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## Navigating Diplomatic Waters: Assessing the Impact of Chinese Investment on Foreign Policy Alignment in Latin America

### **I. Introduction**

In an era where economic interdependence increasingly dictates global diplomatic landscapes, the strategic deployment of Foreign Direct Investment (FDI) by major world powers has become a crucial area of study. This research focuses on understanding how China's FDI influences diplomatic alignments within Latin America and the Caribbean (LAC), posing the primary research question: Does economic engagement with China lead to closer diplomatic alignment in Latin American countries? This question is not only pertinent but vital for understanding the evolving dynamics of international relations and the shifting power structures in global politics. The primary argument is that Chinese FDI is systematically crafting stronger diplomatic ties between Latin America and China, potentially reshaping traditional alliances, notably those with the United States. Through quantitative analysis, this research will explore the extent to which economic incentives employed by China are utilized strategically to foster and possibly recalibrate diplomatic engagements with LAC countries.

Understanding the relationship between economic interactions with China and diplomatic alignment in Latin America is crucial for comprehending the evolving dynamics of global power structures. As China's influence in the region grows, it becomes imperative to explore how its economic investments shape diplomatic relations in a region historically influenced by Western powers. This research not only sheds light on contemporary diplomatic trends but also offers insights into broader geopolitical shifts and their implications for international relations theory.

## II. Related Political Science Research (Adapted to “Interdependence and Diplomacy”)

The central theory of this research is that Chinese FDI is systematically forging stronger diplomatic ties between Latin America and China, with the potential to disrupt traditional alliances like those with the United States is predicated on an adapted version of the well-established “Interdependence and War” theory. This adaptation, which one may term as the “Interdependence and Diplomacy” theory, hypothesizes that economic independence, achieved through mechanisms such as FDI, extends beyond merely reducing the likelihood of conflict: it actively enhances diplomatic relations and realigns geopolitical alliances. This theory is derived from the foundational concept articulated by Jack S. Levy when he states,

“The relationship between economic interdependence and war is an old question that has attracted new attention in the past few years... Proponents advance a number of interrelated theoretical arguments in support of this proposition. The most compelling argument is that trade generates economic advantages for both parties, and the anticipation that war will disrupt trade and result in a loss or reduction of the welfare gains from trade or a deterioration in the terms of trade deters political leaders from war against key trading partners” (Levy, *Causes of War*, pp. 149)”

Levy highlights the economic benefits of trade and interdependence, positing that these benefits create a natural disincentive for conflict, as the potential losses from disrupted trade outweigh the gains from military confrontation. This notion is crucial for understanding why nations deeply engaged in trade and economic exchanges might prefer diplomacy to conflict. In the context of Latin America and China, this theoretical backdrop supports the idea that as economic ties through Chinese FDI deepen, both regions are incentivized to maintain peaceful and cooperative relationships, reducing the likelihood of diplomatic conflicts and enhancing alignment.

Chinese FDI in Latin America strategically targets essential sectors such as infrastructure, energy, and technology. This investment strategy is not merely about economic gains but is also a deliberate move to integrate China's operational standards and technologies into the fabric of

Latin American economies. This deep integration serves multiple purposes: it secures long-term markets for Chinese products and strengthens political and economic ties, which are critical for China's broader geopolitical strategy. The following statement by Flores-Macías and Kreps encapsulates the broader implications of these investments:

“Given the rate at which China is increasing its trade relations with other states and the degree to which other states are increasingly dependent upon China for trade, these historical debates about the foreign policy consequences of trade are ripe for a revival” (Flores-Macías and Kreps, pg. 359 (2013)).

This observation highlights a crucial aspect of China's global strategy—its use of economic tools to cultivate dependencies and influence international politics. The increasing trade relations mentioned by Flores-Macías and Kreps are not random or purely economic; they are part of a calculated approach to create an economic dependence that can be leveraged in diplomatic arenas. This dependency then becomes a powerful tool in China's diplomatic arsenal, allowing it to shape the foreign policy landscapes of Latin American countries. As these nations become more intertwined with China economically, their political alignments are likely to evolve to reflect this deepening relationship. The dependence on Chinese trade and investment could pressure Latin American governments to align more closely with China's diplomatic positions, potentially even prioritizing them over alignments with traditional allies like the United States. This shift is significant, as it suggests that economic strategies, specifically through FDI, are being used as a means of securing diplomatic favor and influence, thereby reshaping the geopolitical dynamics of the region.

The expected outcome of increased Chinese FDI in Latin America is a pronounced diplomatic alignment with China. This alignment is anticipated as Latin American countries integrate Chinese investments into their core economic sectors, which naturally inclines these

nations toward supporting China's diplomatic agenda. Flores-Macías and Kreps articulate the underpinnings of this shift when they state,

“As trade increases, constituencies that gain from trade become louder and more salient in their advocacy for closer foreign policy coordination... This position finds support from the work of Medeiros et al. (2008), which points to the way business interests in Japan, for example, support closer cooperation with, and outreach to, China on non-trade issues, realizing the potential trade benefits of doing so. If these theoretical expectations are correct, then increases in trade volume between China and its trade partners and increases in trade salience should increase the foreign policy convergence with China.” (Flores-Macías and Kreps, pg. 359 (2013)).

This quote illuminates a key dynamic in the relationship between economic benefits and diplomatic behavior. As countries engage more deeply in trade with China, various economic stakeholders—from multinational corporations to local businesses—begin to experience substantial gains. These benefits create a constituency within these countries that vocally supports deeper diplomatic ties with China, advocating for policies that will protect and potentially expand these economic benefits. The insights from Medeiros and others underscore the non-economic motivations that reinforce these trade relationships. Specifically, business communities, recognizing the strategic advantages of aligning with China, may push their national governments toward not only continuing but deepening these ties. This advocacy is not merely a byproduct of economic interactions but a strategic alignment intended to secure ongoing and future economic advantages.

### **III. Theory: Chinese FDI Forges Stronger Diplomatic Alignment**

Building on existing literature, this study proposes a theoretical framework that posits a positive relationship between Chinese investment and diplomatic alignment in Latin America. Drawing on Flores-Macias and Kreps' argument that economic interests drive foreign policy decisions, the theory suggests that Latin American countries, seeking to maximize economic

benefits, are inclined to align diplomatically with China. Moreover, considering China's strategic interests in the region, characterized by its Belt and Road Initiative and expanding trade partnerships, recipient countries may perceive closer diplomatic alignment with China as conducive to economic growth and development.

The increasing volume of Chinese FDI in Latin America creates an economic interdependence that naturally leads to greater diplomatic engagement. As Latin American economies become more intertwined with China's economic network, their political alignments are expected to shift, increasingly reflecting Chinese interests and preferences. This shift is indicative of a deeper diplomatic alignment that transcends traditional economic cooperation, suggesting a strategic realignment of Latin American foreign policies towards China. The expected outcome of this increased economic interdependence is a pronounced alignment in diplomatic policies between Latin American countries and China. This alignment manifests in various forms, including increased support for Chinese positions in international forums, cooperative bilateral and multilateral agreements focusing on trade and security, and a general convergence of political interests at global diplomatic events.

As economic stakeholders in Latin America—from government entities to major industries—reap the benefits of Chinese investments, their advocacy for policies that favor China's geopolitical stance strengthens. This advocacy is not simply a reflection of economic interest but also a strategic choice to maintain and enhance the economic benefits derived from deepening ties with China. Building on this theoretical framework, the study will empirically examine the extent and nature of the diplomatic alignment between Latin American countries and China as influenced by Chinese FDI. The hypothesis section will articulate specific expectations about the diplomatic shifts anticipated in response to increasing Chinese economic

engagement. This includes outlining the methodologies for measuring the impact of Chinese FDI on the diplomatic orientations and alliances of Latin American countries, particularly in relation to traditional Western powers. Following the theory section the hypothesis section will detail the specific expectations and guide the empirical analysis. This segment will bridge the theoretical framework with the methodology designed to test these theories.

#### **IV. Hypothesis**

Based on the theoretical framework posited in the previous section, this study seeks to examine the impact of Chinese Foreign Direct Investment (FDI) on the diplomatic alignments of Latin American countries. The overarching theory suggests that increased economic interdependence through Chinese FDI leads to greater diplomatic cooperation with China, potentially at the expense of traditional alliances with Western powers, particularly the United States. The primary hypothesis is that countries in Latin America that receive higher levels of Chinese FDI will show a stronger diplomatic alignment with China. This alignment is expected to be evident in international voting behaviors, bilateral agreements favoring Chinese strategic interests, and public endorsements of Chinese policy positions by Latin American leaders. This hypothesis anticipates a direct correlation between the magnitude of Chinese FDI and the degree of alignment in foreign policy between Latin American countries and China. The assumption is that as FDI increases, so too will indications of diplomatic support, which can be quantified through various diplomatic engagements and public policy alignments.

To further refine the analysis and understand the dynamics of this relationship, the following secondary hypotheses will also be tested. The secondary hypothesis is that the diplomatic alignment with China among Latin American countries is stronger in nations where Chinese FDI is concentrated in strategic sectors such as infrastructure and technology compared

to nations where FDI is distributed in less strategic sectors. This hypothesis tests the sector-specific impact of Chinese FDI, positing that investments in areas critical to national and economic security are more likely to influence diplomatic policies significantly. Furthermore, there is also a third hypothesis, which insinuates that Latin American countries receiving Chinese FDI will demonstrate a measurable shift in their international relations, characterized by reduced support for U.S. positions in conflicts or resolutions where U.S. and Chinese interests are opposed. This hypothesis explores the potential decline in traditional alliances, particularly with the U.S., as a consequence of growing economic ties with China. It seeks to identify if there is a corresponding decrease in support for U.S. diplomatic positions as these nations grow closer to China.

## **V. Empirical Strategy**

To test the proposed hypothesis, this study will employ a mixed-method approach, combining quantitative analysis with qualitative process tracing. Quantitative analysis will involve regression modeling using data on Chinese investment flows and diplomatic interactions between China and Latin American countries. Specifically, we will analyze the correlation between the level of Chinese investment in each country and indicators of diplomatic alignment, such as voting patterns in international organizations and bilateral agreements. Qualitative process tracing will complement quantitative findings by providing insights into the mechanisms through which economic engagements translate into diplomatic alignment. The investigation draws on authoritative data from the International Monetary Fund (IMF) and the U.S Department of Defense, providing a robust foundation to examine how FDI may act as a strategic lever in global geopolitics. By leveraging this data, the aim is to bring clarity to the hypothesis that

economic interactions through FDI are purposefully utilized by China to reshape diplomatic landscapes in Latin America.

#### Variables and Measurement:

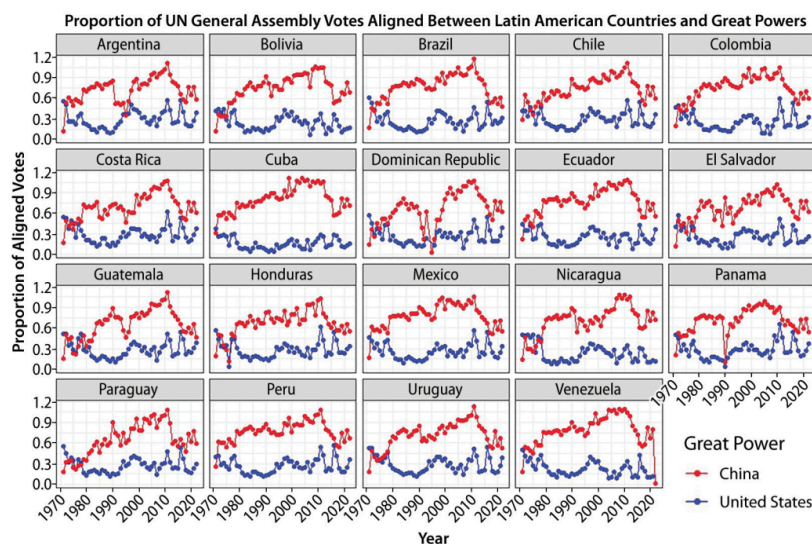
- *X Variable (Independent Variable):* The volume of Chinese FDI in Latin American countries.
- *Y Variable (Dependent Variable):* The extent of diplomatic alignment with China, as evidenced by public support for China's international policies and participation in China-led initiatives.

Now, it is important for one to examine and measure the X and Y factors. For the measurement of X, annual FDI data from China will be compiled for each Latin American country, sourced from international financial databases like the IMF. According to IMF data, one can gain an idea of the growth and distribution of Chinese Foreign Direct Investment (FDI) in Latin America and the Caribbean over two decades. From 2000 to 2020, there's a clear and strong upward trend in Chinese FDI, with a particularly rapid increase starting around 2005, reaching upwards of 25 billion USD by 2020. In 2019, Brazil was the dominant recipient of Chinese FDI, markedly outpacing other nations like Venezuela, Argentina, Ecuador, and Peru, with a significant portion also distributed among other countries in the region (IMF). From a sectoral perspective, between 2001 and 2018, the majority of Chinese FDI was channeled into 'Basic Materials & Energy' and 'Utilities', underscoring China's interest in the region's natural resources. Investments in 'Financial Services' were also notable, indicating a broadened economic engagement, while sectors like 'Manufacturing', 'Services', and 'ICT' attracted less investment. Thus, one can safely refer to these trends to reflect on China's strategic and growing economic engagement with Latin American Countries (IMF).

For the measurement of Y, diplomatic alignment will be measured. Diplomatic Alignment measurement can be seen in the following figure titled the “Proportion of UN General



Assembly Votes Aligned Between Latin American Countries and Great Powers” (Figure gathered from [U.S Department of Defense](#)).



The data graphically illustrates the ebb and flow of diplomatic ties between Latin American countries and two dominant world powers within the UN General Assembly. It clearly reflects an overarching trend where "the alignment of Latin American UN votes with China appears to exhibit an upward trend over time. Interestingly, these heightened levels of voting alignment and the upward trends in alignment precede the commencement of the significant economic relations between Latin America and China in the twenty-first century." This increase in synchronization with China's voting patterns emerges despite the historically more robust alignment with the United States, which, despite showing "fluctuations over time, generally maintains a relatively stable pattern." The visual data underscores not just a broad regional shift towards greater affinity with China, but also individual variations across countries, hinting at complex undercurrents shaping each nation's foreign policy stance (U.S Department of Defense, 38).

Are units' values of X random? Or, is a unit's value of X assigned by other variables (Z) that are also relevant to a unit's value of Y? The allocation of Chinese FDI is not random but is

influenced by “Z” factors, which if not accounted for can completely derail a proposed hypothesis. The following list (1-4) are possible Z factors in this scenario:

1. **Resource Endowments:** Richness in resources that attract Chinese investment could also predispose countries to align with China geopolitically.
2. **Economic Size and Stability:** Larger, more stable economies might attract more FDI and possess more robust diplomatic policies.
3. **Political and International Relations:** Existing alliances and international relations can influence both the amount of FDI received and the level of diplomatic alignment.
4. **US Influence:** US economic and military engagements in the region may counterbalance Chinese influence, affecting the study’s variables.

These factors (Z variables) can not only impact the volume of Chinese FDI in Latin American countries (X) but also significantly influence its diplomatic alignment (Y). The intertwined nature of these economic and diplomatic factors underscores the complexity of isolating the direct impact of Chinese FDI on diplomatic alignment, necessitating sophisticated econometric techniques to control for these confounding influences.

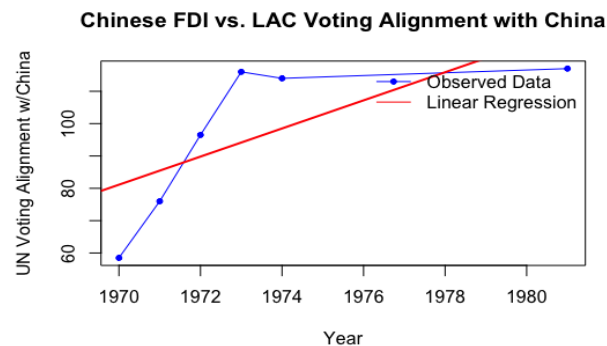
Is there a possibility that Y causes X? While it is theoretically possible that countries which demonstrate a stronger diplomatic alignment with China might receive increased FDI as a form of reward or encouragement, this scenario suggests reverse causality where Y (diplomatic alignment) could potentially influence X (Chinese FDI). However, according to the hypothesis posited in this study, Chinese FDI is strategically utilized to foster diplomatic alignments, rather than being a consequence of it. This implies a primary causal direction from X to Y. However, acknowledging the possibility of reverse causality is essential for conducting a robust analysis. Thus, this could potentially be addressed by employing methods such as instrumental variables, which help isolate the influence of FDI on diplomatic outcomes from the reciprocal effect.

Is it possible to randomly assign units their value of X? In practice, randomly assigning the amount of FDI a country receives is not feasible due to the inherently strategic nature of these types of investments. However, to simulate the effects of randomization and address

concerns in the analysis, techniques such as the use of instrumental variables can be employed. An effective instrumental variable for Chinese FDI could be an exogenous factor related to China's investment decisions but independent from the diplomatic strategies of Latin American countries. For example, changes in Chinese domestic economic policies that affect overseas investment capacities could serve as suitable instruments, as they are likely to influence investment levels but are not directly linked to the specific diplomatic outcomes of the recipient countries.

## VI. Results

Utilizing R Studio, this project developed a linear regression model to quantitatively assess the relationship between Chinese foreign direct investment (FDI) and the voting alignment of Latin American and Caribbean (LAC) countries with China at the United Nations. The model specifically mapped annual Chinese FDI against the proportion of UN General Assembly votes where LAC countries aligned with China's stance, spanning the decade from 1970 to 1980.



The graph presented visually conveys the regression analysis, plotting the trend of voting alignment against Chinese FDI during the specified period. This visualization is instrumental as it not only provides a clear view of the trend and distribution of data points over the decade but also contextualizes the direct statistical correlation observed between China's economic involvement and LAC geopolitical orientations. The R-squared value obtained from the model is

approximately 0.493, which implies that about 49.3% of the variability in UN voting alignment with China among LAC countries can be accounted for by the levels of Chinese FDI. This statistic suggests that while Chinese economic influence is a significant factor in shaping diplomatic outcomes in LAC countries, other dynamics, possibly including political alliances, cultural ties, and international strategies, also play crucial roles.

In this context, the R-squared value reflects a substantial but not exhaustive influence of Chinese FDI on LAC's diplomatic alignments. This finding provides a foundational understanding of how economic engagements potentially drive political alliances, highlighting the complexity of international relations where economic tools are wielded to achieve geo-political aims. Given that the data covers only from 1970 to 1980, a more expansive dataset encompassing more recent years would ideally provide a more comprehensive analysis of the ongoing trends. However, due to limitations in my novice R Studio abilities within this project, the insights are confined to this ten-year span. Future studies could benefit from incorporating data from recent decades to better capture the evolving nature of the economic-political nexus in LAC's alignment with China.

## **VII. Conclusion**

This study contributes to the broader discourse on the intersection of economics and diplomacy, offering insights that are particularly pertinent for policymakers and scholars interested in the shifting paradigms of global influence. For U.S. stakeholders and citizens, these insights are crucial as they highlight the growing influence of China in a region historically dominated by the United States, suggesting a need for a strategic reassessment of U.S. engagements in Latin America. In conclusion, while this research has made strides in linking Chinese FDI with diplomatic alignment in LAC, the true extent of this relationship remains

partly speculative, contingent on broader geopolitical factors and deeper economic interactions that extend beyond the scope of this study. Future research, armed with more comprehensive data and advanced analytical tools, will be essential to unravel the full spectrum of economic diplomacy and its implications for global power structures.

## Annotated Bibliography

Kastner, Scott L. "Buying influence? Assessing the political effects of China's international trade." *Journal of Conflict Resolution* 60, no. 6 (2016): 980-1007.

The study focuses on whether heightened trade connections with China lead to greater willingness among countries to align with Chinese interests, particularly regarding contentious issues like Taiwan, Tibet, and China's designation as a market economy. The author uses freshly obtained data to examine differences in national support for Chinese stances on these problems. The findings indicate a link between growing trade dependency on China and a higher possibility of nations adopting accommodating postures, particularly on economic issues such as China's market economy status. However, the evidence on the relationship between commerce and political accommodations is more subtle and equivocal. This article advances scholarly knowledge of the relationship between economic interdependence and political conduct, particularly in light of China's ascent as a global economic power. Kastner uses mathematical approaches and empirical data to provide insights into the complexity of how international trade dynamics may impact diplomatic relations and policy alignment. The study fills a critical vacuum in the literature by experimentally exploring the alleged relationship between economic dependency and political accommodation, revealing insight on China's multifarious impact in the international arena.

Long, Tom, and Francisco Urdinez. "Status at the margins: why Paraguay recognizes Taiwan and shuns China." *Foreign Policy Analysis* 17, no. 1 (2021): oraa002.

This article looks into Paraguay's diplomatic relations with Taiwan, and why the country continues to recognize Taiwan despite the possible repercussions. The authors claim that Paraguay's diplomatic recognition policy is a kind of status seeking, with intangible and material rewards that outweigh the economic costs of foregoing prospective Chinese investment, aid, and credit. The authors use both quantitative and qualitative methods, employing an econometric model to estimate Paraguay's "Taiwan cost" and performing qualitative case studies based on semi-structured interviews with players in Paraguayan foreign affairs. The authors' study adds to our understanding of tiny nations' pursuit of international status by highlighting the significance of elite structures in driving status-seeking behavior. They also suggest broader implications for bilateral relationships with de facto states and the status-seeking strategies of small states. Overall, this article provides valuable insights into the complexities of diplomatic decision-making and the interplay between status-seeking motivations and economic considerations in international relations.

Flores-Macías, Gustavo A., and Sarah E. Kreps. "The foreign policy consequences of trade:

China's commercial relations with Africa and Latin America, 1992–2006." *The Journal of Politics* 75, no. 2 (2013): 357-371.

This article explores the foreign policy consequences of China's increasing trade relations, focusing specifically on its trade with developing countries in Africa and Latin America from 1992 to 2006. The authors investigate whether states that engage in heavier trade with China are more likely to align with it on key foreign policy issues and whether this alignment affects American influence. They use conventional and two-stage least squares regression approaches to compensate for endogeneity and provide systematic evidence that trade with China does have foreign policy effects. They discovered that when governments trade more with China, they are more inclined to agree with China on foreign policy concerns. This alignment has major consequences for the United States, whose foreign policy preferences have varied from China's over the research period, potentially making it more difficult for the US to garner allies in international forums. This study illuminates the link between trade patterns and foreign policy alignment, particularly in light of China's growing economic influence in Africa and Latin America.

Yu, Li, 2015. "China's strategic partnership with Latin america: a fulcrum in china's rise",

International Affairs(5), 91:1047-1068. <https://doi.org/10.1111/1468-2346.12397>

This article examines China's strategic partnership with Latin America and its implications for China's rise as a global power. It argues that China's engagement with Latin American states is driven by both economic and strategic motives, aiming to enhance its influence and power on the world stage. The author suggests that China's economic cooperation with Latin America serves its long-term goal of restoring its historical wealth and power, positioning itself as a global leader. The article also discusses the potential impact of China's rise on Latin American nations, emphasizing the economic benefits they may receive from their partnership with China. Overall, this source provides valuable insights into China's foreign policy strategy in Latin America and its broader geopolitical ambitions. It contributes to the understanding of China's rise as a global power and its implications for international relations, particularly in the context of its engagement with Latin America.

Rubiolo, María Florencia and Diego Telias, 2022. "China-united states competition in latin

america: evolution, perspectives, and implications in the covid-19 context", Estudos

Internacionais: Revista De Relações Internacionais Da PUC Minas(4.9:43-62.

<https://doi.org/10.5752/p.2317-773x.2021v9n4p43-62>

This article examines the evolving dynamics of competition between China and the United States in Latin America against the backdrop of the COVID-19 pandemic. The authors explore how China's growing economic influence in the region has resulted in political implications and inevitable competition with the United States. The aim of the article is to analyze the evolving relations between Latin America and China, particularly in the context of competition with the United States and the impact of the COVID-19 pandemic. The authors discuss China's actions in Latin America, with a focus on the health sector following the outbreak of COVID-19. They employ a theoretical perspective rooted in political economy, drawing on concepts such as "mask diplomacy"

and "wolf warrior diplomacy" to analyze China's strategies in the region. The article contributes to understanding the complex interplay of economic, political, and health factors shaping the relations between China, the United States, and Latin America.

Dosch, Joern and Ana Lucia Salinas de Dosch, 2020. "China's rise in Latin America", *Journal of International Studies*, 8. <https://doi.org/10.32890/jis.8.2012.7923>

This article examines China's evolving relationship with Latin America, focusing on its political and economic strategies in the region since Chinese President Hu Jintao's first tour of Latin America in November 2004. The authors argue that China's approach to Latin America revolves around three main objectives: securing access to natural resources (such as oil, minerals, and agricultural products), expanding its export markets for manufactured goods, and promoting adherence to the "one China principle" in diplomatic relations. The article also explores the extent to which Latin American countries have become economic and strategic partners with China, and whether they use their relationship with China to counterbalance their ties with the United States. Special attention is given to Ecuador as a case study, illustrating China's growing influence in the region, particularly in sectors like oil, metals (primarily copper and coal), and agriculture. Despite China's increased presence in Latin America in recent years, the authors suggest that the United States still holds significant influence in the region.

Jenkins, Rhys, Enrique Dussel Peters, and Maurício Mesquita Moreira, 2008. "The impact of china on latin america and the caribbean", *World Development*(2), 36:235-253.

<https://doi.org/10.1016/j.worlddev.2007.06.012>

This article investigates the direct and indirect consequences of China's fast expansion and more inclusion into the global economy on Latin American and Caribbean countries. The writers focus on China's influence on regional commerce and foreign direct investment flows. They identify the primary avenues via which China's rise affects Latin America and provide a preliminary assessment of the development implications. According to the article, the area has winners and losers, both at the country and industry levels, as a result of China's development as a vital actor in the global economy. The article discusses China's remarkable economic growth over the past two decades, with GDP growing at over 9% per annum and China becoming the fourth largest economy in the world. This material gives background for understanding China's expanding economic impact in Latin America and the Caribbean. The study also investigates the indirect effects of China's rise, focusing on the terms of trade between primary commodities and labor-intensive manufactured items. It explores how China's expanding demand for agricultural and mineral resources has led to rising primary commodity prices, whilst its vast output of labor-intensive manufactured goods has tended to lower such costs. This research demonstrates that even countries with no direct bilateral ties to China can be influenced by its economic growth and trade dynamics.

Urdínez, Francisco, Fernando Mouron, Luis L. Schenoni, and Amâncio Jorge de Oliveira, 2016.

"Chinese economic statecraft and u.s. hegemony in latin america: an empirical analysis,



2003–2014", *Latin American Politics and Society*(4), 58:3-30.

<https://doi.org/10.1111/laps.12000>

This article explores the relationship between Chinese economic involvement in Latin America and the decline of U.S. hegemony in the region. The authors aim to understand whether China's economic statecraft in Latin America is linked to the diminishing influence of the United States, and if so, how this relationship manifests. They analyze data spanning from 2003 to 2014, a period during which China emerged as a significant player in Latin America. The analysis focuses on foreign direct investments, bank loans, and international trade activities across 21 Latin American countries. The findings suggest an inverse correlation between Chinese state-owned enterprises' (SOEs) investments, bank loans, manufacturing exports, and U.S. hegemonic influence in the region. Essentially, the authors argue that China has capitalized on the reduced U.S. presence in Latin America, effectively filling the void and expanding its own influence.

Levy, Jack S. "The Causes of War and the Conditions of Peace." *Annual Review of Political*

*Science* 1 (1998): 139–65. Retrieved from [arjournals.annualreviews.org](http://arjournals.annualreviews.org).

Jack S. Levy's article is a comprehensive review and assessment of the literature on the causes of war and the conditions of peace. The article examines various theoretical perspectives, including balance of power theories, power transition theories, economic interdependence and war, diversionary theories of conflict, domestic coalitional theories, and the nature of decision-making under risk and uncertainty. Levy organizes his analysis around a levels-of-analysis framework, offering insights into the complexity of understanding the factors driving international conflict and peace. The article acknowledges the significant progress made in the field of international relations in recent decades, with scholars demonstrating increased theoretical rigor, methodological sophistication, and methodological self-awareness. Levy's seminal work delves into the intricate web of factors that contribute to the outbreak of war and the establishment of conditions conducive to peace, aligning closely with the core focus of research on China's ascendancy in Latin America.

International Monetary Fund. (2021, June 7). *Chinese Investment in Latin America: Sectoral*

*Complementarity and the Impact of China's Rebalance*. Retrieved from

<https://www.imf.org/en/Publications/WP/Issues/2021/06/07/Chinese-Investment-in-Latin-America-Sectoral-Complementarity-and-the-Impact-of-Chinas-50217>.

This report from the International Monetary Fund delves into the intricate dynamics of Chinese investment in Latin America, focusing particularly on sectoral complementarity and the consequences of China's economic rebalancing. It explores how China's evolving economic structure impacts its investment patterns in the Latin American region and analyzes the sectoral complementarities that drive these investments. The report aims to provide insights into the potential benefits and challenges associated with Chinese

investment in Latin America, shedding light on its implications for regional economies and broader economic dynamics.

United Nations Conference on Trade and Development. (2022). World Investment Report 2022.

Retrieved from [https://unctad.org/system/files/official-document/wir2022\\_en.pdf](https://unctad.org/system/files/official-document/wir2022_en.pdf).

The World Investment Report 2022, published by the United Nations Conference on Trade and Development (UNCTAD), offers a comprehensive overview of global investment trends and patterns. It provides analysis and statistics on foreign direct investment (FDI) flows, policy developments, and emerging investment issues worldwide. The report serves as a valuable resource for policymakers, investors, and researchers seeking to understand the evolving landscape of international investment and its implications for sustainable development. UNCTAD's World Investment Report is widely recognized as an authoritative source of information on global investment trends and policy developments.

Piazza, James. (2023, September 29). Journal of International Political Analysis. U.S.

Department of Defense. Retrieved from

<https://media.defense.gov/2023/Sep/29/2003311119/-1/-1/1/JIPA%20-%20Piazza.PDF>.

This source appears to be a document authored by James Piazza, potentially published by the U.S. Department of Defense, titled "Journal of International Political Analysis." However, without access to the content, it's challenging to provide an annotation. If the content aligns with the title, it likely involves analyses or discussions related to international political dynamics or security issues.

Data World Bank. (n.d.). Foreign direct investment, net inflows (BoP, current US\$) - China,

Zhejiang. Retrieved from

<https://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD?locations=CN-ZJ>.

This source appears to provide data on foreign direct investment (FDI) inflows into China's Zhejiang province. However, without specific details or access to the data, it's challenging to provide a detailed annotation. Presumably, the data offers insights into the magnitude and trends of FDI inflows into Zhejiang province, which could be valuable for researchers, policymakers, and investors interested in understanding regional investment patterns and economic dynamics within China.