



# China's Advance in the Caribbean

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*The Chinese army donates military equipment to the Guyana Defense Force on April 3, 2017: Guyana Ministry of Foreign Affairs and International Cooperation.*

## China's Advance in the Caribbean

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On September 22, 2020, British Member of Parliament Tom Tugendhat grabbed international attention with his suggestion that Barbados's exit from the Commonwealth was driven, at least in part, by [pressure from China](#). The accusation highlighted concern over the significant advances in China's commercial links, and influence, in the Caribbean, a region sometimes called the United States' "third border."

### China's Interest in the Caribbean

The strategic significance of the Caribbean for the United States is clear. Its geographic position as a maritime gateway to the southeastern United States shares characteristics with the island chains off China's southeast coast that China is taking steps to dominate. For China, the Caribbean is also critical; its location offers commercial access to the Atlantic coast of both the United States and South America for Chinese ships traffic transiting the Panama Canal. The Caribbean also sits between multiple U.S. military and commercial logistics hubs and potential destinations in the Americas, Africa and Europe. Indeed, during World War Two, German U-

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boats [stalked](#) allied convoys transiting between the Gulf of Paria, Trinidad and Tobago and Europe.

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The Caribbean is also home to four of the nine governments in Latin America that diplomatically recognize Taiwan, which have retained their ties to Taipei despite China’s efforts to isolate its rival. The Caribbean is also an important voting bloc in the Organization of American States and other regional bodies. That increases its strategic value to China, which has sought to influence multilateral diplomacy in the region.

In commercial terms, the Caribbean is a diverse, middle-income market for Chinese goods, a financial center for receiving outward-bound Chinese foreign investment and a source of modest amounts of bauxite, nickel and sugar. When including Guyana, Suriname and Trinidad and Tobago, the region holds over eight billion barrels of recoverable oil, and multiple facilities to process it.

## **The Growth of Chinese Engagement with the Caribbean**

Caribbean trade with China expanded from [\\$1 billion in 2002 to \\$8 billion in 2019](#), a rapid increase, though less than the almost 20-fold expansion in overall Chinese trade with Latin America and the Caribbean, from [\\$17 billion to \\$314 billion](#) during the same period. China runs a significant trade surplus with the Caribbean, [exporting \\$6.1 billion goods to the region and importing only \\$1.9 billion from it in 2019](#).

Beyond trade, the number of Chinese investments and loan-financed projects in the Caribbean, relative to its modest population, testifies to the importance given to it by China and its companies. In all, the Chinese have reportedly dedicated [\\$7 billion in loans and investments in six Caribbean countries](#) since 2005.

In **Jamaica**, Chinese companies have extended almost a billion dollars in construction loans through the [\\$400 million](#) Jamaica Development Infrastructure Program (JDIP) and its successor, the [\\$350 million](#) Major Infrastructure Development Program (MIDP), and construction of the [\\$270 million](#) North-South highway, linking the capital, Kingston, to the Ocho Rios tourist region. In April 2020, China Merchants Port Holdings [acquired](#) the Kingston container port and committed to invest [\\$2.7 billion](#) to improve it. In mining, the Chinese company JISCO purchased the Alpart bauxite mine, promising to [invest \\$1.5 billion](#) to transform the facility into a major industrial hub. In 2010, the Chinese firm Complant [acquired](#) three formerly government-operated sugar estates. The Jamaican government has also contracted with Chinese construction companies to build [thousands of units](#) of public housing.



*The Chinese-funded Sir Vivian Richards Cricket Stadium in Antigua: Shutterstock, IndustryAndTravel.*

Although projects with China also prospered under People’s National Party governments, Prime Minister Andrew Holness and his Jamaica Labor Party (JLP) have played a key role in China’s significant expansion in the country. During his November 2019 visit to China, he declared his interest in expanding Jamaica’s cooperation with China in multiple areas, and said his government had built the closest ties to China in Jamaica’s [history](#). The [early reelection](#) of the JLP and Holness, amid a deepening economic and fiscal crisis worsened by COVID-19, sets the stage for the acceleration of these and other Chinese ventures.

In the **Bahamas**, China Construction Americas built a [\\$4.2 billion resort](#), Baha Mar, with local business partner Sarkis Izmirlan, which is now owned by the Macau-based Chinese firm Chow Tai Fook. The Chinese firm Hutchison also [operates the Freeport container port](#), as well as the [Grand Lucayan resort](#) in Nassau. Other Chinese firms have invested in Bahamian hotels on the island of Nassau as well.

In **Trinidad and Tobago**, China Harbor, which has multiple projects in the country, has proposed a [\\$500 million regional drydock facility](#) in La Brea, while a consortium of Chinese investors has promised a [\\$102 million industrial park](#) to be populated by Chinese companies. Recent Chinese projects in the country include the long-delayed Brian Lara [cricket stadium](#), the [National and Southern Performing Arts Center](#), a velodrome, the [southern terminal](#) of the Piarco International Airport and the still unused Couva Childrens’ hospital. As in Jamaica, the [August 2020 reelection](#) of the People’s National Movement in Trinidad and Tobago, headed by U.S.-skeptical Prime Minister Keith Rowley, sets the stage for China to expand its position in Trinidad and Tobago.

In **Guyana**, the Chinese oil company [CNOOC](#) has a 25 percent interest in the Exxon-Mobil-led consortium that controls [over 6 million barrels](#) of recoverable oil. Chinese construction firms and other companies also have a strong position in the country, having built the nation's principal business hotel, a [Marriott](#), and undertaken a \$100 million expansion of its rival, [the Pegasus](#), as well as projects to expand the [Cheddi Jagan International Airport](#) and improve [electrical infrastructure](#). Chinese firms have also played an important part in the country's extractive sectors, including Bosai in [bauxite and magnesium](#) and [Bai Shan Lin](#) in timber. The 2020 return to power of the People's Progressive Party, whose leader, Bharrat Jagdeo, pioneered many of the early China deals, and the expected windfall of oil revenue as Exxon [ramps up production](#) will greatly expand opportunities for Chinese projects. Possible new investments include the Amalia Falls hydropower plant, a port in Berbice and an improved road connection from Brazil through Guyana to the Atlantic coast.

In **Suriname**, Chinese investments include construction projects by [China Dalian](#), ownership of a significant portion of the nation's timberlands by [China Greenheart](#) and an [ill-fated palm oil project](#) in Marowijne. Suriname also has one of the largest ethnic Chinese populations in the region, which has swelled with the arrival of Chinese construction companies since the administration of Jules Wijdenbosch (1996 to 2000). The Desi Bouterse administration (2010-2020) was the most recent government in Latin America to join China's [Belt and Road initiative](#), raising the prospect of a [\\$500 million Chinese loan](#).

The **Dominican Republic**, whose last government broke relations with Taiwan in [2018](#), was reportedly [promised \\$3 billion](#) in credits and investments from China. Chinese firms are active in the mining sector, including [Zhonging Lingham Nonferrous Metals](#), part owner of the Dominican mining consortium [Cormidum](#). However, other than a [modest increase in Chinese tourists](#) prior to the pandemic, relatively few of the promised Chinese investments have materialized, and it is not clear how the election of center-right businessman Luis Abinader, who [assumed office](#) in August 2020, will influence the relationship with China.

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In **Cuba**, the [Chinese firm CCCC](#) has been involved in the expansion of the port of Santiago, funded by a [\\$120 million Chinese loan](#). Chinese [pharmaceutical and energy firms](#) are operating in the port of Mariel, and Chinese capital has paid for [biomass](#) and [solar energy generation](#) facilities. The Chinese oil company Great Wall has helped the Cuban state petroleum enterprise Cupet with [shallow water exploration](#). In 2019, China [donated trains](#) to Cuba, and Huawei announced plans for an [artificial intelligence center](#) on the island. In 2011, China's [Alcatel Lucent Shanghai Bell](#) built the undersea fiber optic cable connecting Cuba's internet to Venezuela. The same year, China [forgave \\$6 billion](#) in Cuban debt. On the other hand, other

promised Chinese projects, such as a \$6 billion modernization of Cuba's [Cienfuegos refinery](#), have failed to materialize.

**Barbados** has received [\\$490 million](#) in Chinese investment in hotels and other projects in the tourist sector. In 2019, Barbados announced plans for an [investment office in Beijing](#).

Already, the Caribbean is dotted by Chinese-built cricket and soccer stadiums, government buildings, hospitals, clinics and road infrastructure, much of it built in recent years as rewards for establishing relations with Beijing. Notable examples include [stadiums and sports facilities](#) in Antigua and Barbuda, such as the [Sir Vivian Richards Stadium](#), built in 2007, and in the Bahamas, including the National Stadium at Queen Elizabeth Sports Centre, built in 2012.

The Caribbean has also become a focus of technology projects for Chinese firms. Huawei and ZTE have made significant progress competing with formerly dominant British firms in the region, such as Cable and Wireless. Huawei, for example, provides fiber optic cable connecting [Trinidad and Tobago, Guyana and Suriname](#), as well as a cable from Georgetown, Guyana to the Brazilian border at Lethem. It also built a cable connecting Cuba and Jamaica to its telecommunications network in Venezuela. Huawei and other Chinese companies are also at the heart of multiple “smart cities” initiatives to integrate surveillance cameras with facial recognition software and databases and electronic services, including in [Guyana](#) and [Suriname](#). Trinidad and Tobago has announced it [will use Huawei](#) to construct its 5G telecommunication system.

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Many Chinese projects in the Caribbean are mired in problems. This includes promised loans that never materialize and projects that never get off the ground, such as the proposed industrial city and drydock in La Brea, Trinidad and Tobago, and the Cienfuegos refinery in Cuba. Strikes over the mistreatment of local workers by Chinese firms, which have plagued highway projects

in Jamaica, have also damaged China’s brand in the Caribbean, as has resistance from local communities over environmental concerns, including at the Alpart bauxite mine in Jamaica. The bankruptcy of the Baha Mar resort in the Bahamas was another black eye for Beijing, as were the financial challenges at the Skeldon sugar factory in Guyana. Nevertheless, interest among Caribbean businessmen and politicians in partnerships with China remains high.

Beyond commercial projects, China’s presence and influence in the Caribbean is expanding in other ways. Despite the relatively small population of the Caribbean, it is home to [ten of China’s 45 Confucius Institutes](#) in Latin America. China regularly hosts Caribbean business and political leaders for [people-to-people exchanges](#) and has increased efforts to strengthen relationships [with the Chinese diaspora](#) in the Caribbean.

China has also dedicated a disproportionate amount of its Latin American security engagement to the Caribbean. Each of the three missions of the Chinese military's hospital ship Peace Arc has included [Caribbean destinations](#). The only participation by People's Liberation Army troops in a United Nations peacekeeping mission in Latin America was in Haiti, where China deployed military police from [2004-2012](#). China has regularly donated equipment to military and police forces in the region; for example, it gave a [Y-12 transport aircraft](#) and [military construction equipment](#) to the Guyana Defense Force; \$1.1 million in [non-lethal supplies](#) to the Jamaica Defense Force in 2019; [motorcycles to the Trinidad and Tobago police service](#) and, in 2017, [\\$2.6 million in vehicles to the Guyana Police Service](#). Military personnel from the region regularly attend professional military education [and training](#) courses in China's [National Defense University](#) in Changping and elsewhere in China.

The Caribbean remains a key battleground for China's efforts to isolate Taiwan. Although its last major success in the region was in the Dominican Republic in 2018, China has reportedly worked through the local business community to [exert pressure](#) on the beleaguered Haitian government of Jovenil Moise to switch its recognition. However, in [St. Kitts and Nevis](#), the [June 2020 reelection](#) of the pro-Taiwan coalition government and Prime Minister Timothy Harris was a setback for Beijing.

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As elsewhere in Latin America, the global epicenter for COVID-19, the public health and economic stress from the pandemic has created new opportunities for China. The significant [loss of tourism](#) has [decimated the region](#), while the arrival of [large numbers of Venezuelan migrants](#) in places such as [Aruba](#), Bonaire, [Curacao](#), [Trinidad and Tobago](#) and the [Dominican Republic](#) has put significant pressure on social systems. This year's [unprecedented level of hurricane and tropical storm activity](#) in the Caribbean has compounded these challenges.

With the Chinese economy projected to be the [only major economy to grow](#) in 2020 – albeit by only 2 percent – China is well positioned to contribute to economic recovery in the Caribbean by offering loans for infrastructure construction; buying bankrupt resorts and logistics infrastructure and acquiring holdings in sectors from nickel and bauxite to sugar, as local governments and foreign investors [sell assets](#).

China will not only benefit from the Caribbean's need for Chinese capital, but also from the goodwill generated by China's medical diplomacy. Chinese COVID-19 donations to the Caribbean include [4,000 test kits](#), as well as personal protective equipment, to Trinidad and

Tobago; [3,000 test kits and four ventilators](#) to Jamaica; [15,000 test kits and four ventilators](#) to the Dominican Republic; and [66,000 masks](#) to Cuba.

## **The Path Forward for the United States**

The strategic position of the Caribbean as the southeastern maritime border of the United States and its link to U.S. commercial and security priorities gives Washington an interest in containing Chinese influence in the Caribbean. To better compete, the United States could help restore flows of U.S. tourists, though that depends in large part on the course of the pandemic in the United States. The United States could also expand U.S. private investment in the region through programs such as “América Crece.” At the same time, it could provide greater foreign assistance, including through the USAID “Clear Choice” initiative, State Department programs and through partnerships with civil society organizations to address the potentially destabilizing humanitarian crises caused by the pandemic and 2020 Atlantic hurricane season.

These efforts could focus on institution building, to promote transparency, the rule of law and effective governance – areas largely ignored by China. This could include technical assistance so that Caribbean governments improve the awarding of public contracts and enforcement of labor and environmental rules, which would level the playing field for U.S. firms and help local authorities better police Chinese investors.

Finally, the United States could expand both security and diplomatic cooperation in the Caribbean, offering more equipment and training for police and soldiers and inviting more Caribbean officials to train in U.S. institutions.

In all of these engagements, the United States could coordinate with European and other allies, including Great Britain and the Netherlands.

The United States also has opportunities to increase awareness of existing and future U.S. engagement in the Caribbean, which would complement its frequent warnings over the potential hazards of investments from Chinese companies.

All of this potential engagement, however, could be jeopardized should Caribbean governments continue ramping up their security relationship with China and their partnership with Beijing in sensitive areas, such as Huawei’s telecommunications hardware and Chinese “smart cities” initiatives, or should additional governments in the region cut ties to Taiwan. Still, in communicating that message, the United States could avoid offending its Caribbean partners by downplaying threats and emphasizing the upside of favoring Washington over Beijing in important security and economic areas of interest to both the United States and Caribbean governments.