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AMERICA, CHINA AND THE COMPETITION FOR THE GLOBAL SOUTH

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HIGHLIGHTS

China has made significant economic and diplomatic gains across the Global South in recent years, but these advances do not necessarily translate to greater strategic influence. In many cases, countries have welcomed Chinese trade and investment without necessarily embracing Beijing's broader geopolitical ambitions.

For Washington, distinguishing between legitimate Chinese commercial activities and those that pose genuine security risks is essential to avoiding unnecessary tensions with regional partners.

Most governments across the Global South are not interested in choosing sides between Washington and Beijing. Instead, **they want to maximize the benefits of working with both powers and preserve as much strategic autonomy as possible.**

Although U.S.-China competition is often viewed through the lens of a potential conflict over Taiwan or tensions in the South China Sea, Washington and Beijing are increasingly competing for influence across the breadth of the Global South. From Southeast Asia and South Asia to the Pacific Islands, Middle East, Africa, and Latin America, China has significantly expanded its economic and diplomatic presence, becoming a leading trading partner, infrastructure investor, and development partner for many countries.[1] Beijing's growing influence has undoubtedly created new challenges for American interests, particularly as China seeks to translate its economic relationships into greater political and strategic advantages. But the United States still enjoys considerable strengths of its own, above all its security partnerships and technological edge. And importantly, China's expanding economic footprint does not necessarily mean that countries are moving away from Washington or aligning themselves more closely with Beijing.

For China, expanding its presence across the Global South serves several purposes. Beijing wants reliable

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access to resources, export markets, and transportation routes to sustain its economic growth and reduce its vulnerability to external pressure. It also seeks greater diplomatic support for its positions on Taiwan and other sensitive issues, while gradually expanding opportunities for military access and security cooperation beyond its immediate neighborhood. However, China's priorities differ considerably from region to region. In Southeast Asia and South Asia, for example, Beijing is seeking to consolidate its economic influence while limiting Washington's ability to build partnerships that could constrain Chinese power. In the Pacific Islands, China has increasingly pursued diplomatic and security relationships that could complicate American military operations in the Indo-Pacific theater. In the Middle East, Africa, and Latin America, Beijing's interests remain primarily economic, although its growing commercial presence could eventually provide Beijing with opportunities for greater political and security influence.

The United States faces significant challenges in competing with China across these regions. Washington cannot always match Beijing's ability to finance and construct major infrastructure projects, nor can American companies necessarily compete with cheaper Chinese technologies and manufactured goods. Even so, the United States remains an attractive economic and security partner for many countries, particularly those concerned about becoming overly dependent on China. However, Washington sometimes undermines its own advantages. Under the second Trump administration, tariffs and transactional diplomacy have frustrated governments across the Global South, including countries that would otherwise welcome closer American ties. China, for its part, has sought to capitalize on these frustrations by portraying itself as a more stable and predictable partner. But Beijing has its own shortcomings, including its willingness to use economic coercion, concerns about the sustainability of its lending practices, and its reluctance to assume greater security responsibilities abroad. As a result, many governments remain skeptical of China's intentions even as they deepen economic cooperation with Beijing.

SOUTHEAST ASIA SEEKS BALANCE

Southeast Asia is perhaps the best example of why China's growing economic influence does not necessarily translate into greater strategic influence. To be sure, Beijing has become an indispensable economic partner for virtually every country in the region, with the Belt & Road Initiative (BRI) reinforcing its position through infrastructure financing and investment. Beijing's geographic proximity also gives it certain advantages that Washington simply cannot replicate. Even with these advantages, however, most members of the Association of Southeast Asian Nations (ASEAN) have little interest in choosing sides between the United States and China. Above all, Southeast Asian governments want to preserve their strategic autonomy and avoid becoming overly dependent on either power.

The Philippines strongly illustrates the limits of China's economic influence, although Manila has moved closer to Washington than most other Southeast Asian countries. Despite China's importance as a trading partner, Beijing's increasingly aggressive behavior in the South China Sea has pushed the Philippines firmly toward the United States.[2] Under President Ferdinand Marcos Jr., the U.S.-Philippines security alliance has experienced a remarkable revival, including expanded American access to Philippine military facilities, more frequent joint exercises and maritime patrols, and deeper cooperation on maritime domain awareness (MDA). Although the alliance is arguably stronger than it has been in decades, its future remains uncertain. Philippine Vice President Sara Duterte could pursue a more accommodating approach toward Beijing if she wins the presidency in 2028. President Trump's transactional approach to alliances and unpredictable foreign policy could also complicate Manila's calculations. Moreover, the Philippines still wants productive economic ties with China and has no interest in becoming a frontline state in a broader U.S.-China confrontation.[3]

Vietnam presents a different challenge for Washington. Hanoi has longstanding concerns about China's expansive claims in the South China Sea and its growing presence along the Mekong River, but its relationship with Beijing is also shaped by deep economic ties, ideological similarities, and the reality of sharing a lengthy land border. Vietnam has, therefore, sought to strengthen relations with the United States, but its longstanding foreign policy emphasizes independence, self-reliance, and avoiding military alliances—making it unlikely that Vietnam would ever become a traditional American security partner. Instead, Vietnam's response

has been to diversify its relationships and strengthen its own defense capabilities rather than move decisively into Washington's camp. For the United States, this creates opportunities for closer cooperation, but only if Washington respects Hanoi's determination to avoid choosing sides.[4]

Indonesia, Southeast Asia's largest country and biggest economy, similarly seeks to maintain productive relationships with both powers. Its longstanding commitment to an independent and active foreign policy means that Jakarta is unlikely to align closely with either Washington or Beijing. President Trump's tariffs have further complicated American efforts to deepen relations. Although the two sides negotiated a reciprocal trade agreement in mid-2025, the process raised concerns in Indonesia about economic sovereignty, unequal concessions, and the domestic political costs of accommodating American demands. China also remains a major investor in Indonesian infrastructure and critical minerals processing (especially nickel), which are investments that keep Jakarta engaged with Beijing even as Washington offers alternatives.

Thailand offers another example of how Washington risks undermining its own strategic advantages. Despite being one of America's oldest treaty allies in Asia, Bangkok has increasingly sought closer ties with Beijing, across economic and defense sectors. Senior Thai officials have also publicly expressed frustration with the unpredictability of American policies, especially President Trump's tariffs.[5] China has sought to capitalize on this opening. During Prime Minister Anutin Charnvirakul's engagement with Chinese leaders in 2026, Beijing and Bangkok moved to deepen their strategic partnership, including plans for expanded defense cooperation and higher-level diplomatic consultations.[6] Thailand's growing interest in China, however, is not simply a reaction to President Trump's policies. As such, Washington needs to demonstrate why closer cooperation with the United States serves Thailand's own economic and security interests.[7]

Elsewhere in mainland Southeast Asia, China's influence is even more pronounced. Laos, for example, has become heavily dependent on Chinese financing and investment, most visibly in its railway and energy infrastructure.[8] The China-Laos railway has improved connectivity and strengthened Beijing's economic presence, but it has also reinforced concerns about debt and Vientiane's growing dependence on China. Washington has relatively little ability to compete directly with Beijing in these sectors. Nevertheless, American assistance in areas such as unexploded-ordnance clearance, education, energy governance, and Mekong River cooperation offers opportunities to maintain influence. Cambodia, for its part, has developed particularly close political and economic relations with China, including controversial defense cooperation at Ream Naval Base, and the apparent deployment of PLA there, as well as construction of the new Funan-Techo Canal connecting the Mekong River to the Gulf of Thailand.[9] Myanmar's military regime also depends heavily on Beijing, although its leaders have periodically sought to diversify their external relationships, including through engagement with India and, more recently, the United States.[10] These cases underscore that even governments closely associated with China may still welcome alternative partners when doing so serves their interests.

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Singapore, Malaysia, and Brunei further demonstrate the limits of viewing Southeast Asia through a simple U.S.-China competition framework. Singapore maintains close security ties with Washington but also has extensive economic relations with Beijing, and its leaders have consistently warned against forcing regional countries to choose sides. Malaysia similarly seeks to benefit from Chinese trade and investment without giving up defense relationships with the United States and other partners, despite its own maritime disputes with Beijing. Brunei, despite its relatively small size, has also pursued a careful balance. China has become deeply involved in its energy and port sectors. Washington, meanwhile, has sought closer security dialogue and maritime cooperation.[11] Increasingly, these countries are also navigating competition over artificial intelligence, digital infrastructure, and advanced technologies. Timor-Leste, ASEAN's newest member, has similarly sought to balance growing Chinese economic and infrastructure investment with longstanding security and development partnerships with the United States, Australia, and other Western partners, without becoming overly dependent on Beijing.

SOUTH ASIA'S STRATEGIC TRIANGLE

South Asia and the broader Indian Ocean present a complicated challenge for China because Beijing must contend not only with the United States, but also with India, which has long viewed the region as its traditional sphere of influence. China's growing economic and military presence has raised concerns in New Delhi, particularly as Beijing seeks to expand its access to critical maritime routes, deepen infrastructure investments, and strengthen relationships with countries along India's periphery.

India's relationship with China remains deeply troubled because of the unresolved border dispute between the two countries, Beijing's close defense partnership with Pakistan, and China's growing naval presence in the Indian Ocean. President Trump's tariffs and his administration's renewed engagement with Pakistan have further complicated bilateral relations, especially given New Delhi's longstanding concerns about Islamabad.[12] Indeed, excessive American pressure risks undermining one of Washington's most important partnerships in the Indo-Pacific at precisely the moment when cooperation with India is becoming increasingly valuable.

Pakistan, meanwhile, remains China's closest strategic partner in South Asia. For decades, Beijing and Islamabad have maintained an exceptionally close defense relationship, driven in large part by their shared concerns about India. China is Pakistan's largest arms supplier and has invested heavily in infrastructure and energy projects through the China-Pakistan Economic Corridor (CPEC), a flagship component of the BRI.[13] Under the Trump administration, Washington has sought to reset its strained relationship with Islamabad. Early in his second term, President Trump surprised many observers by increasingly turning to Islamabad for cooperation on the so-called three "Cs"—counterterrorism, cryptocurrency, and critical minerals.[14] Following the U.S. and Israeli attacks on Iran, Pakistan assumed a fourth role as well: that of mediator. For China, this renewed U.S.-Pakistan relationship is worth watching, but there is as yet little indication that Washington is about to displace Beijing as Islamabad's principal strategic partner.

Bangladesh faces a different dilemma. Although Dhaka has traditionally maintained close ties to India, its relationship with New Delhi has become increasingly complicated by domestic political developments and longstanding concerns about Indian influence. Its



SOURCE: SHUTTERSTOCK

leaders remain interested in maintaining productive relations with New Delhi, however, while simultaneously expanding trade ties with both the United States and China.[15] For Washington, this creates opportunities for closer engagement, but only if it recognizes that Dhaka is unlikely to view its relationship with China or India exclusively through the lens of American strategic competition.

Sri Lanka and the Maldives have similarly become important arenas of competition, because of their locations along major Indian Ocean shipping routes. Sri Lanka's Hambantota port, in particular, has frequently been portrayed as evidence of China's so-called debt-trap diplomacy and its ambitions to establish a larger military presence in the Indian Ocean. Although a Chinese company holds a 99-year lease over the port's commercial operations, Sri Lankan authorities retain responsibility for security, and there is no permanent Chinese military base at Hambantota.[16] Colombo, moreover, continues to maintain positive ties to America.

The Maldives has pursued a similar approach, although its foreign policy has been susceptible to domestic political shifts. After promoting an "India Out" campaign for a number of years, Malé has since sought to repair relations with India and continues to benefit from Chinese infrastructure investment. Major projects, including the China-backed Sinamalé Bridge and the India-supported Thilamalé Bridge, illustrate how both powers have sought to strengthen their influence through infrastructure development.[17] But for the Maldives, these projects are not simply about choosing between India and China, but keeping both engaged. The United States has also sought to strengthen its relationship with the Maldives, particularly through defense cooperation and maritime security assistance, with Washington recognizing the archipelago's strategic importance in the Indian Ocean.

Afghanistan, Bhutan, and Nepal present different challenges for Washington and Beijing. Since the American withdrawal from Afghanistan in 2021, China has sought to expand its economic and diplomatic engagement with the Taliban, through prospective mining and connectivity projects. Nevertheless, Beijing remains concerned about terrorism and instability and has been reluctant to make major investments. Washington, meanwhile, has limited influence over the Taliban and remains focused primarily on counterterrorism and humanitarian concerns.[18] Bhutan presents a different challenge because it maintains close relations with India and has no formal diplomatic ties with China. Beijing has nevertheless sought to advance border negotiations with Thimphu, raising concerns in New Delhi about potential Chinese territorial gains near the strategically important Doklam plateau. Nepal, meanwhile, has welcomed Chinese infrastructure investment through the BRI but maintains close ties with India and seeks continued American development assistance, including through the Millennium Challenge Corporation. In all three countries, Washington's ability to compete directly with Beijing is limited, and India's own strategic interests remain particularly important in shaping regional dynamics.

THE PACIFIC ISLANDS PRIZE

The Pacific Islands have become an increasingly important arena of U.S.-China competition, as Beijing makes inroads in a region long dominated by the United States and its allies. China's growing influence has raised concerns in Washington, especially because of the islands' strategic locations, vast maritime territories, and potential importance in a future conflict over Taiwan. Beijing has also sought to isolate Taiwan diplomatically by convincing countries to switch recognition to China.

China's objectives in the Pacific Islands are relatively straightforward. First, Beijing wants to further isolate Taiwan by convincing its remaining diplomatic partners to switch recognition. China has already made significant progress in this regard, with the Solomon Islands and Kiribati switching diplomatic recognition from Taipei to Beijing in 2019, followed by Nauru in 2024. Palau, the Marshall Islands, and Tuvalu continue to recognize Taiwan, however, demonstrating that Chinese economic incentives and diplomatic pressure do not always succeed. Second, Beijing wants greater access to natural resources, including fisheries and minerals, while expanding its commercial presence through infrastructure and development projects. Finally, China is seeking to strengthen its security relationships with Pacific Island governments, potentially opening the door to greater military access in the future. Although Beijing has yet to establish a permanent military base in the region, its growing presence has raised concerns about whether Chinese naval forces could eventually

operate more regularly across the Pacific, complicating American military planning.

China has sought to advance these objectives through infrastructure investment, development assistance, and diplomatic engagement. Chinese companies have been involved in constructing transport links and telecommunications networks across the region, often providing financing that smaller Pacific Island economies would struggle to secure elsewhere. Beijing has also emphasized its willingness to support economic development and climate-related initiatives. But Chinese projects have sometimes generated concerns about debt sustainability, transparency, environmental damage, and political influence.

The security dimension of China's growing influence became clear in 2022, when Beijing signed a controversial security agreement with the Solomon Islands. Although such a base has not materialized, Beijing has continued expanding police training and law enforcement cooperation with several Pacific Island countries. These activities are significant because they allow China to develop relationships with local security institutions and through them potentially establish a more enduring presence in those places.

The United States retains important relationships with Palau, the Federated States of Micronesia, and the Marshall Islands through the Compacts of Free Association (COFAs). They also give the United States an important advantage over China, in maintaining access across the western Pacific. Palau has remained especially vocal in opposing Chinese pressure while maintaining diplomatic ties with Taiwan. Micronesia, meanwhile, has maintained its close security relationship with Washington while also pursuing economic engagement with Beijing. These differences underscore that even America's closest Pacific partners are not simply following Washington's lead.

Elsewhere in the region, governments have adopted different approaches toward China. Samoa and Tonga have similarly pursued Chinese financing and development assistance without abandoning longstanding relationships with Australia, New Zealand, and other partners. Although Honiara has moved closer to China since switching diplomatic recognition in 2019, its policies remain subject to internal political debates and leadership changes.[19] Taken together, these cases demonstrate that the Pacific Islands should not be treated as a single bloc moving toward or away from China.

For Washington, the good news is that the United States still enjoys significant advantages in the Pacific Islands, because of its military presence and compact relationships, backed by cooperation with regional allies. But under the second Trump administration, questions about the durability of American development assistance, diplomatic engagement, and climate commitments have created additional uncertainty. This is problematic because Pacific Island governments consistently identify climate change as their greatest long-term security threat, a concern that Washington has not always treated with the same urgency.

THE MIDDLE EAST UNDER A MICROSCOPE

China has become an increasingly important player in the Middle East, driven by its demand for energy and ambitions to expand its influence.[20] Moreover, under the second Trump administration, Washington has sought to expand its own economic and technological partnerships across the Middle East, demonstrating that competition with China is no longer confined to military and security affairs.

Energy remains central to China's economic relationship with the Middle East. The region supplied approximately half of China's combined imports of crude oil, refined fuels, liquefied natural gas, and liquefied petroleum gas in 2025.[21] China became the Middle East's largest trading partner in 2010, and its commercial relationships have continued to expand ever since.[22] Technology has become another important area of competition. Chinese companies have also expanded into cloud computing, AI, and surveillance technologies. Saudi investment in Chinese technology companies, including Lenovo, further underscores how economic ties are becoming increasingly intertwined.

Diplomatically, Beijing has sought to position itself as a partner to virtually everyone in the region. China maintains close relationships with Saudi Arabia and Iran despite their longstanding rivalry, while also cultivating ties with the UAE, Egypt, and other important regional players. Perhaps China's most significant diplomatic achievement came in 2023, when it helped broker the restoration of diplomatic relations between Saudi Arabia and Iran.[23] But China's diplomatic influence

should not be overstated. The Saudi-Iran agreement was built on earlier negotiations facilitated by other regional actors, and Beijing has generally struggled to play a meaningful role in resolving more difficult conflicts.

China's growing security presence has similarly attracted attention, although it remains far more limited than America's. Beijing established its first overseas military base in Djibouti in 2017, providing the PLA with a foothold near the strategically important Bab el-Mandeb Strait and Gulf of Aden. Reports of possible Chinese military activities at the UAE's Khalifa Port have further raised concerns in Washington about Beijing's long-term ambitions.[24] But China has shown little interest in replacing the United States as the region's principal security guarantor. Indeed, despite its substantial dependence on Middle Eastern energy supplies, Beijing has generally avoided direct involvement in protecting commercial shipping or responding militarily to regional crises. China's limited role in confronting Houthi attacks on vessels in the Red Sea was particularly revealing. Although disruptions to shipping threatened Chinese economic interests, Beijing largely left the burden of securing maritime routes to the United States and its partners.

The United States remains highly engaged in the region. Under President Trump, Washington has sought to expand economic and technological cooperation with Gulf partners, with an emphasis on artificial intelligence, semiconductors, and energy.[25] During President Trump's May 2025 visit to Saudi Arabia, Qatar, and the UAE, the administration announced major commercial and investment agreements, including Saudi commitments to invest hundreds of billions of dollars in the United States. Washington and Abu Dhabi also reaffirmed their support for the India-Middle East-Europe Economic Corridor, which could eventually offer an alternative to some Chinese-backed infrastructure and connectivity projects. Nevertheless, many of these initiatives remain in development, and their longer-term strategic impact will depend on implementation.

Furthermore, Washington continues to strengthen its longstanding military relationships across the region. The United States maintains an extensive network of military facilities, including the headquarters of the U.S. Navy's Fifth Fleet in Bahrain and Al Udeid Air Base in Qatar. American weapons, military training and defense technology remain central to the security strategies of Saudi Arabia, the UAE, and other Gulf partners. President Trump has also sought to deepen these relationships through major arms sales and defense agreements. In November 2025, for example, Washington and Riyadh signed a Strategic Defense Agreement. At that time, the Administration also announced plans for additional weapons sales, including future F-35 deliveries.[26]

The 2026 war involving the United States, Israel, and Iran has further exposed the differences between American and Chinese approaches to the Middle East. Washington has demonstrated its willingness to use military force against Iran and has continued supporting Gulf partners facing Iranian threats. But the conflict has disrupted regional energy markets, threatened commercial shipping, and raised concerns among Gulf governments about the risks of hosting American military facilities or becoming caught in a wider confrontation. China, meanwhile, can portray itself as a partner primarily interested in economic cooperation and diplomacy rather than military intervention. For now, the conflict has reinforced a fundamental reality: China may be an increasingly important economic partner, but the United States remains far more deeply involved in shaping the region's security environment.

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For Middle Eastern governments, however, there is little reason to choose exclusively between Washington and Beijing. Saudi Arabia, the UAE, Qatar, and other Gulf states have increasingly sought to diversify their foreign relationships, particularly as questions about American reliability and long-term regional commitments have grown. China's response to the 2026 war has demonstrated the limits of their partnership, especially when Beijing's broader economic interests could be jeopardized by direct involvement.

ACCESSING AFRICA

Africa has become an increasingly important arena of U.S.-China competition as Beijing seeks to secure access to critical minerals, expand trade and investment, and strengthen diplomatic relationships across the continent. Over the past two decades, China has

established itself as Africa's largest trading partner, and invested heavily in infrastructure and mining on the continent. These relationships have given Beijing considerable economic and political influence, especially in countries seeking financing for major development projects.

Chinese companies have become deeply involved in mining operations, notably in the Democratic Republic of the Congo (DRC), one of the world's leading producers of cobalt and copper. For African economies, these investments have raised concerns that Africa could remain dependent on commodity exports rather than develop its own manufacturing and processing industries. Infrastructure development has been another major component of China's engagement. Through the BRI and other financing arrangements, Beijing has supported the construction of transportation and energy infrastructure across the continent. Nevertheless, Chinese lending has also generated concerns about debt sustainability and political influence.[27] Many African governments actively seek Chinese financing because alternative sources are limited or came with more demanding conditions. Even so, opaque contracts, repayment difficulties, and growing dependence on Chinese creditors have created vulnerabilities that Beijing could potentially exploit.

On the diplomatic front, Beijing has also made significant gains. Chinese efforts have helped isolate Taiwan, with Eswatini representing the only African country out of 54 that maintains formal diplomatic relations with Taipei. Yet African governments are not necessarily aligned with Beijing on every issue. Many welcome Chinese financing and investment but still seek closer ties with Washington, Europe, and India. Their primary interest is maximizing economic opportunities and preserving freedom of action rather than becoming part of a Chinese-led political bloc.

Beijing has expanded its security cooperation across Africa, although its presence remains far more limited than its economic footprint. Beijing provides military equipment and training to numerous African governments, while Chinese personnel have participated in United Nations peacekeeping operations. China is also a major arms supplier in the region. Its military base in Djibouti, established in 2017, provides an important foothold near the Red Sea and Gulf of Aden, allowing Chinese forces to support naval deployments and other operations beyond East Asia. Technology represents another important area of competition. Chinese companies, particularly Huawei and ZTE, have established extensive telecommunications networks across Africa, often providing equipment and financing at prices that American and European competitors struggle to match. Beijing has also supported digital infrastructure, surveillance systems, and so-called smart-city projects, expanding its technological presence in both the public and private sectors.[28]

The United States has increasingly sought to challenge China's dominance in infrastructure and critical minerals, with the Lobito Corridor as a leading example. Washington has backed the initiative through financing and technical assistance, including a $553 million loan from the U.S. International Development Finance Corporation (DFC) for railway improvements in Angola.[29] More recently, in September 2026, the U.S. Trade and Development Agency announced support for electricity infrastructure projects along the corridor, including improvements intended to benefit mining operations and local communities in the DRC and Zambia.[30] In December 2025, Washington signed a strategic partnership agreement with the DRC aimed at expanding American access to critical minerals while encouraging investment in mining, infrastructure, and related industries.[31] The agreement also reflected the Trump administration's broader efforts to link economic opportunities with diplomatic engagement, as Washington sought to mediate tensions between the DRC and Rwanda. If Washington wants to compete effectively with Beijing, it will need to offer investments that support African industrial development as well as American supply chain security. So far, it is on a relatively positive path to do so.

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The United States has further begun offering alternatives to Africa in AI and data infrastructure. In September 2026, for example, the U.S. Trade and Development Agency announced support for a feasibility study involving two proposed AI-ready data centers in Nigeria, reflecting Washington's interest in expanding American technological influence in one

of Africa's largest economies.[32] Such initiatives could create opportunities for American companies to provide cloud computing, advanced digital infrastructure, and other technologies as African economies become increasingly connected.

Yet Washington retains important security relationships across the continent, most notably in military training and counterterrorism. The American military presence has faced setbacks, particularly following the withdrawal of U.S. forces from Niger in 2024. Under President Trump, Washington has increasingly emphasized commercial diplomacy and transactional partnerships rather than traditional foreign assistance.

Indeed, some of President Trump's policies have complicated American efforts to compete with China. The future of the *African Growth and Opportunity Act* (AGOA), which provides eligible African countries preferential access to the American market, has also become a source of uncertainty. Although President Trump signed legislation in February 2026 extending AGOA through the end of the year, his administration has sought to revise the program to secure greater market access for American businesses.[33] The irony is that Washington is seeking to expand commercial competition with China while simultaneously pursuing policies that could make American economic engagement less attractive.

GROWING LATIN AMERICAN ENGAGEMENT

Latin America has become an increasingly important arena of U.S.-China competition, given its resources and proximity to the United States. China's growing involvement in critical minerals, infrastructure, telecommunications, and energy has raised concerns that Beijing could eventually gain greater strategic access close to American shores. But despite these developments, the United States retains significant advantages, particularly through its geographic proximity, extensive trade and investment relationships, and longstanding security partnerships. Moreover, most Latin American governments have little interest in choosing sides between Washington and Beijing. Instead, they want to benefit from China's growing economic opportunities while preserving productive relationships with the United States.

Trade remains the foundation of China's regional influence. In 2025, two-way trade between China and Latin America reached approximately $565 billion,



SOURCE: SHUTTERSTOCK

up from $518 billion in 2024, with Beijing remaining South America's largest trading partner and the region's second-largest overall.[34] Brazil, Chile, and Peru have become important economic partners for Beijing, largely because of their substantial natural resources and export-oriented economies. Chinese manufactured goods, however, have also placed pressure on local industries, creating political and economic tensions even in countries that otherwise welcome closer relations with Beijing. Chinese investment has also expanded well beyond traditional resource extraction.

Beijing has leveraged its economic relationships to encourage support for its positions on Taiwan and other sensitive issues. Honduras' decision to switch diplomatic recognition from Taipei to Beijing in 2023 represented another success in China's efforts to isolate Taiwan internationally.[35] Nevertheless, China's diplomatic influence should not be overstated. Major regional powers such as Brazil and Mexico continue to pursue independent foreign policies, while other governments have sought to diversify their external relationships rather than align exclusively with Beijing.

Through the BRI and other financing arrangements, Beijing has supported infrastructure projects involving transportation, power generation, and telecommunications. More broadly, Chinese infrastructure projects have sometimes generated concerns about debt, transparency, environmental practices, and the possibility of excessive dependence on Beijing. Still, many Latin American governments view China as an attractive economic partner, particularly when American or European financing is unavailable or comes with more demanding conditions. Perhaps the most strategically significant example of China's growing presence is Peru's Chancay megaport, which opened in November 2024. For Beijing, Chancay represents an important component of its broader efforts to improve global connectivity and secure access to Latin American commodities.[36] Although Chancay remains a commercial facility, its development underscores the growing importance of strategic infrastructure in U.S.-China competition. Similar concerns have emerged over Chinese involvement in other regional ports, particularly around the Panama Canal.

China's security presence in Latin America remains comparatively limited, although Beijing has gradually expanded defense cooperation with and arms sales to the region. Venezuela has been a particularly important customer for Chinese military equipment, while other regional governments have acquired Chinese aircraft, radar systems, and other defense technologies. Washington, however, continues to benefit from extensive security cooperation across the Western Hemisphere, including counterdrug operations and military cooperation. Technology has similarly become an important dimension of competition. Chinese telecommunications giants Huawei and ZTE have established extensive relationships across Latin America, notably in 5G networks. Chinese companies have also expanded into cloud computing, surveillance systems, and satellite-related activities. Argentina's Chinese-operated deep-space facility in Patagonia has attracted particular attention in Washington because of concerns about its potential military and intelligence applications.

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As the White House continues to prioritize dominance in the Western Hemisphere under the second Trump administration, Panama has become a contentious issue. President Trump has repeatedly criticized what he considers excessive Chinese influence around the canal, pointing to Hong Kong-based CK Hutchison's operation of ports at both entrances.[37] Washington has argued that such arrangements could create strategic vulnerabilities, even though Panama itself retains sovereignty and operational control over the canal. The dispute raises questions about respect for regional sovereignty. The President's earlier threats to reclaim control of the Panama Canal generated considerable controversy, including among governments that otherwise share concerns about Beijing's expanding presence. China's growing involvement in ports, telecommunications, and space-related infrastructure has raised concerns that Beijing could eventually use commercial relationships to support a more substantial security presence. For Washington, distinguishing between

legitimate Chinese commercial activities and those that pose genuine security risks will be essential to avoiding unnecessary tensions with regional governments.

The Trump administration's renewed focus on the Western Hemisphere has created both opportunities and challenges for American efforts to counter China there. Its engagement with Argentina, efforts to challenge Chinese influence around the Panama Canal, and growing interest in regional supply chains suggest that the United States is taking competition with Beijing more seriously. On the other hand, Trump's tariffs, threats of economic retaliation, and occasional disregard for regional sensitivities risk undermining these initiatives.

THE ROAD AHEAD IN THE GLOBAL SOUTH

China has made significant economic and diplomatic gains across the Global South in recent years. However, these advances have not always translated into greater strategic influence at Washington's expense. In many cases, countries have welcomed Chinese trade and investment without necessarily embracing Beijing's broader geopolitical ambitions.

This distinction is important, because U.S. policymakers sometimes treat virtually every Chinese initiative abroad as a threat to American interests. The actual picture is more complex. Most governments across the Global South are not interested in choosing sides between Washington and Beijing. Instead, they want to maximize the benefits of working with both powers and preserve as much strategic autonomy as possible. American policy should reflect this reality rather than assume that closer economic relations with China automatically mean a country is drifting into Beijing's orbit.

For Washington, the first priority should be to distinguish between Chinese activities that genuinely threaten American interests and those that are primarily commercial in nature. China's growing military presence in the Pacific Islands, for example, raises legitimate concerns because of the region's importance to American defense planning and a potential Taiwan contingency. Chinese access to sensitive telecommunications networks and strategically located ports also warrants close scrutiny. But not every Chinese-financed railway, energy project, or commercial investment represents a strategic setback for the United States. In some cases, these projects may even contribute to regional stability and economic development. Washington should, therefore, avoid treating U.S.-China competition as a zero-sum contest in which every Chinese gain must be met with an American response.

Washington should, therefore, avoid treating U.S.-China competition as a zero-sum contest in which every Chinese gain must be met with an American response.

Second, the United States should focus on leveraging its own advantages rather than attempting to replicate China's approach. Washington is unlikely to match Beijing's willingness to finance infrastructure projects across the developing world, nor should it necessarily try. Instead, American policymakers should prioritize areas where the United States can offer something China cannot easily provide. These include advanced technologies, reliable security partnerships, and high-quality investment. Recent American initiatives involving critical minerals in Africa and Latin America, along with expanded technological cooperation in the Middle East, offer promising examples. But these efforts will only succeed if Washington follows through on its commitments and demonstrates that working with the United States produces tangible economic benefits for partner countries.

Third, Washington needs to recognize that its own policies can sometimes undermine its ability to compete with Beijing. The Trump administration's tariffs, threats of economic retaliation, and transactional approach to longstanding partnerships have created unnecessary friction with governments that otherwise welcome closer American engagement. The problem is especially acute in Southeast Asia, where even treaty allies such as Thailand have expressed frustration with American unpredictability. Similar concerns have emerged elsewhere in the Global South. China has sought to capitalize on these developments by presenting itself as a more dependable economic partner, even though Beijing's own record is hardly beyond criticism. If Washington wants countries to view the United States as their preferred partner, it must demonstrate greater consistency and recognize that their economic interests matter just as much as do American strategic priorities.

Finally, U.S. policymakers should accept that successful competition with China does not require countries to align exclusively with Washington. India will continue pursuing strategic autonomy, Southeast Asian governments will maintain extensive economic relations with Beijing, and Middle Eastern states will seek productive relationships with both powers. Even America's closest partners in the Pacific Islands have their own priorities, most notably climate change and economic development. Rather than pressuring these governments to choose sides, Washington should seek to strengthen cooperation wherever interests overlap and tolerate differences where they do not.

Ultimately, the United States does not need to eliminate Chinese influence across the Global South to protect its own interests. It does, however, need to ensure that Beijing's growing presence does not come at the expense of American security, access, or partnerships. That is a more realistic objective, and one that offers Washington a better chance of competing effectively over the long term.

ENDNOTES

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