



Cover Image Attribute: Chinese President Xi Jinping and Peruvian President Dina Boluarte inspect the honor guard during a welcome ceremony at the Great Hall of the People in Beijing on June 28, 2024. / Source: AFP

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Dina Boluarte’s China Trip – Insights into PRC Engagement with Latin America

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From [June 25-29, 2024](#), Peru's President Dina Boluarte made a state visit to the People's Republic of China. The trip was partly a prelude to her government's hosting of the Asia-Pacific Economic Cooperation (APEC) Forum Leaders' Summit [in November 2024](#). China's President Xi Jinping is [expected to attend the summit](#), his first trip to Latin America since prior to the Covid-19 pandemic, and the anchor stop for what is likely to be a broader tour of the region, including a [stop in Brazil](#) in conjunction with the G-20 meeting to be hosted there.

Boluarte's trip to the PRC, amidst her own [domestic political and judicial troubles](#), as well as difficulties with a number of PRC-affiliated projects in the country, was arguably an important step



thus resolving a major legal dispute with COSCO and the PRC, which had threatened to jeopardize President Boluarte's China trip and the benefits that she hoped to obtain through it. Those benefits included Xi's presence at the symbolic opening of the port during his much-anticipated state visit to Lima in November, highlighting through both the port and Peru's hosting of the APEC leadership summit the country's role as a South American gateway to the Pacific.

Boluarte's trip to China and the maneuvering over Chancay leading up to it calls attention to the extent of PRC penetration of Peru. Moreover, how China exploited Peru's economic needs and engaged in non-transparent deal-making to obtain exclusive access to Chancay, violating Peru's own laws, and then pressured Peru to change those laws to avoid Chinese retribution, illustrates the predatory manner in which the PRC takes advantage of its partners' hopes and weaknesses to secure its interests throughout America.

Boluarte's Peru Trip and Agreements

During President Boluarte's trip to China, she and her Chinese counterparts were reported to have made significant progress in talks to upgrade the 2008 Free Trade Agreement (FTA) between the countries, in ways that will facilitate greater PRC penetration into Peru's increasingly important new technology and services sectors. The businesspeople in her delegation reportedly agreed to form a new Peru-China Chamber of Commerce. The two countries also signed a new five-year roadmap for deepening their cooperation during the 2024-2029 period.

The numerous PRC-based companies that President Boluarte met with during her visit serve as a guide to China's presence and problems in the country. These include the telecommunications firm Huawei, the auto company BYD, the mining and construction firm Jinzhao, the logistics giant COSCO, and China Railway Road Corporation (CRRC), among others.

Boluarte's meeting with Huawei executives in Shenzhen reflects the importance of the actor as a key player in Peru's telecommunications sector as both an equipment and service provider, along with

profound information security issues for both the government and corporations whose operations in the country rely on its devices and networks.

In the automotive sector, Boluarte's meeting with executives from BYD, also in Shenzhen, highlighted the effort to woo the automaker to establish a production facility for its electric vehicles in the country. The broader context beyond BYD's potential position in electric vehicles, however, is the far more worrisome monopoly of electricity generation in the greater Lima metropolitan area captured by the company China Three Gorges, thanks to a series of acquisitions in recent years.

In mining, Boluarte's meeting with executives from Jinzhao highlighted the enormous influence of PRC-based companies as the largest investors in the sector. The mining sector is itself the principal driver of the Peruvian economy.

At the same time, despite the importance of such PRC-based companies for the generation of revenues, directly and indirectly, from the sector, PRC mining operations have experienced more than their share of problems. This includes difficulties with the Peruvians those Chinese mining companies employ, and the communities affected by their operations. The history of difficulties includes more than thirty years of labor and community unrest involving Shandong, the Chinese operator of an important mine in Marcona, violence and criminal activity surrounding the Chinese-operated Rio Blanco mine in Piura (including suspicious deaths of local residents), and more recent protests against China-Minmetals, operator of the Las Bambas mine, over subjects including alleged Chinese harm to local roads and communities by transporting materials over insufficient local roads.

Boluarte's meeting with Jinzhao also highlights a \$405 million project awarded to the firm in March to build a new minerals port near the Pacific coast city of Ica in the south of the country. The new port is only one of numerous infrastructure projects by PRC-based construction firms in the country, many of which have been tainted by environmental, community relations, and performance problems. Indeed, the bribery scandal, which indirectly brought down Peru's prior President Pedro Castillo, was tied to Chinese contractors, who were also believed to have channeled side payments

The Port of Chancay

While the facility that [Jinzhao is constructing](#) at Ica is significant, the most strategically important PRC project, at the center of the Boluarte trip, is the previously mentioned port at Chancay. [Inauguration of the initial capability](#) of the new \$3.5 billion facility, whose main platform and [first berths are almost complete](#), is expected to be a cornerstone of Xi's visit to Peru for APEC in November. Such an "inauguration celebration" would ironically mirror his 2016 trip to [Ecuador to inaugurate](#) the ill-fated, PRC-built [Coca Coda Sinclair dam](#) built under that country's previous anti-U.S. populist President Rafael Correa.

When fully operational, the port of Chancay's role in providing a [shorter connection](#) between the PRC and South America for very large containers, bulk cargo, petroleum, and other ships will impact the economics of transpacific shipping, including the operators of ports and logistics operations throughout the Americas, the companies that use them, and the governments of the region.

As a compliment, while in the PRC, President Boluarte's meeting with representatives of China Railway Road Corporation (CRRRC) suggested that the Port of Chancay could eventually be complimented by the construction of one or more trans-continental railroad link from Chancay to the Atlantic along the Southeastern coast of Brazil, allowing PRC-based agro-logistics, mining, and other companies to more competitively [access Brazilian resources and markets](#).

Beyond Chancay's strategic logistics importance, in the event of a war involving the PRC in the Indopacific, having a port operated by a PRC-based firm on the eastern edge of the Pacific, supervised by a government whose future political orientation and oversight capability is uncertain, would arguably [present strategic military concerns](#) for the United States.

Beyond the strategic commercial and military implications of the port itself, in exclusively Chinese hands, the management by the Boluarte government of disputes with COSCO over projects prior to her China trip raises even more alarms. It also highlights how the PRC [exerts influence](#) in the

signed by the prior government gave the PRC-based consortium the legal right to operate it [for its own exclusive benefit](#), not open to all users under equal commercial conditions. When the Peruvian government and Congress [sought to correct the oversight](#) by revoking or changing the concession, [COSCO threatened legal action](#).

As noted previously, the negotiations leading to COSCO's exclusive control over Chancay, and particularly the Boluarte government's rush to change its own laws to accommodate China, giving COSCO rights not enjoyed or even contemplated by any other operator in the country, powerfully illustrates how the PRC does business and secures its commercial and strategic interests.

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In the initial negotiations terminating in 2019, Peru's government wooed COSCO's acquisition of a [60% controlling interest](#) in the Chancay property, then owned by local mining company Volcan, with the intention that it would subsequently invest \$3.5 billion to build it into a megaport that would not only bring construction and operational jobs but would transform Peru's role as a global transpacific shipping hub. For many, including this author, those negotiations and the conditions and promises for COSCO to commit to such massive investments were suspiciously nontransparent. The government downplayed concerns expressed at the time that the new port would unfairly compete with the space-limited established Peruvian government-operated port in Callao. The government also dismissed concerns that the Chinese could use control of the port to advantage their own companies. Ironically, government officials speaking with the author during that time insisted that concerns were overblown because Peruvian law obligated the new Chinese owners to operate the port as public infrastructure, giving everyone equal access.

When details of the closely held agreement became public, making clear that the terms would

As with many other governments and businesspeople dealing with the PRC, it was too late by the time the Boluarte government had to publicly face the deal's illegal and prejudicial nature. To avoid jeopardizing what Boluarte hoped to gain from her China trip, including showcasing Peru in November as the host of the APEC Leaders' summit, Xi's return to the region, and the inauguration of Chancay, the Boluarte government dropped its efforts to bring the agreement into compliance with Peruvian law and fair access to other logistics operations, and as noted before, actually [changed its port law](#), granting unprecedented privileges to the Chinese to reconcile the conflict.

Beyond Peru, the affair highlights the skill of PRC-based companies in using contractual details and bureaucratic maneuvering in conjunction with "personal" benefits [to secure commercial advantage](#). Such behavior has been seen in numerous other projects, from oil and infrastructure construction agreements in Ecuador and Venezuela to the \$4.2 billion Baha Mar hotel in the Bahamas, where similar Chinese "lawfare" tactics were used to [take the project away](#) from local partner Sarkis Izmirlian, when the poor performance of China Construction Americas (CCA) whom he was using to do the work, [drove Baha Mar into bankruptcy](#).

Conclusion

As the November 2024 APEC leaders' summit approaches, it is in the interest of the United States, as well as regimes in the Indopacific and elsewhere, to monitor growing PRC engagement in Peru and learn from Peruvian mistakes in negotiating non-transparent contracts with Chinese counterparts expert in securing advantage through the fine print of such deals.

In November 2024, just after the United States elects its new President, the arrival of Xi Jinping in Lima, Peru [for the APEC Leaders Summit](#), the associated inauguration of the PRC-controlled port of Chancay, and a flood of other announcements related to China that will occur during those gatherings, will showcase China's evolving relationship with the region. Hopefully, during those events and before, the region will look at the details, not just the propaganda, to see how the PRC

considered. Boluarte's trip to the PRC, amidst her own [domestic political and judicial troubles](#), as well as difficulties with many PRC-affiliated projects in the country, was arguably an important step to ensure that Peru's hosting of Xi and APEC in November showcase the country in a positive light.

About the Author:

R. Evan Ellis is a Latin America research professor at the [U.S. Army War College-Strategic Studies Institute](#). The views expressed herein are strictly his own.

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Global Identifiers



ISSN [2381-3652](#)

OCLC Number: [923297365](#)

Library of Congress LCCN: [2015203560](#)

Dewey Class No: 327 (International Relations)

ISNI: [0000 0004 5898 6976](#)

VIAF ID: [875148947846054950004](#)

ROR ID: [01jvhre18](#)

NAAN ID: [84818](#)

Publons Publisher ID: [7294](#)

Publons Institution ID: [688925](#)

Standard Address Number (SAN): 992-9274



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