

China, Taiwan, and the Future of Guatemala

The rapid expansion of Beijing's political and economic influence in countries switching relations from Taiwan to China suggest that a "flip" by Guatemala could be particularly impactful.

By **R. Evan Ellis**

June 17, 2024



Credit: Office of the President, ROC (Taiwan) / Makoto Lin

Over the past year, China has made significant advances in Central America in multiple sectors, [in strategic geography](#) ever closer to the United States. It has built that position in countries ruled by governments with both the political power and [disposition to take those relations forward](#) in ways that challenge U.S. strategic equities.

Examples include China's training of Nicaraguan military and [police](#), all-expenses paid trips there for large numbers of [Nicaraguan](#) and [Honduran](#) journalists, plus possible Chinese work on strategic infrastructure projects such as the [Punta Huete](#) airport and an array of highway and rail projects across Nicaragua. Chinese firms are also involved in possible improvements to the [CA4 "dry canal" corridor](#) spanning Honduras from the Port of San Lorenzo (which is [also to be expanded by Chinese companies](#)) in the Gulf of Fonseca, upgrades to the Soto-Cano airfield where the U.S. operates its Joint Task Bravo [Forward Operating Location](#), and the expansion of bridges linking Honduras [to the Atlantic coast](#).

Synergies from such projects may also give new impetus for Chinese development of a

major port complex [at La Union](#), on the Salvadoran side of the Gulf, as Salvadoran President Nayib Bukele, irritated with [U.S. concerns](#) over his security policies, [turns to economic development](#).

To the north, the election of [Claudia Scheinbaum](#), a more internationalist president committed to advancing [nearshoring](#) and [green energy](#) in Mexico, may facilitate a stronger presence for Beijing through China's [strong position in each](#) of those sectors.

Against this backdrop of expanding Chinese presence in the region, the position of Guatemala is particularly strategic. It is the last Spanish-speaking country to recognize Taiwan in the region. It spans the continent from the Atlantic to Pacific and is the geographic bridge between the [cluster of China-friendly regimes to its south](#) (El Salvador, Honduras, and Nicaragua), and Mexico, which is in transition with the rapid expansion of Chinese commercial activities, to its north.

The rapid expansion of Beijing's presence and political and economic influence in countries switching relations from Taiwan to China suggest that a "flip" by Guatemala could be particularly impactful for the U.S. and the

region. Typically, a switch in diplomatic recognition is followed by the signing of [non-transparent MOUs](#) and [free trade agreements](#) opening up the country to China-based companies; the training of government personnel and journalists; and the weaving of Beijing's influence networks among local businesspersons and academics.

The addition of Guatemala to the trans-oceanic block of Central American governments open to China's commercial projects and associated influence would give the Chinese government potential to build and operate strategic infrastructure projects with malleable governments under non-transparent conditions. Beijing could potentially use this infrastructure to stage intelligence and military assets, and even move forces between oceans, including the Caribbean, [in time of a war](#) with the United States while cutting the U.S. off from land access to the Panama Canal and South America.

China's Lobbying and Presence in Guatemala

Although the embattled reformist government of Bernardo Arevalo has [committed to continue relations](#) with Taiwan, he faces pressures from both the left and right to

switch relations to Beijing. According to Guatemalans consulted for this work, on the left, members of Arevalo's Semilla party have varying degrees of positive orientation toward China. They are at least tempted to trade recognition of Beijing for support from others in the Guatemalan Congress, where the Semilla party has a small minority, to survive attacks from conservative Guatemalan leaders and advance their reformist agenda.

On the right, some Guatemalan elites, troubled by the amount of pressure applied by the United States on the nation's [government and business leaders](#) to [further the assumption of power by Arevalo](#) in January 2024, now look to China as a potential hedge against future U.S.-backed efforts to pursue them for corruption.

As elsewhere, Beijing has used Guatemalan hopes for access to the Chinese market, including Arevalo's [desire to expand commerce](#) with China, as a source of leverage to induce Guatemala to switch recognition. Although Guatemala exports a mere [\\$82 million annually](#) to China, Beijing [this month suspended purchases](#) of Guatemalan nuts and other goods, sending a [not-so-subtle message](#) to Guatemala that even its limited present

exports to China may depend on changing recognition.

Within Guatemala, Beijing has built webs of commercial and personal influence, through which it is waging a low-profile struggle to “flip” the country’s loyalty. In the media space, Claudia Menendez, who has an influential program called “[Con Criterio](#),” sharply criticized Guatemalan Foreign Minister Carlos Ramiro Martínez’s attendance at the inauguration of Taiwanese President Lai Ching-te as a serious violation of the One China principle. Guatemalan insiders say that Menendez just returned from a three-month Chinese government-funded trip to China and is now expected to ratchet up her pro-Beijing public advocacy.

Beijing is also believed to work through the Guatemalan Journalist Association and its members, including Juan Antonio Canel Cabrera, who also recently received a luxurious all-expenses-paid trip to China. Others, such as Manuel Rosales, who espouses pro-Beijing views through his radio program on Canal Antigua, take public positions that benefit China’s agenda.

As a complement to Beijing’s work through media influencers, China-based companies are both advancing in the commercial space

in Guatemala and acting as a lobby. [Huawei](#) is arguably China's leading agent in this regard, and has reportedly been aggressively seeking to market its technology solutions in the country, including the [case of BanRural](#). Huawei and Lenovo also made important donations to the prior administration of Alejandro Giamatti, with rumors that they may have sought to use gifts to personally benefit the president.

Huawei has also reportedly offered to donate electronics systems to Guatemalan government agencies under the Arevalo administration, but the president has rejected such offers, reflecting concerns about the company's behavior, as well as digital vulnerabilities.

Beyond telecommunications, China-Guatemala business ties have created potential sources of leverage in other areas as well, including in the automotive sector. Guatemala's Corfino-Stahl group has become the leading importer of Chinese autos, including [the brand Chang'an](#). In electricity, Guatemalan businesspeople previously sought to partner with [China Machine New Energy Corporation](#) on the [\\$728 million](#) Jaguar hydroelectric facility near Puerto Quetzal,

although the project [ran into legal problems](#) and did not go forward.

In this context, it's worth noting that Guatemala's ethnic Chinese community, which immigrated to the country beginning in the [late 19th century](#), cannot be assumed to be part of Beijing's influence campaign. Today, experts estimate that there are approximately 600 Guatemalans of Taiwanese origin and 30,000 more of mainland Chinese origin (mostly Cantonese). Although there are some within the community with sympathies toward Beijing, in general, the Taiwanese government has a strong relationship with the community, and the advantage of being able to maintain relations with it through Taiwan's official presence and embassy in the country.

Taiwan as a Partner

As the Taiwanese government, represented by [Ambassador Miguel \(Li-jey\) Tsiao](#), struggles to maintain its position in Guatemala, it can point to a substantial record of projects it has conducted to the country's benefit, such as a 90-bed [neonatal hospital](#), plus neonatal technology and training in Chimaltenango. From 2013 through 2021, Taiwanese donations and other non-commercial assistance alone [totaled \\$90 million](#).

Per [Decree 16-2023](#), which governs cooperation between the countries, current Taiwanese charitable projects in Guatemala include financial assistance and training to [small and medium enterprises](#), work to help residents of Baja Verapaz department improve their corn crop's [resistance to disease](#), a project promoting the [industrialization of Guatemalan bamboo](#), work to help the country control risks of banana blight, a regional alert system against flooding in Coban in Alta Verapaz, and [courses in Mandarin Chinese](#), with some 340 enrolled.

Although some in Guatemala perceive Taiwan's development support donations as providing opportunities for [corruption](#), they have arguably benefited the country in ways that the self-serving infrastructure construction projects of China-based companies, operating in countries recognizing Beijing. Such projects are infamous for using Chinese workers and materials, thus sending many of the economic benefits flowing back to China.

In the commercial domain, Taiwan has also recently launched a new program for investment partnerships, including providing financial support to Taiwanese companies traveling to Guatemala to explore setting up

factories and other facilities in the country. In this framework, for example, in March 2024, the Taiwanese government brought a [group of textile sector investors](#) to the country. Textile firms are interested in the prospect of setting up facilities in Guatemala, in consideration of opportunities created by Taiwan's 2006 [free trade agreement with Guatemala](#), as well as tariff-free access to the U.S. market through the [Central America-Dominican Republic Free Trade Agreement](#).

Taiwan further supports Guatemala in the security and defense sector, including approximately 12 Guatemalans per year traveling to Taiwan to [attend Guatemalan Professional Military Education institutions](#).

Taiwan also stepped up to provide Guatemala with rotary wing helicopter pilot training after issues with Colombia's defense minister led to the cessation of such training by Colombia.

Conclusion

The strategic considerations arising from Beijing's advance in Mexico and Central America makes Guatemala's continuing recognition of Taiwan, and the corresponding limitation of Chinese government influence there, strategically vital for the United States and the region.

Washington must be attentive to the political dynamics within both the right and left in Guatemala that could force a change in Arevalo's commitment to Taiwan in this regard. The U.S. thus has a vested interest in working together with Taiwan and Guatemala to monitor efforts to induce the Arevalo government to "flip" to Beijing, while also working together to provide value for remaining loyal to Taiwan.

In the process, the U.S. will also likely need to expand the resources it offers Guatemala for market-oriented investment projects and institution strengthening, as well as maintaining a posture of respect and balance in its treatment of Guatemalans on the right as well as on the left.

You have read 1 of your 4 free articles this month.

Enjoying this article?

Consider supporting *The Diplomat's* independent journalism with a subscription.

[Subscribe today](#) to continue having full access to our

extensive coverage of the Asia-Pacific.

SUBSCRIBE NOW

[VIEW SUBSCRIPTION OPTIONS](#)

Already have an account? [Log in](#).

AUTHORS

GUEST AUTHOR

R. Evan Ellis

R. Evan Ellis is the Latin America research professor with the U.S. Army War College Strategic Studies Institute. The views expressed herein are strictly his own.

TAGS

[Features](#) [Diplomacy](#) [East Asia](#) [China](#) [Taiwan](#) [China in Central America](#)

[China in Latin America](#) [China-Guatemala relations](#) [Guatemala](#)

[Taiwan diplomatic allies](#) [Taiwan in Latin America](#) [Taiwan-Guatemala relations](#)