures. Not only financing, China also helps its domestic countries like Huawei to export its innovative technologies like 5G. Given the political volatility in the LAC, it shouldn't surprise the world if they ask for high tech surveillance technology from China. Such technologies, without any data regulation regime currently across the world, would end up LAC states into what we call *data-trap*.

Not only China but the fear of going into *data trap* would be true even if states take assistance from the US. The leaks by Edward Snowden indicate that the US government is not different from the China when it comes to surveillance behavior. At least, XI Jinping's government emphasizes on the cyber sovereignty. China even declared that all its digital infrastructure projects along the BRI would adhere to the sovereign laws of the region (Robert Greene, 2020). Another interesting development of the DSR is that it is not carried with top-down approach. Rather, Chinese companies are encouraged to provide international services (Robert Greene, 2020). This makes the *data trap* invisible. In order to stay away from the *data trap*, client countries to DSR should know Chinese domestic laws and also should be concerned about the social and political fabric of the nation. However, immediate health care infrastructure support, cheap and reliable critical digital infrastructure are only provided by China. Further, people of the client countries are trained and educated apart from just providing the technology. This is a honey coated *data trap* deal, if China goes for data espionage.

The disadvantage that LAC states will encounter is the geographical distance of China. The alternative digital infrastructures can be availed from the US at some cost. If China has to establish it influence, it must engage completely in the LAC. The entire regions digital infrastructure, especially hardware manufacturing must be done in LAC.

Till now, the DSR has made visible inroads into African nations. The US with its ego and cultural façade of superiority, cannot establish another home in Africa and adopt some of the African cultures. The second Belt and Road Forum, for the first time held a separate session on the DSR. It brought more than 30 states including Cuba. In the area of digital infrastructure, Brazil is the most invested region by Chinese company Huawei. It is involved in building network infrastructure, research institution and training (Malena, 2021, p. 8). The US government announced in mid-2018 a multi-year Digital Connectivity and Cybersecurity Partnership (DCCP), focused on the Indo-Pacific. Such partnerships are to be initiated in the LAC region to sustain its influence.

Conclusion

The BRI has evolved significantly from the initial concept of the

One Belt One Road (OBOR) initiative proposed by President Xi Jinping in 2013. The Latin American and the Caribbean leaders and diplomats are indicating a greater willingness to be a part of the BRI. Despite the larger economies such as Brazil and Mexico not signing the BRI agreements yet, Chinese engagement with these states is along the lines of BRI projects. China has made inroads with states like Chile which has enabled it to become an important player in the region's politics. China has also diversified its engagements and has moved from a narrow focus based only on Venezuela to include more states as partner states in the region. The major concern regarding the BRI in this region has been as to what China seeks to gain out of including the region under the banner of the BRI. Despite the growing Chinese interest in extending the BRI to Latin America and the Caribbean region and the sustained enthusiasm in the region itself about this possibility, it remains unclear as to what exactly the BRI will do for the region ("China's Belt and Road Initiative in Latin America and the Caribbean", 2018). One possibility is that Latin America and the Caribbean states could attract more state-backed finance from China as a result of joining the BRI (Myers, 2018). Chinese investments in infrastructure can turn out to be a boon for this region especially as the region seeks to address its critical deficit (ibid).

The other challenge for the region is that many Chinese projects have been increasingly questioned for violating human rights by Non-governmental organizations (Carvalho, 2019). For instance, Bolivia adopted an "emergency response system" developed by a Chinese company. The particular company in question was financed with a loan from Beijing (ibid.). The emergency response system is utilized for surveillance on its citizens itself. This is disturbing as surveillance is used by authoritative regimes to quell any kind of opposition and to repress the people from voicing out their opinion. Venezuela has begun issuing fatherland cards since 2016 using Chinese technology (ibid.). The fatherland card is an identity certificate which the human rights activists fear will be used for surveillance or to infringe on privacy. Another emerging roadblock has been the Chinese non-compliance with environmental standards. Argentinian scholar Ariel Armony and Mexico-based researcher Enrique Dussel Peters state that most projects in the region have been met with a local backlash because of environmental concerns (ibid.). The indigenous people are worried about pollution and the harm caused to its residents and their livelihoods. In Argentina, the construction for the Condor Cliff and La Barrancosa hydroelectric dams ended up in controversy. Construction work on the dams planned to be constructed in Santa Cruz, Argentina was begun without an environmental impact assessment. This led the Argentine Supreme Court to order a suspension of the projects. Such disregard for environmental standards has led to severe backlash but according to the Chinese firms the community is not a valid interlocutor, only the government is (ibid.).

This sort of cultural difference and the difference in terms of political setup could lead to a severe clash of interests. According to Po Chun Lee, a Taiwanese-Ecuadorean economist the other significant problem is that “Wherever China invests, they make it very Chinese”. They don’t give importance to the native culture. The Chinese separate or segregate the workers in terms of dividing them into a Chinese camp and a local camp. The predicament here is that China does not take it seriously to abide by International standards. This is the very reason as to why there is a skeptical view regarding whatever China does.

This is also the reason as to why the offensive realists such as John Mearsheimer argue that China cannot rise tranquilly as despite having economic interdependence with other states, Chinese practices are a challenge to the rules-based established order which the United States the sole superpower has promoted. The Chinese stand on the South China Sea where they have rejected a Permanent Court of Arbitration’s ruling, the 99-Year Lease of the Hambantota Port to Chinese Firms due to Sri-Lanka being caught in a dept-trap etc., have clearly shown the coercive policies of China with weaker states (Chellaney, 2017). This is the reason why Chinese investments are subject to severe scrutiny.

This is also why global politics may turn out to be the deciding factor in the context of the BRI’s success in the region. Peter Schechter predicts that Latin America is where the fight to expand the arc of confidence must succeed. The clash between the current superpower the United States of America and its allies versus the rising power China is going to manifest in this region. The region’s growth potential makes it a possible ground for a clash between the United States and China. If the United States can extend support to the region’s economies, then Chinese opportunities to extend its influence may decrease. The challenge for the Latin American and the Caribbean states will be to tap into the possibilities that the United States of America and the Chinese competition offers without becoming its victims. This does not mean that the Chinese investment must be shunned, or the BRI must be viewed from a negative perspective only.

As stated, earlier China is willing to lend to states where others are unwilling to lend. The Chinese investment though should be more transparent, and it is up to the ability of the Latin American countries to ensure that they get fair and transparent deals. For the region to benefit from the BRI it must think strategically and collaboratively about regional infrastructure development. Together the Latin American states could be at a better position to gain rather than making state to state deals with China.

Chinese companies on their part have also expressed the difficult investment environment as a major challenge for proceeding with the BRI agreements. The vast distance between China and Latin America along with complex regulatory environments and bidding processes acts as a deterrent from further cooperation (Zhimin, 2018).

Hence for the Latin American and the Caribbean states to benefit they must concentrate on having well-developed plans for domestic infrastructure projects, regional and even sub-regional strategies while also easing the regulatory environments and bidding processes (Myers, 2018). The Latin American and the Caribbean states must also create the fundamental conditions required to attract Chinese investors.

As Margaret Myers points out the Latin American states must ensure that the projects are demand-driven and promote long-term, responsible, and sustainable economic growth. The major challenge hence lies in the ability of the Latin American and the Caribbean nation-states to build a relationship based on equality and avoid becoming a victim of the superpower rivalry or being reduced to becoming mere peripheral states completely dependent on China for its needs.

REFERENCES

Abdenur, A. (2017). Skirting or Courting Controversy? Chinese FDI in Latin American Extractive Industries. Revue Internationale De Politique De Développement, 9(9), 174-198. doi: 10.4000/poldev.2365

Albe, Ignacio. Sarah, Phillips. (2021). China's Renewable Energy Investment in Latin America. The Dialouge. Retrieved from https://www.thedialogue.org/blogs/2021/09/chinas-renewable-energy-investment-in-latin-america/

Argentina wants to join China's Belt & Road Initiative - Belt & Road News. (2019). Retrieved from https://www.beltandroad.news/2019/12/18/argentina-wants-to-join-chinas-belt-road-initiative/

Arsenault, Chris. (2021). How left-wing forces are regaining ground in Latin America. Aljazeera. https://www.aljazeera.com/features/2021/12/14/how-left-wing-forces-are-regaining-ground-in-latin-america

Asia Unbound. (2021, January 19). China's Growing Trade and Investment in Latin America Outpaces Its Influence in the Region's Media and Civil Society. Retrieved from Council on Foreign Relations: https://www.cfr.org/blog/chinas-growing-trade-and-investment-latin-america-outpaces-its-influence-regions-media-and

Babineau, K., & Farah, D. (2019). Extra-regional Actors in Latin America: The United States is not the Only Game in Town. PRISM, 8(1), 96-113. Retrieved from https://www.jstor.org/stable/e26597304

Balding, C. (2019). Venezuela's Road to Disaster Is Littered With Chinese Cash. Retrieved 2019, from https://foreignpolicy.com/2017/06/06/venezuelas-road-to-disaster-is-littered-with-chinese-cash/

Belt and Road Initiative (BRI). Retrieved 20 November 2019, from https://www.ebrd.com/what-we-do/belt-and-road/overview.html

Bernhard, I. (2021, January 16). China Is Expanding Its Foreign Policy Vision. Is Latin America Ready? Retrieved from The Diplomat: https://thediplomat.com/2021/01/china-is-expanding-its-foreign-policy-vision-is-latin-america-ready/

Carvalho, R. (2019). China in Latin America: partner or predator?. Retrieved September 2019, from https://multimedia.scmp.com/week-asia/article/3011618/beijing-conquest-latin-america/index.html

Chellaney, B. (2017). China's Debt-Trap Diplomacy | by Brahma Chellaney. Retrieved from https://www.project-syndicate.org/commentary/china-one-belt-one-road-loans-debt-by-brahma-chellaney-2017-01?barrier=accesspaylog

Chen, M. X. (2018, October 11). Foreign investment growth in the Belt and Road economies. Retrieved from worldbank.org: https://blogs.worldbank.org/trade/foreign-investment-growth-belt-and-road-economies

China's Belt and Road Initiative in Latin America and the Caribbean. (2018). Strategic Comments, 24(10), 8-9. doi: 10.1080/13567888.2018.1565141

Churchill, O. (2018). Pompeo warns Panama about accepting China's 'belt and road' loans. Retrieved 2019, from https://www.scmp.com/news/china/diplomacy/article/2169449/mike-pompeo-warns-panama-and-other-nations-about-accepting

De Castro Neves, L. A. D., & Cariello, T. (2022). China's Growing Presence in Brazil and Latin America. In Transition and Opportunity (pp. 73-87). Springer, Singapore.

Debt Trap | Meaning of Debt Trap by Lexico. Retrieved from https://www.lexico.com/definition/debt_trap

Ding, D., Di Vittorio, F., Lariau, A., & Zhou, Y. (2021). Chinese Investment in Latin America: Sectoral Complementarity and the Impact of China's Rebalancing. International Monetary Fund. Retrieved from https://www.imf.org/en/Publications/WP/Issues/2021/06/07/Chinese-Investment-in-Latin-America-Sectoral-Complementarity-and-the-

Impact-of-Chinas-50217

Ellis, R. (2019). The U.S. Military in Support of Strategic Objectives in Latin America and the Caribbean. PRISM, 8(1), 26-39. Retrieved from https://cco.ndu.edu/Portals/96/Documents/prism/prism8_1/190306_PRISM8_1_Ellis.pdf?ver=2019-03-05-152841-827

Ellner, S. (2012). The distinguishing features of Latin America's new left in power: The Chávez, Morales, and Correa governments. Latin American Perspectives, 39(1), 96-114.

Ferchen, M. (2018). China, Venezuela, and the Illusion of Debt-Trap Diplomacy. Asiaglobal Online Journal. Retrieved from https://www.asiaglobalonline.hku.hk/china-venezuela-debt-trap-diplomacy/

Gilpin, R. (1988). Theory of Hegemonic War. Journal of Interdisciplinary History, 591-613.

GRI News Reports. (2020). CHINA'S BRI & LATIN AMERICA: A New Wave of Investments? Baker Mckenzie. Retrieved from: https://www.globalcompliancenews.com/2020/12/05/china-chinas-belt-and-road-initiative-bri-and-latin-america-a-new-wave-of-investments-09112020/

Group including Chinese firm begins Panama port project. (2017). Retrieved from https://in.reuters.com/article/china-panama/group-including-chinese-firm-begins-panama-port-project-idINL8N1MU072

Kaburi, R. (2019). Venezuela's Political Crisis - The Organization for World Peace. Retrieved 2019, from https://theowp.org/reports/venezuelas-political-crisis/

Kaufman, R. R., Chernotsky, H. I., & Geller, D. S. (1975). A preliminary test of the theory of dependency. Comparative Politics, 7(3), 303-330.

Koop, F. (2019). Belt and Road: The new face of China in Latin America. Retrieved 5 June 2019, from https://dialogochino.net/26121-belt-and-road-the-new-face-of-china-in-latin-america/

Koop, F. (2020, July 30). Coronavirus reshapes Belt and Road in Latin America. Retrieved from Dialogo Chino: https://dialogochino.net/en/infrastructure/36699-coronavirus-reshapes-belt-and-road-in-latin-america/

Kugler, J., & Organski, A. F. (1989). The Power Transition: A Retrospective and Prospective Evaluation. In M. I. Midlarsky, Handbook of war studies (pp. 171-194). Routledge.

Lanteigne, Marc. (2022). Argentina Joins China's Belt and Road. The Diplomat. Retrieved from https://thediplomat.com/2022/02/argentina-joins-chinas-belt-and-road/

Lind, J. (2018). Life in China's Asia. Foreign Affairs. Retrieved from https://www.foreignaffairs.com/articles/china/2018-02-13/life-chinas-asia

Londono, Ernesto. Julie, Turkewitz. Flavia, Milhorance. (2022). Leftists Are Ascendant in Latin America as Key Elections Loom.

Lu, J. (2018). China-LAC Energy Cooperation. Retrieved from https://ecommons.cornell.edu/bitstream/handle/1813/57406/JunLu-CIPAProfessionalReport.pdf?sequence=1

Malena, J. (2021, January 19). The Extension of the Digital Silk Road to Latin America:. Retrieved from Council on Foreign Relations: https://cdn.cfr.org/sites/default/files/pdf/jorgemalenadsr.pdf

Mearsheimer, J. (2014). Can China Rise Peacefully?. The National Interest. Retrieved from https://nationalinterest.org/commentary/can-china-rise-peacefully-10204

MIller, B. (1992). Explaining Great Power Cooperation. World Politics, 45(1), 1-46. Retrieved from https://www.jstor.org/stable/2010517

Mobley, T. (2019). The Belt and Road Initiative. Strategic Studies Quarterly, 13(3), 52-72. Retrieved from http://www.jstor.org/stable/10.2307/26760128

Munro, A. dependency theory | Definition & Facts. Retrieved from https://www.britannica.com/topic/dependency-theory

Myers, M. (2018). China's Belt and Road Initiative: What Role for Latin America?. Journal Of Latin American Geography, 17(2), 1-5. Retrieved from https://digitalcommons.lsu.edu/cgi/viewcontent.cgi?article=1181&context=jlag

Pickup, M. (2019). The political economy of the new left. Latin American Perspectives, 46(1), 23-45.

Ríos, X. (2013). China and Venezuela: Ambitions and Complexities of an Improving Relationship. East Asia, 30(1), 53-65. doi: 10.1007/s12140-012-9185-0

Roa, C. (2019). The United States is Losing Latin America to China. Retrieved 2019, from https://nationalinterest.org/feature/united-states-losing-latin-america-china-73906

Robert Greene, P. T. (2020, May 8). Will China Control the Global Internet Via its Digital Silk Road? Retrieved from Carnegie Endowment for International Peace: https://carnegieendowment.org/2020/05/08/will-china-control-global-internet-via-its-digital-silk-road-pub-81857

Rolando Avendano, A. M. (2017). Chinese FDI in Latin America: New Trends with Global Implications. Washington: Atlantic Council.

Schechter, P. (2019). The Strategic Price of Neglect. PRISM, 8(1), 12-25. Retrieved from http://www.jstor.org/stable/10.2307/26597307

The Chile Embrace: Beijing Charts path into Latin America - Belt & Road News. (2019). Retrieved 2019, from https://www.beltandroad.news/2019/03/08/the-chile-embrace-beijing-charts-path-into-latin-america/

The Economist. (2022). A new group of left-wing presidents takes over in Latin America. Retrieved from https://www.economist.com/the-americas/2022/03/12/a-new-group-of-left-wing-presidents-takes-over-in-latin-america

UNCTAD. (2020, June 16). Foreign investment in Latin America expected to halve in 2020. Retrieved from unctad.org: https://unctad.org/news/foreign-investment-latin-america-expected-halve-2020

Vishwanathan, R. (2022). With a New Leftist President, Colombia Heralds Pink Tide in Latin America. The Wire. Retrieved from https://thewire.in/world/colombia-gustavo-petro-latin-america-pink-tide

What's behind Venezuela's political crisis?. (2018). Retrieved 2019, from https://www.bbc.com/news/world-latin-america-36319877

Youkee, M. (2019, May 7). The Panama Canal Could Become the Center of the U.S.-China Trade War. Retrieved from Foreign Policy: https://foreignpolicy.com/2019/05/07/the-panama-canal-could-become-the-center-of-the-u-s-china-trade-war/

Yunxia, Y. (2020, November 17). China and Latin America must use BRI to deepen cooperation. Retrieved from Chinadaily: http://www.chinadaily.com.cn/a/202011/17/WS5fb3138da31024ad0ba947b1.html

Zhimin, Y. (2019). BRI boosts cooperation with Latin America - Opinion - Chinadaily.com.cn. Retrieved August 2019, from http://www.chinadaily.com.cn/a/201811/29/WS5bff2877a310eff30328baaf.html

Zimmerman, W. (1978). Dependency theory and the Soviet-East European hierarchical regional system: initial tests. Slavic Review, 37(4), 604-623.

ABSTRACT

The Belt and Road Initiative (BRI) is increasingly turning out to become a global endeavor and has recently been extended to Latin America and the Caribbean (LAC) region. The diversity in the makeup of the nation-states in the region poses several challenges concerning the region's association with the BRI. For instance, Venezuela has borrowed heavily from China while being mired in economic troubles. The Venezuelan example serves as a caution to others as well as China on the intricacies of debt management and lending. This paper aims to study the challenges and risks arising from the Belt and Road Initiative extending to Latin America and the Caribbean region. This paper also tries to analyze as to whether a win-win outcome can be achieved for both China and the LAC nation-states and as to what China seeks from the region. An attempt has been made to evaluate the role that the global environment might play in this evolving relationship between China and the LAC nation-states. The paper also analyzes the post pandemic BRI investment in the LAC region.

KEYWORDS

Debt-trap, Strategic leverage, Dependency theory, China, LAC, BRI, Venezuela.

Received on April 26th, 2022
Approved on June 30th, 2022