



# PERU'S

**"ACTIVE NEUTRALITY,"**  
NAVIGATING BETWEEN  
**WESTERN DEMOCRATIC IDENTITY**  
**AND THE TEMPTATIONS OF CHINESE**

# MONEY¥

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EXPEDIENTE  
ABIERTO



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# INTRODUCTION

From September 1-5, 2025, the author visited Peru to give a series of presentations, engaging with senior officials in the government of Dina Boluarte, as well as subject matter experts in academia and business, regarding activities of the People's Republic of China (PRC) in the country.

Peru's government strongly identifies itself as a Western democracy seeking to continue to work and strengthen relations with the United States, while adopting a posture of "[active neutrality](#)" that also seeks to take advantage of opportunities with the PRC. As the country [approaches April 2026 elections](#) which could decisively impact its course, its balancing act will depend on its successful use of transparency, competent institutions, rule of law, and planning, to ensure that projects with China create enduring value for the nation, and not solely for Chinese companies seeking special privileges in exchange for the promise of future benefit.

## THE PERU-CHINA POLITICAL RELATIONSHIP

Peru, on the Pacific Coast of South America, has long been connected to Asia, with a substantial diaspora of Chinese ("[Tusan](#)"), Japanese and other Asian ethnicities, and commerce with the region, including a web of free trade agreements (FTAs), among which is its [2009 FTA with the PRC](#), only the second negotiated by a Latin American country with the PRC.

Since 2013, Peru has been recognized by the PRC as an "[Integral Strategic Partner](#)," a relationship that was upgraded to "[Comprehensive Strategic Partner](#)." In 2017, Peru was approved for membership in the [Asia Infrastructure Investment Bank](#) (AIIB), and in 2019, become one of the first countries in the region to associate itself with the PRC "[Belt and Road Initiative](#) (BRI). In May 2024, as part of President Boluarte's trip to the PRC in preparation for the APEC summit, Peru reactivated an [Economic and technical commission](#) with the PRC facilitating government-to-government cooperation on science, trade, technology, education, health, investment, but that had been dormant for 9 years. In November 2024 at APEC, Peru signed a series of MOUs with China, including one for a [Joint commission](#) to further facilitate government-to-government cooperation with China.

China's ambassador to Peru, Song Yang, who [arrived in the country in 2022](#), is considered charismatic, and has been active with Peruvian government and business elites, although reflecting previous career postings, his Portuguese is notably stronger than his Spanish.





## COMMERCE AND EXTRACTIVE SECTORS

Peru has a trade relationship highly dependent on the export of low value added commodities and agricultural goods to the PRC. [34% of Peru exports](#) went to China in 2024. At the November 2024 APEC summit, it formalized a [modernization of its 2009 free trade agreement](#) (FTA) with the PRC to cover services and other issues.

Although Peru's trade relationship with China is significant and growing, it is overshadowed by a fundamental question of "who benefits." Peru's principal exports to the PRC are commodities, with the value added realized by PRC-based companies that dominate Peru's mining sector. Seven PRC-based companies account for [21% of all investment](#) in Peru's mining sector. These include Minmetals, which operates Peru's Las Bambas mine (with [significant ongoing problems with local communities](#)), China Aluminum Corporation, which operates Toromocho (and which [used explosives](#) in August 2025 to force out residents of the area who refused to leave their

land), as well as Shougang, which operates a [mine near Marcona](#), with a long history of labor problems including [allegations of unpaid wages](#) currently being investigated [by Peru's labor watchdog organization SUNAFIL](#). The Chinese company Jinzhao is currently planning a [\\$1.8 billion investment](#) to expand the Pampa del Pongo mine in the south of the country. In November 2024, China's Zijin acquired the La Arena and La Arena II mine near Trujillo from Pan American Silver to sell La Arena and La Arena II to Zijin [for \\$245M plus stock](#).

Beyond mining, the PRC uses its companies to extract petroleum products from Peru, including China National Petroleum Company subsidiary Sapet, which has operated in the sector [since 1993](#). The PRC presence in Peru's petroleum sector expanded notably in 2013, when Sinopec acquired a major oilfield in Peru [from Petrobras for \\$2.6 billion](#). It is currently poised to begin a \$500 million investment for extracting natural gas [from Block 58](#) in Cusco.

Although far less significant in value than mining and petroleum, the PRC has purchased an expanding array of agricultural products from Peru including [Blueberries, Avocados, and Grapes](#), as well as asparagus. Peru has hopes for exporting pecans ([accepted by the PRC](#) in March 2025), as well as raspberries, cherries, pomegranates, and bananas.

On the other hand, with the FTA, the PRC has penetrated the Peruvian market with a wide range of manufactured goods, including cars, trucks and busses. [Almost one in four cars](#) sold in Peru are Chinese, with PRC brands Changan, DFSK, JAC, and secondarily Jetour, Geely, Chery, and Dongfeng most common.

## LOGISTICS AND INFRASTRUCTURE

For both Peruvians, and those outside the country, the new port of Chancay, under the exclusive control of the PRC-based logistics giant COSCO, is the symbol of the PRC's significant and expanding role in the country. Despite the array of other Chinese investors in Peru which have not propelled Peru into the rank of high-income nations, Chancay has become the embodiment of hopes of Peruvians that PRC investment will drive development in the country, as well as the fears of others that it will bring economic displacement.

The deepwater port of Chancay is anticipated to eventually have [15 operating docks](#), and move 3 million TEU of cargo per year, theoretically boosting Peru's GDP [by up to 2%](#). It is anticipated to decrease shipping costs by [20% or more](#) compared to other Latin American Pacific Coast ports.

The story of Chancay, like elsewhere, has highlighted how the PRC uses the lure of its market and investments by its companies, to secure contracts and conditions that disproportionately secure the benefits and value added of projects for itself. With the [lure of \\$3.5 billion](#) in investment in the port (of which COSCO has [only spent \\$1.4 billion](#) with no concrete commitments yet for more), Peru's port regulator, APN, gave the Chinese logistics giant exclusivity in use of the port, a concession that [exceeded APN's authority](#) and undercut Peru's sovereignty.

When APN's error came to light in the weeks before President Boluarte was to travel to China in June 2024, with multiple other Chinese projects in Peru

under discussion, the Peruvian Congress chose to [change Peru's laws to legitimize what it had agreed to](#) to COSCO, to avoid a fight that some in the government worried would jeopardize the other projects then under consideration. With Boluarte's June 2024 trip also key to arranging President Xi's planned visit to participate in the November 2024 Asia Pacific Economic Cooperation (APEC) leadership summit in Lima, when he would symbolically inaugurate the port of Chancay, Peru's insistence over legal position on Chancay risked its hope to showcase the country at APEC as South America's premier gateway to Asia. Peru put its hopes not to lose ephemeral benefits, over its sovereignty, and backed down. In the end, President Xi [did not travel to Chancay](#) to inaugurate the port.

China's use of ephemeral hopes among Peruvians to secure concrete benefits from the Boluarte government over Chancay continued through 2025. As of September, in the name of facilitating the port's role as a hub to drive Peruvian jobs and development, COSCO was lobbying for exemption from taxes, and to be given a [special economic zone](#) which would give those operating there even greater autonomy from Peruvian government supervision. Indeed, COSCO has [threatened legal action against](#) the Peruvian government even for the modest attempts by Peruvian authorities to regulate the rates charged by the port.

By contrast to the hopes for Peruvian development advanced by the Chinese and their partners in Peru, experts consulted for this work argued that greater autonomy for COSCO and other PRC-based companies and exempting Chancay from taxation would reduce revenues to the Peruvian government from the port, while facilitating its use as a beachhead for PRC-based companies importing Chinese products into the region, displacing

local ones, without significant benefit to Peruvian development. They similarly noted that new jobs from Chancay were not likely to go to the government-promoted, not yet built [Ancon industrial park](#) almost an hour south of Chancay, but rather to the private, COSCO-controlled park planned to be built adjacent to it.

As a compliment to Chancay, the PRC and its companies have shown interest in a bi-oceanic rail corridor from Chancay to the Atlantic coast of Brazil which proponents argue would further contribute to Peruvian development. Others more skeptical,

consulted for this work argue that while the cost of the Peruvian portion of such a rail line, [\\$10 billion or more](#), would be born by the Peruvian government, the benefit would principally accrue to COSCO as the port operator, as well as to the Chinese companies using it to access the Brazilian market and extract Brazilian commodities and agricultural products, with little value for Peru.

Beyond the Port of Chancay, PRC-based companies continue to work multiple other infrastructure projects in the country. PRC-based companies [such as Gezhouba](#) have been involved in [building hospitals](#) and other structures in remote provinces, developing relationships with local populations, although their activities have been associated with [charges of corruption](#). Moreover, such projects have been largely stopped in recent months due to an array of administrative and budgetary obstacles.

In the transportation sector, Chinese projects include work on a 269 kilometer stretch of road in the South of the country near Tacna by China Rail N.º10 Engineering Group, as well as multiple railway projects under

consideration, such as a rail connection from [San Juan de Marcona to Andahuaylas](#). Contemplated Chinese rail projects also include possible construction of a [fast passenger train connection](#) from Lima to Ica, and another train from [Barranca to Trujillo](#).

More worrisome, such work, which could possibly cost as much as [\\$15 billion](#), may be done through [government-to-government agreements](#), facilitated by the previously noted [government-to-government coordination mechanism](#), rather than competitively bid through transparent public processes on a level legal playing field. Such an approach, in the context of [numerous problems with corruption](#), poor performance, and social unrest involving Chinese companies in other areas, raises profound questions regarding whether the new projects will be successfully executed, and whether the principal benefits will go to the Chinese and the individual Peruvians negotiating them, rather than providing enduring benefit for the country.

Indeed, as of September 2025, there were [89 pending arbitration cases](#) in the Peruvian legal system involving Chinese companies, with a value of [\\$86 million](#).

## ELECTRICITY INFRASTRUCTURE

PRC companies play a significant role in Peru's power generation and distribution. Chinese companies have built and operate the [San Gaban III](#) hydroelectric facility, and have acquired and own the [Chaglla](#) facility. Thanks acquisitions by China Three Gorges subsidiary Yangtze Power of [Luz del Sur](#) in 2020, and by [China Southern Power Grid of Boluz Energy in 2024](#), PRC companies now control [100% of power distribution in the greater Lima area](#). [Power China](#) is the local partner in numerous solar and wind [projects throughout the country](#).



## DIGITAL

In the digital domain, Chinese telecommunication, security systems, and other companies play a dominant role in Peru's economy and information infrastructure. This is of particular concern, insofar as [China's 2017 national security law](#) and multiple [other laws](#) oblige PRC-based companies to turn over data in their possession that may be of security interest for the Communist China government. In the telecommunications sector, [Huawei](#) and ZTE have operated in the country [for more than 20 years](#). Their smartphones and other telecommunication devices, as well as those of newer PRC entrants [Xiaomi](#), Oppo, and [Honor](#), are [ubiquitous in the Peruvian market](#), offered by each of the major telecom companies in the country, Claro, Movistar, and Entel. The lesser-known Chinese company Yangtze Fiber Optical Company (YOFC) has played a role in [digital infrastructure in the Peruvian countryside](#).

In surveillance systems, as elsewhere in the region, the PRC-based company Hikvision plays [a dominant and expanding role](#) in the market, in both commercial and home security systems, raising questions concerning Chinese access to the camera, biometric and other data from boardrooms, bedrooms and other locations uploaded from its hardware.

The PRC-based company [Nuctech has an important position](#) in scanners in ports, airports and other locations. Similarly, the COSCO-controlled port of Chancay, and other ports [uses Chinese ZPMC cranes](#), whose [scanners have access to significant quantities of metadata](#) on every container of cargo entering or leaving the port. Other [Chinese automated systems](#) employed

in Chancay also have varying levels of access concerning the content and other data on the containers they handle, even while they minimize the number of jobs that will be created for Peruvians by port operations. The combination of these scanners creates significant potential access for the Chinese government to almost the totality of data on people and commercial items entering and leaving Peru.

In the ridesharing and delivery sector, the [Chinese company DiDi](#) has a significant role in the Peruvian market, in competition with Uber, Cabify, and the Russian company inDrive, among others. Such data on user trips potentially gives Chinese intelligence access to data on sensitive trips that could be used to blackmail government and/or business executives, as well as to identify significant meetings and other activities through the integration of such data. Such risk was recognized by the PRC government, which [acted in 2021 to ensure its control of data](#) collected by Didi.



## INFLUENCE RELATIONSHIPS

With the expansion of activities of PRC-based companies in Peru, the Chinese government has also expanded its influence relationships in the country. These include people-to-people ties nurtured through numerous scholarships for study in the PRC awarded by the Chinese government. Promising students are often [identified through their initial interface with](#) one of the four Confucius Institutes that the Chinese government maintains in Peru for language and culture instruction. The PRC provides instructors for these institutes, who are then hosted within Peruvian institutions. These include [Confucius Institutes in](#) the Pontifical Catholic University of Peru (PUCP), Ricardo Palma University, University of Piura, and the Catholic University of Santa Maria, as well as a Confucius Classroom in Cusco, and a second one [being established near the COSCO-controlled Port of Chancay](#), both controlled by the Confucius Institute at Ricardo Palma University in Lima. Other scholarships for extended study in China have been provided by the Chinese company Huawei, which actively recruits in Peru, including through its [“Seeds of the Future” scholarship program](#).

Beyond these long-term programs for Peruvian recruits in China, the PRC regularly brings hundreds of Peruvian journalists, academics, politicians and other government personnel to the PRC for shorter trips. This includes the targeting of [Peruvian congresspeople](#), particularly those affiliated with leadership positions, and the PRC friendship conference in the Peruvian legislature. Huawei recently brought a group of Peruvian Congressmen [to Spain for a telecommunications conference](#). In August 2025, a group of 12 Peruvian national police personnel were brought [to the PRC for training](#).

Within Peru itself, PRC-oriented business groups such as the [Peru-PRC Chamber of Commerce CAPECHI](#) maintain close relationships with the PRC embassy and their Chinese business counterparts.

In the media domain, numerous Peruvian journalists, such as [Felix Paz Quiroz](#), travel regularly to the PRC, with at least some of those trips believed to be paid for by the Chinese communist government.

Beyond paid trips by journalists to the PRC, multiple Peruvian news outlets have signed “content sharing agreements” with the PRC, including *Editora Peru* (which includes *El Peruano*, and *Andina*), [El Comercio](#) group (which includes *Canal N*, *America Television*, the financial daily *Gestion*, and multiple tabloids) and *La Republica*, which signed a commitment with Xinhua during the November 2024 APEC Leaders’ summit and currently maintains a special [“Bridge to China” section in its newspaper](#). In February 2024, *Diario Expreso* also carried a significant paid advertising supplement providing very positive information about the COSCO-controlled port of Chancay, nominally paid for by a consulting firm, which experts interviewed for this work believed acted a pass-through for money from the PRC government.

## PRC-PERU SECURITY ENGAGEMENT

Peru and the PRC continue nascent cooperation in the security sector, particularly in the domain of personnel exchanges.

Peru has acquired multiple lots of Type 90B truck-mounted Multiple Launch Rocket Systems from the PRC-based company NORINCO, most recently in [April 2024](#), as well as gifts of trucks and other material. In 2017, the Type 90B acquisition was subject to a [corruption investigation by Peruvian authorities](#). A separate Peruvian acquisition of 7.62 mm rifle bullets from China had quality problems, with the poor-quality copper alloy used for the cartridges resulting in guns jamming combat, forcing Peru to reject the Chinese bullets. Separately, [trucks gifted by the Chinese](#) had severe stability issues at highway speeds that put their drivers at risk and had to be repaired.

In addition, during preparations for the November 2024 APEC summit, Peru received \$8 million in donations of [motorcycles and equipment](#) for its national police (PNP). In June 2025, the PNP sent [officials to Beijing and Tianjin for training](#). The following month, Peru's National War College, CAEN, received a high-level PLA delegation headed by [General Zang Baoqun](#), head of the PLA office of International Cooperation. The delegation was only one of many delegations from the PLA to Peruvian military institutions, and from CAEN and other Peruvian military institutions to the PRC. Such engagement has also included attendance by Peruvian military officers and other personnel in military courses in the PRC.

In the space domain, the Peruvian Space Agency CONIDA has periodically sent personnel to the PRC for courses. The Peruvian regulatory agency DICAPI signed an agreement with the Chinese Coast Guard to combat illegal fishing in and near Peruvian waters, in response to the estimated [\\$300 million in Peru fish](#) lost to activities of the Chinese deepwater fleet last year.



## CONCLUSIONS/RECOMMENDATIONS

In unofficial conversations with the author for this work, Peruvian authorities made clear their desire to maintain positive relations with the United States and continue to align Peru with U.S. democratic values and Western traditions, even while taking advantage of the commercial and other opportunities offered by the PRC. Peru has the sovereign right to pursue such a course, and its desire to reaffirm its commitment to the democratic values represented by the West is welcome. Over the long run, however, Peru's ability to successfully balance between the U.S. and the PRC will depend on putting its own true interests first, to engage with the PRC, like other nations, through a framework of transparency, strong institutions, a level playing field, and the equal application of its own laws, to ensure that the benefits of such engagements, in pursuit of the siren song of wealth and development, accrue to Peru, and not primarily to its Chinese suitors. The U.S., through its programs, and respectful discourse, arguably has a productive role it can play in helping Peru navigate that course.

EXPEDIENTE ABIERTO IS A CENTRAL AMERICAN THINK TANK FOCUSED ON RESEARCH AND THE PROMOTION OF DIALOGUE ON SECURITY AND DEFENSE, INTERNATIONAL AFFAIRS, TRANSPARENCY, AND HUMAN RIGHTS. IT BRINGS TOGETHER RESEARCHERS AND PRACTITIONERS FROM THE HEMISPHERE TO GENERATE ANALYSES WITHOUT POLITICAL AFFILIATION AND WHO SEEK TO CONTRIBUTE TO THE DISCUSSION OF ISSUES OF GENERAL INTEREST IN SOCIETY SUCH AS SECURITY, EFFICIENCY OF THE PUBLIC SECTOR, INSTITUTIONAL OPACITY, ORGANIZED CRIME, CORRUPTION, AND OVERSIGHT OF PUBLIC RESOURCES.



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