

Peru's 'Active Neutrality' Between China and the West

Peru's ability to successfully balance between the United States and China will depend on putting its own true interests first.

By **R. Evan Ellis**

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Credit: [Depositphotos](#)

Peru, on the Pacific Coast of South America, has long been connected to Asia, with a substantial diaspora of Chinese (“[Tusan](#)”) and other Asian ethnicities, significant commerce with the region, and a web of free trade agreements (FTAs) with the region, including its [2009 FTA with China](#), with an [upgrade formalized at the November 2024](#) Asia Pacific Economic Cooperation (APEC) leaders summit.

Peru’s trade relationship with China has long been dependent on the export of low value added commodities and agricultural goods. In 2024, [34 percent of Peruvian exports](#) went to China. Many of those exports come from its mining sector, where seven China-based companies account for [21 percent of all investment](#) and capture much of the value added. These include Minmetals, which operates the Las Bambas mine (with [significant ongoing problems with local communities](#)); China Aluminum Corporation, which runs the Toromocho mine (where, in August 2025, the company controversially [used explosives](#) to force out area residents who refused to leave their land); plus Shougang, which operates a [mine near Marcona](#) (with a long history of labor problems, including a [current investigation for not paying its workers](#)). China-based Zinhou is currently planning a [\\$1.8 billion](#)

[investment](#) in the Pampa de Pongo mine in the south. In November 2024, China's Zijin acquired the La Arena and La Arena II mine near Trujillo from Pan American Silver [for \\$245 million plus stock](#).

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Beyond mining, China purchases 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 China](#) in March 2025), as well as raspberries, cherries, pomegranates, and bananas.

With respect to imports from China, Chinese products have become ubiquitous in the country. [Almost one in four cars](#) sold in Peru are Chinese, with brands Changan, DFSK, and JAC the most common, followed by Jetour, Geeley, Chery, and Dongfeng.

Logistics and Infrastructure

Despite the longstanding Chinese presence in Peru's mining and other sectors, the most visible and controversial symbol of Chinese activities in the country is the new port of Chancay, exclusively operated by China-based logistics giant COSCO.

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The deepwater port of Chancay is anticipated to eventually move 3 million TEU of cargo per year, theoretically boosting Peru's GDP [by up to 2 percent](#). The combination of its geographical position, increased efficiency from its automated cargo handling, and its ability to accommodate larger ships (up to 18,000 TEU), is anticipated to decrease shipping costs by [20 percent or more](#) compared to other Latin American Pacific Coast ports.

The story of Chancay, like elsewhere, highlights how China uses the lure of its market, coupled with loans and investments by its companies, to secure contracts and conditions that disproportionately secure the benefits and value added of projects for itself. Swayed by [\\$3.5 billion](#) in hoped-for 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 exclusive operation, a concession that [exceeded APN's authority](#).

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APN's error came to light in early 2024 as President Dina Boluarte prepared for an important trip to China, with multiple other Chinese projects under discussion. Peru's Congress chose to [change the law to legitimize what APN had done](#), to avoid a fight that

might jeopardize the other projects and the successful hosting of APEC in November 2024 in Lima, with Xi Jinping as guest of honor.

Since then, China has continued to use hoped-for benefits from the port to secure more concessions. In the name of jobs for Peruvians that many presume would be generated by the port, COSCO is lobbying for exemption from taxes, and to be given a [special economic zone](#), which would give it even greater autonomy. It is also pushing back against other Peruvian government attempts at supervision and [threatening legal action against](#) modest attempts by Peruvian authorities to regulate the rates it charges.

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China and its companies have also shown interest in a bi-oceanic rail corridor from Chancay to the Atlantic coast of Brazil, with

the cost of the Peruvian portion, [\\$10 billion or more](#), borne by the Peruvian government. Skeptics of the project, which is not currently advancing, argue the benefits would principally accrue to COSCO as the port operator, and to the Chinese companies using it to access the Brazilian market, with little value for Peru.

In the transportation sector, Chinese projects include work on a 269 ^{Ad} kilometer stretch of road in the south of Peru near Tacna by China Rail No. 10 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](#).

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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.

Electricity Infrastructure

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Chinese 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. [Power China](#) is the local partner in numerous solar and wind [projects throughout the country](#).

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After China Three Gorges subsidiary Yangtze Power acquired [Luz del Sur](#) in 2020, and

[China Southern Power Grid acquired Boluz Energy in 2024](#), Chinese companies now control [100 percent of power distribution in the greater Lima area](#).

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 China-based companies to turn over data in their possession that may be of security interest for China's government.

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In the telecommunications sector, [Huawei](#) and ZTE have operated in Peru [for more than 20 years](#). Their smartphones and other

telecommunication devices, as well as those of newer Chinese 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^{Ad}, as elsewhere in the region, China-based company Hikvision plays [a dominant and expanding role](#) in the market, in both commercial and home security systems. This raises questions concerning China's access to the camera, biometric and other data from boardrooms, bedrooms and other locations uploaded from its hardware.

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China-based company [Nuctech has an important position](#) in scanners in ports, airports and other locations. Similarly, the COSCO-operated port of Chancay and other ports [use Chinese ZPMC cranes](#), whose [scanners have access to significant quantities of metadata](#) on every container of cargo entering or leaving the port, raising concerns regarding Beijing's access to the metadata on cargo entering and leaving Peru.

Influence Relationships

With the expansion of activities of China-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 China 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. China 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. There is also a Confucius Classroom in Cusco, and a second one [being established near the Port of Chancay](#).

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, China regularly brings hundreds of Peruvian journalists, academics, politicians, and other government personnel to China for shorter trips. This includes the targeting of [Peruvian congresspeople](#), particularly those with leadership positions or belonging to the China friendship conference in the Peruvian legislature. Huawei recently brought a group of Peruvian congresspeople [to Spain for a telecommunications conference](#).

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

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

Beyond paid trips by journalists to China, multiple Peruvian news outlets have signed “content sharing agreements” with China, including Editora Peru (which includes El Peruano and Andina), ^{Ad}[El Comercio](#) group (which includes Canal N, América Television, Gestion and multiple tabloids), and La Republica, which signed a commitment with Xinhua during the November 2024 APEC Leaders’ summit.

China-Peru Security Engagement

Peru and China continue substantial cooperation in the security sector, particularly in the domain of personnel exchanges.

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Peru has acquired multiple lots of Type 90B truck-mounted Multiple Launch Rocket Systems from China-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](#). Separately, [trucks gifted by the Chinese](#) had severe stability issues at highway speeds that put their drivers at risk.

In addition, during preparations for the November 2024 APEC summit, Peru received donations of \$8 million in [motorcycles and equipment](#) for its national police (PNP). In June 2024, the PNP sent [officials to Beijing and Tianjin for training](#). In August of that year, a group of 12 Peruvian national police personnel were brought [to China for training](#).

In July, Peru's National War College, CAEN, received a high-level People's Liberation Army (PLA) delegation headed by [General Zang Baoqun](#), head of the PLA office of International Cooperation.

In the space domain, the Peruvian Space Agency CONIDA has periodically sent personnel to China for courses.

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Conclusion

Over the long run, Peru's ability to successfully balance between the United States and China will depend on putting its own true interests first. That requires engaging with China, 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 accrue to Peru, and not primarily to its Chinese suitors. The U.S., through its programs, arguably has a productive role to play in helping Peru navigate that course.

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