

#17 China's engagement with Latin America and the Caribbean: Geopolitical challenges and the role of the EU

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Key Takeaways

- Latin America and the Caribbean are navigating intensifying geopolitical competition between China, the US, and the EU, while actively seeking to preserve autonomy and avoid dependency on any single power.
- China has become a major economic partner in the region, contributing to infrastructure and development, but also raising concerns around transparency, environmental harm, governance practices, and strategic influence.
- The relationship between China and LAC is moving from an initial expansion phase to a more cautious and critical phase, with growing scrutiny from governments and civil society and increasing emphasis on accountability.
- The EU has an opportunity to strengthen its role in LAC through a values-based approach focused on democracy, human rights, labour standards, transparency, and environmental protection, offering an alternative to great-power rivalry dynamics.

Recommendations

1. A new EU framework for LAC will need to take the many economic (value-chain) connections between the regions and their shared history into account, just as much as fundamental values that both the EU and LAC wish to promote.
2. There is ample room and a pressing need to expand EU-LAC digital collaboration and exchange information and knowledge.
3. It will be important for the EU to assess and react to China's evolving presence in Latin America's energy sector.
4. It will be beneficial if other EU countries also engage more actively with the region.
5. A well-constructed European-led recovery plan presents an opportunity for an important EU role in Venezuela and the region in years ahead.
6. A coordinated diplomatic presence, as well as the provision of concrete projects and measures for progress, are required.

Executive Summary

This report analyses China's role in Latin America and the Caribbean (LAC) within the broader context of shifting global geopolitics and increasing rivalry between major powers, particularly China, the US, and the EU. Building on earlier studies, it focuses on how China's growing presence interacts with changing international dynamics and how this affects both the region and external actors.

China has become a key economic partner across nearly all LAC countries, providing investment, loans, and infrastructure development. This engagement has supported economic growth and filled gaps left by declining US and European involvement in previous decades. However, China's presence is also associated with significant challenges, including concerns over environmental degradation, resource exploitation, lack of transparency in negotiations, and potential governance risks. These issues are especially visible in sectors such as mining, agriculture, and digital infrastructure.

The report emphasises that LAC countries are not passive recipients of external influence but active geopolitical actors. They strategically manage relationships with China, the US, and Europe in order to maximise development opportunities while maintaining political autonomy. A key regional challenge remains the ability to combine economic development with social inclusion and reduced inequality, which is influenced but not determined by external geopolitical competition.

A notable shift is underway in the nature of China–LAC relations. After an initial period of rapid expansion in Chinese investment and lending, the relationship is becoming more cautious and scrutinised. Some projects have slowed or stalled, and public debate within LAC societies has increased regarding environmental, political, and economic consequences. This reflects a transition toward a more pragmatic and less idealised partnership.

The report situates these developments within a wider global context of US–China rivalry and increasing geopolitical fragmentation. In this environment, the EU is encouraged to define a clearer and more independent strategy toward LAC, rather than positioning itself solely within US-aligned frameworks.

Finally, the report concludes that the EU can play a constructive role by deepening cooperation with LAC through a values-based approach. Priorities should include democracy, human rights, labour rights, transparency, and environmental sustainability. Given LAC's emphasis on sovereignty and balanced international relations, such an approach could offer a meaningful alternative to great-power competition while supporting more inclusive and sustainable development outcomes.