

# FEELING THE STONES:\*

## CHINESE DEVELOPMENT FINANCE TO LATIN AMERICA AND THE CARIBBEAN, 2023

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The LAC region continues to receive relatively few loans from China's development finance institutions (DFIs), China Development Bank (CDB) and the Export-Import Bank of China (Ex-Im Bank), despite high rates of lending in previous years, as indicated in the online Chinese Loans to Latin America and the Caribbean (CLLAC) Database, which is jointly managed by the Inter-American Dialogue and the Boston University Global Development Policy Center.\*\*\*

The CLLAC Database tracks public and publicly guaranteed loans from China's two DFIs to LAC governments and state-owned enterprises. In 2023, the CLLAC Database recorded two loans to just one LAC country (Brazil) totaling \$1.3 billion, representing a slight increase in lending from the \$863 million issued by CDB and Ex-Im Bank in 2022. Despite this slight increase, China's sovereign lending remains modest. Between 2019-2023, the LAC region received an average of just over \$1.3 billion per year from CDB and Ex-Im Bank (see Figure 1), as compared to peak DFI lending in 2010, when CDB alone issued nearly \$25 billion to the region.

## Chinese DFI Lending in LAC

There are many likely reasons for the decline over time in Chinese DFI lending to LAC. These include China's own domestic economic policy, which in many cases focuses DFI attention at home, as China looks to address the structural impediments to its economic growth.<sup>1</sup> At the same time, China's National Financial Regulatory Administration, a super regulatory body established in 2023 under the auspices of the State Council, has

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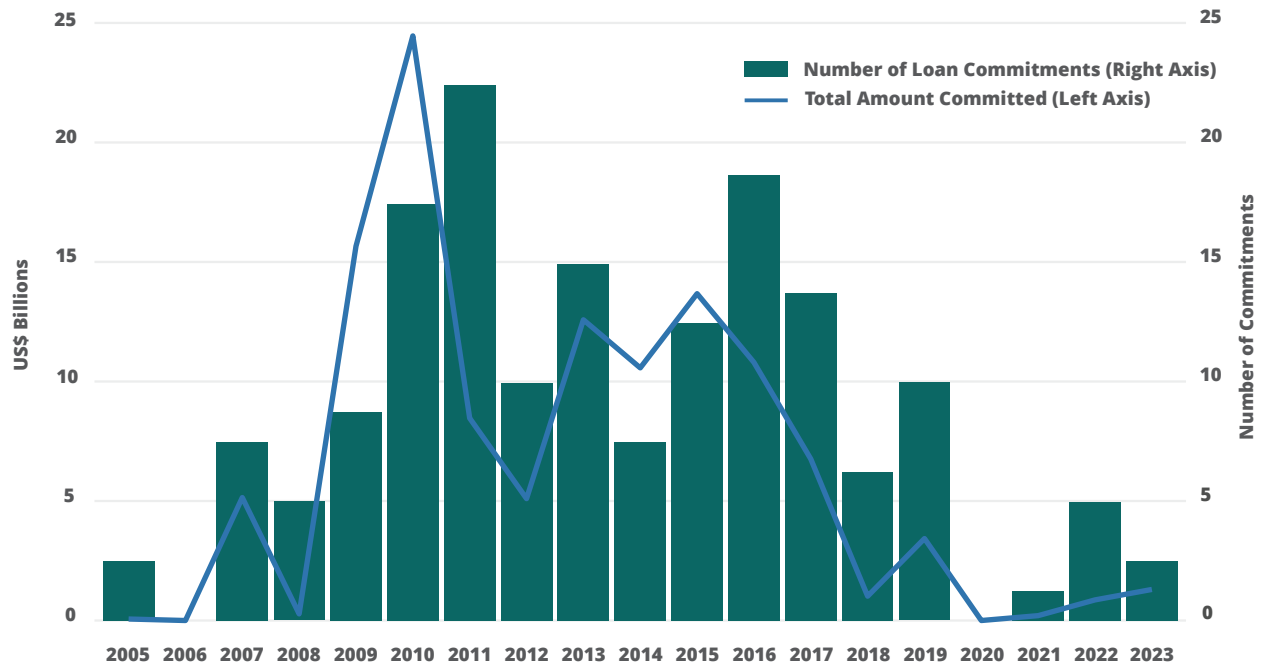
\* Derived from the Chinese saying, 摸着石头过河, that translates to "cross the river by feeling the stones," often attributed to Deng Xiaoping, and describing China's slow and deliberate approach to embracing market reforms in the late 1970s and early 1980s.

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\*\*\* A detailed description of our methodology is available at <https://www.bu.edu/gdp/2021/03/23/gdp-center-database-methodology-guidebook/>. The Inter-American Dialogue and the Boston University Global Development Policy Center add new loans to the database annually, but also revise past year estimates when and if projects do not come to fruition or are for amounts of financing that are different than earlier reported. Our list of Chinese loans to LAC from 2005-2021 is available in the online Chinese Loans to Latin America and the Caribbean Database ([https://www.thedialogue.org/map\\_list/](https://www.thedialogue.org/map_list/)).

**FIGURE 1: CHINA DEVELOPMENT BANK AND EX-IM BANK FINANCE TO LAC, 2005-2023 (US\$ BILLIONS)**

Source: Chinese Loans to Latin America and the Caribbean Database, Inter-American Dialogue and Boston University Global Development Policy Center, 2024.



implemented sector-specific measures to strengthen the supervision of the financial industry.<sup>2</sup> These include rules on the risk management of banking and insurance institutions, which will have a dampening effect on certain forms of overseas engagement.

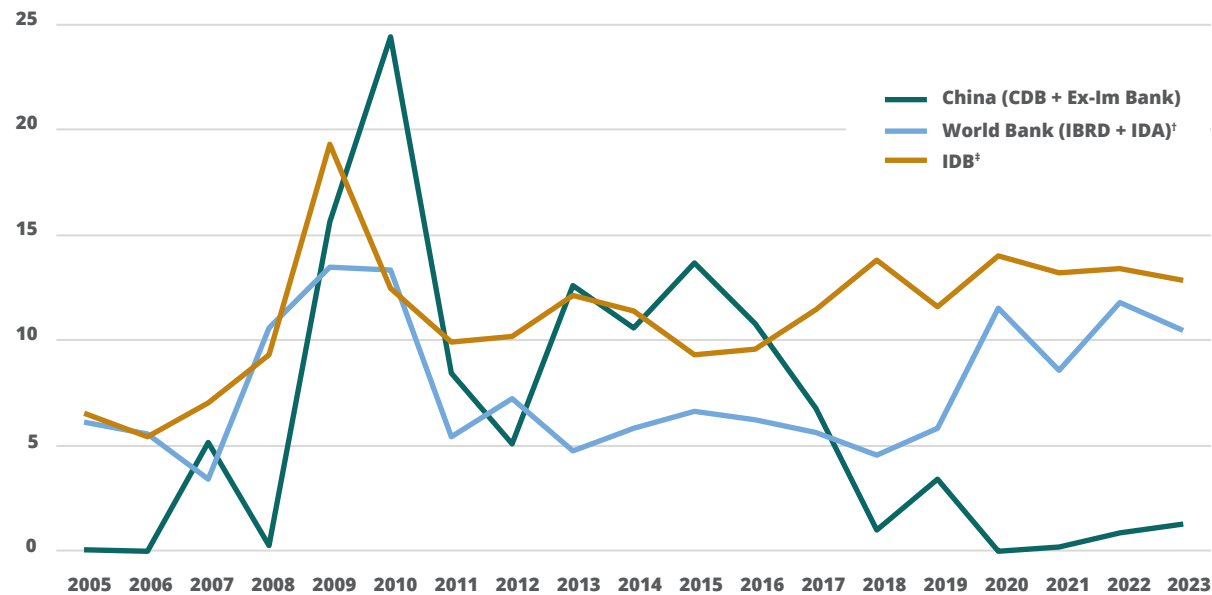
China’s continued reluctance to issue new credit to Venezuela also accounts for at least some of the recent drop in Chinese lending to the region. Beijing’s patience with Caracas has worn thin over time, with numerous Chinese scholars noting the security and economic challenges associated with continued engagement.<sup>3</sup> Venezuela has represented 49 percent of total Chinese DFI finance to LAC since 2005, but neither CDB nor Ex-Im

Bank issued loans to the country for the past eight years. Lending has also slowed to other top recipients of Chinese development finance in LAC, including Brazil (see Figure 3) and Ecuador. Like Venezuela, these countries received sizable loans from China in the early-to-mid 2010s, which were often semi-collateralized by oil.

Economic and political turbulence in other parts of the region may also be an impediment. Argentina’s political uncertainties have had a dampening effect on Chinese lending there over the past few years, and following the November 2023 election of libertarian President Javier Milei, tensions have mounted. In December 2023, Milei refused to sign a \$500 million addendum to a 2014 loan agreement for the construction of the Jorge Cepernic (Nestor Kirchner) and Barrancosa (Condor Cliff) dams in Santa Cruz province. This has paralyzed the distribution of funds for the completion of the dam projects.<sup>4</sup> China-led renovations of the Belgrano Cargas rail line reportedly ceased around the same time, leading to speculation that a cross-default clause in the dam contract had been implemented,<sup>5</sup> preventing continued work on certain other China-backed projects.

Even before Milei’s election, Ex-Im Bank was engaged in intensive talks about new loans to the previous Alberto Fernandez government. Fernandez reportedly requested

**Argentina’s political uncertainties have had a dampening effect on Chinese lending there over the past few years.**

**FIGURE 2: DEVELOPMENT FINANCE IN LAC, 2005-2023 (US\$ BILLIONS)**Sources: Myers and Ray 2024;<sup>19</sup> Inter-American Development Bank (IDB) 2024;<sup>20</sup> World Bank 2024.<sup>21</sup>

Notes: † IBRD: International Bank for Reconstruction and Development, IDA: International Development Association  
 ‡ IDB loans include only sovereign operations

full financing from China for the Atucha III nuclear facility, which would feature Chinese nuclear reactors.<sup>6</sup> Though an opportunity for China to showcase its nuclear technologies (China's Hualong One reactors are only operational in China and Pakistan at present), Ex-Im Bank held fast to its commitment to finance just 85 percent of the total project cost.<sup>7</sup> Lending never materialized, whether due to Argentina's own financial limitations, or Ex-Im Bank concerns about issuing credit to an already debt-burdened government.

In other cases, LAC interest in Chinese DFI loans has dwindled. China has been an important lender to Jamaica over the years, having issued 10 loans to the country since 2005. But Jamaica's intensive and successful effort to reduce its debt-to-gross domestic product (GDP) ratios by 40 percentage points in a span of five years has naturally limited Jamaican interest in more Chinese finance.<sup>8</sup> Jamaica has refrained from taking on new Chinese DFI loans since 2017.

All these factors continue to have a dampening effect on Chinese DFI activity in the region. In fact, only a decade ago, Chinese finance in LAC surpassed that of the World Bank and Inter-American Development Bank (IDB). But due to the many factors limiting Chinese finance to the region, LAC countries' own shifting interests, and enhanced

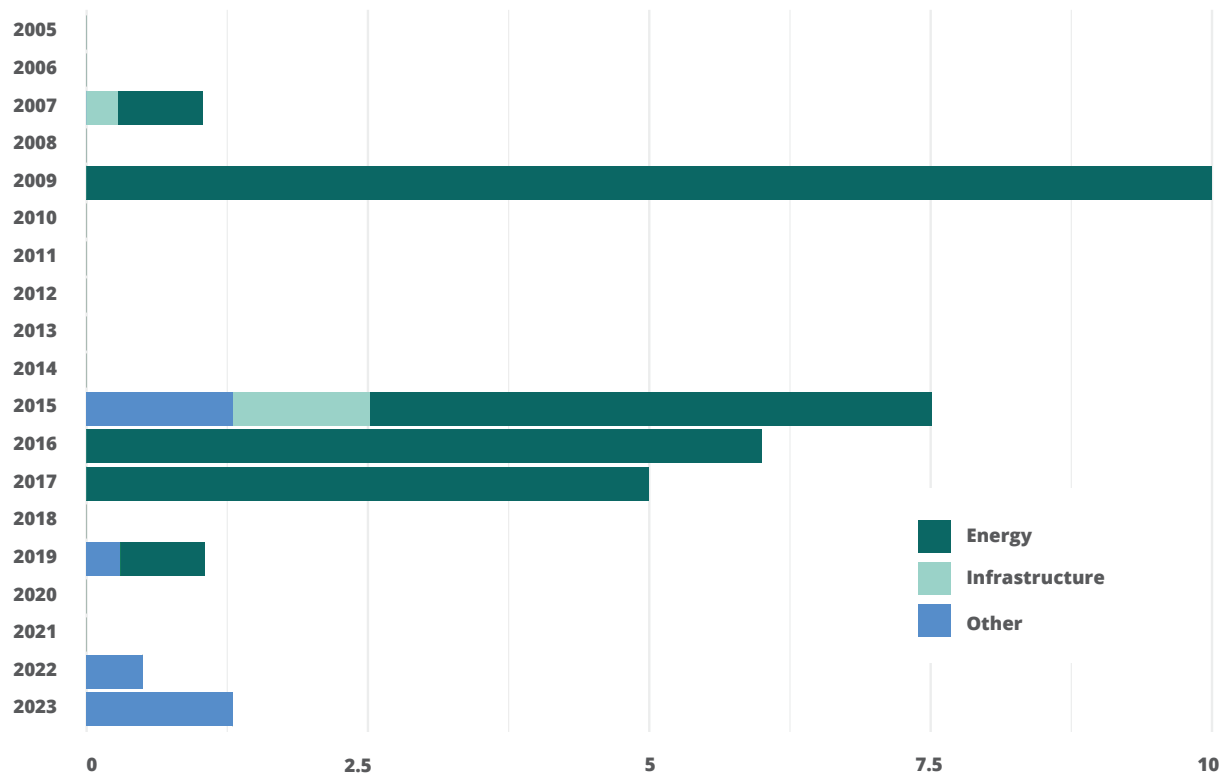
World Bank and IDB post-pandemic engagement with the region, the opposite is now true (see Figure 2). Multilateral development banks are also active in the infrastructure sectors where Chinese DFIs once made their name, including major new IDB financing to Mexico, Brazil, and Argentina for road improvements in 2023 (amounting to \$600 million, \$480 million, and \$345 million, respectively).<sup>9</sup>

**In some LAC nations, interest in Chinese development finance has dwindled.**

Despite the drop in DFI finance in the region, Brazil continues to feature as an occasional recipient of recent Chinese DFI loans. In 2023, the two loans issued by CDB were both to Brazil's Banco Nacional de Desenvolvimento Econômico e Social (BNDES). BNDES and CDB signed separate \$800 million and \$500 million agreements for long-term and short-term investments, respectively, in infrastructure and green economy in Brazil.

**FIGURE 3: CHINA DEVELOPMENT BANK AND CHINA EX-IM BANK FINANCE TO BRAZIL, 2005-2023 (US\$ BILLIONS)**

Source: Chinese Loans to Latin America and the Caribbean Database, Inter-American Dialogue and Boston University Global Development Policy Center, 2024.



Between 2019-2022, Brazil received over \$1.5 billion in financial support from China’s DFIs, including trade financing and a term loan for Banco do Brasil, both of which are captured as “other” in Figure 3.<sup>10</sup> In general, Chinese DFI finance to Brazil has moved from a focus on energy loans to other forms of finance over time. Brazil’s Petrobras, a recipient of sizeable CDB loans, has nevertheless signaled an interest in doing more with Chinese DFIs in the coming years. The company signed a 2023 memorandum of understanding (MOU) to expand cooperation with CDB on low-carbon initiatives and green finance, financing Petrobras’ domestic supply chain, and increasing commercial and financial exchanges between Petrobras and Chinese companies.<sup>11</sup>

## Other Sources of Finance

Even as sovereign loans from China’s DFIs dwindle, CDB and Ex-Im Bank are known to provide direct finance to Chinese and Latin American companies, such as a \$53 million CDB loan to Argentina Telecom in 2022.<sup>12</sup> Though

not tracked in the CLLAC Database, this is an important part of China’s overall financial profile. China Development Bank and Ex-Im Bank are additionally responsible for providing the bulk of finance for deals struck by some of China’s regional funds (see “What Role for China’s Policy Bank’s in LAC?” for details on China’s regional funds in LAC),<sup>13</sup> although these funds have been relatively inactive in recent years.

Chinese companies are also accounting for more of China’s lending to LAC and other regions. Now that Chinese companies are well established in much of the region, they are no longer dependent on DFI loans to generate opportunities for their involvement in infrastructure projects. Chinese companies were responsible for extensive project finance in Nicaragua in 2023, following that country’s December 2021 decision to cut ties with Taiwan. China CAMC Engineering (CAMCE) Company issued an estimated \$400 million in financing for a new airport, which will be built on a former Soviet airstrip. CAMCE is the contractor for that project.<sup>14</sup> Similarly, CAMCE would appear to be both financing and building the “proyecto tres esferas” gas storage project in

Nicaragua.<sup>15</sup> Nicaragua is thought to have received a \$72 million commercial credit from China Communications Corporation for solar projects in Matagalpa.<sup>16</sup>

China's commercial banks (e.g., Industrial and Commercial Bank of China (ICBC) and Bank of China) have increasingly stepped into the fold, too, mainly through syndicated loans to Chinese or LAC companies. In 2020, ICBC provided finance for the Pamplona Cúcuta Highway in Colombia and Loma Negra cement production in Argentina, for instance. In January 2020, Banco XCMG, owned by a Chinese construction company of the same name, announced its arrival in Brazil, pledging to support infrastructure projects and machinery purchases.<sup>17</sup> Bank of China will evidently play a role in future CDB agreements with Petrobras, according to the previously mentioned 2023 MOU.

## Additional Updates to the CLLAC Database

The CLLAC Database tracks public and publicly guaranteed loans from China's two DFIs to LAC governments and

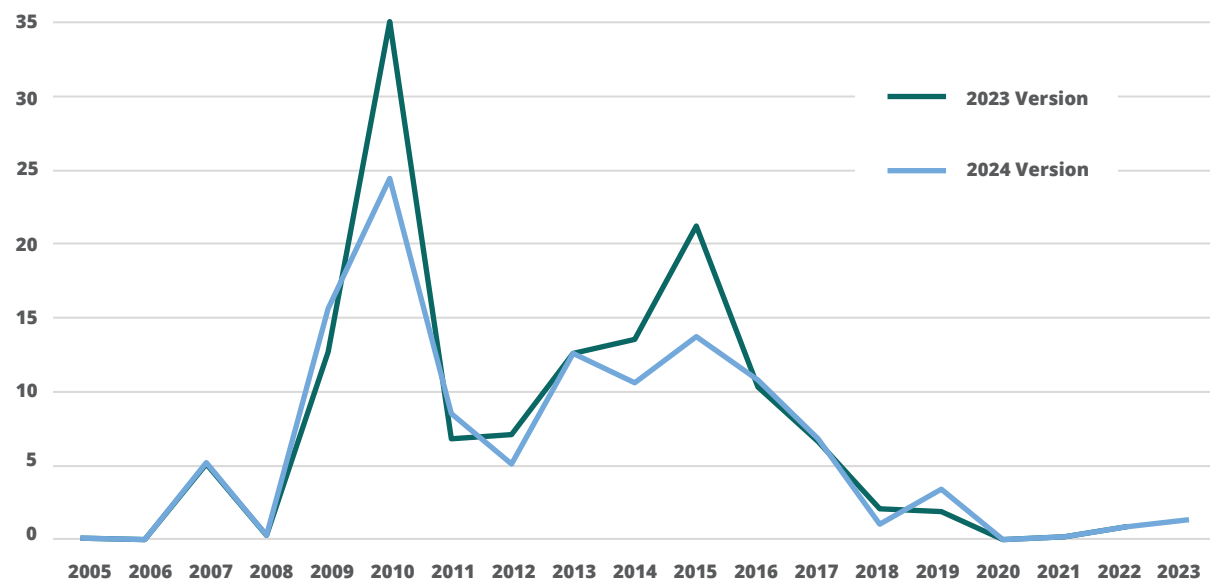
state-owned enterprises. As part of the annual update, previously recorded entries that are revealed to be beyond the scope of the CLLAC Database, including loans that have not been disbursed or were canceled, are updated or removed from the database. We also add any additional loans that may have come to light over the course of the year.

Our entry updates to the CLLAC Database this year were more extensive than usual. This is mostly due to the release of Ecuador's reports to the International Monetary Fund, which provided more detail on China's loans to the country than had previously been available. Thanks to these new advances in transparency, we have significantly revised downward our estimates of Chinese finance to Ecuador in 2015. Adjustments were made to other database entries, as well, to account for new information about loan values, news of loan cancellations, and other developments. See Figure 4 for a comparison of our calculations in 2023 and 2024.

All updates made during this year's verification process are documented in detail in the Annex.

**FIGURE 4: VARIANCE IN CLLAC DATABASE REPORTING ON DFI FINANCE TO LAC, VERSIONS 2023 AND 2024 (US\$ BILLIONS)**

Source: Chinese Loans to Latin America and the Caribbean Database, Inter-American Dialogue and Boston University Global Development Policy Center, 2024.



# Looking Ahead

As in previous years, there is little to indicate a resurrection of the multibillion-dollar, oil-backed lending that once characterized the bulk of China’s financial engagement with the region. However, if 2023 is any indication, CDB and Ex-Im Bank will remain committed to issuing smaller loans that are closely linked to Chinese and host country development objectives, whether as concerns transport infrastructure development, generating investment, or boosting trade in priority emerging industries.<sup>18</sup>

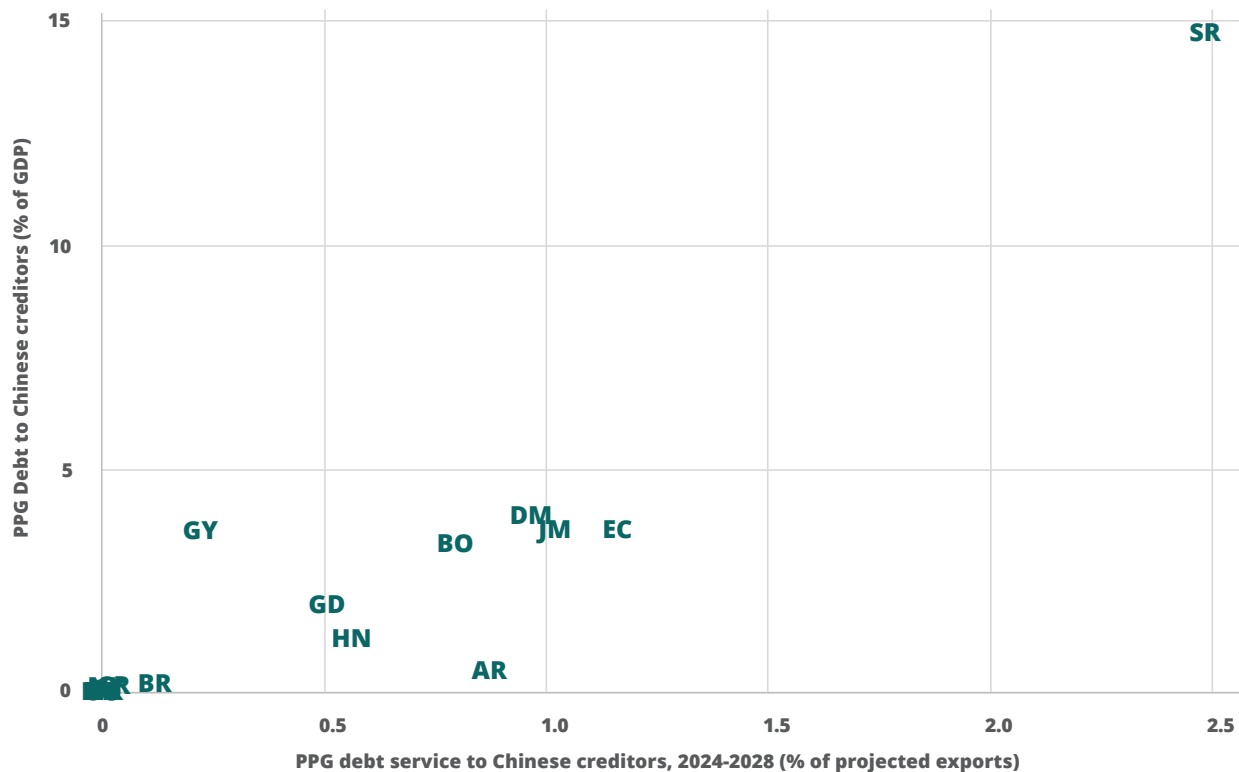
While the era of large-scale Chinese development finance in LAC may have passed, debt remains a concern for some countries. Figure 5 shows the most recently reported debt levels and debt service projections to China for the region. Only one country—Suriname—reported debt levels to Chinese creditors of over 5 percent of GDP, or projected debt service payments amounting to over 2 percent of

projected exports over the next five years. Even so, there is significant variation in debt circumstances among the other countries represented in Figure 3, with some faring better than others. For example, while Guyana and Ecuador have comparable levels of public and publicly guaranteed (PPG) debt to Chinese creditors (3.6 percent of GDP in each case), their expected debt payment burdens are quite different, with Ecuador’s payment burden expected to be several times that of Guyana as a share of projected exports.

The next few years will be marked by debt negotiations between China and its debtors in the region, but also by continued recalibration, as China adjusts its domestic economic policy and as the Belt and Road Initiative and related finance and investment, follow suit. ➔

**FIGURE 5: LAC PUBLIC AND PUBLICLY GUARANTEED (PPG) DEBT AND DEBT SERVICE TO CHINESE CREDITORS**

Source: Ray and Simmons 2024.<sup>22</sup>



Note: Countries clustered in the bottom left corner include: Belize (BZ), Colombia (CO), Costa Rica (CR), Dominican Republic (DO), El Salvador (SV), Guatemala (GT), Haiti (HT), Mexico (MX), Nicaragua (NIC), Paraguay (PY), Peru (PE), and St. Vincent and the Grenadines (VC).

Other included countries: Argentina (AR), Bolivia (BO), Brazil (BR), Dominica (DM), Ecuador (EC), Grenada (GD), Guyana (GY), Honduras (HN), Jamaica (JM), Nicaragua (NI), and Suriname (SR).

## ANNEX

Nine loans were added to the 2024 CLLAC Database update using newly available data, as shown in Table 1A.

**TABLE 1A: ADDED ENTRIES, 2024 UPDATE TO THE CLLAC DATABASE**

BU ID	COUNTRY	YEAR	LENDER	AMOUNT (US MILLIONS)	PURPOSE
AG.004	Antigua & Barbuda	2013	CHEXIM	\$45.16	V.C. Bird International Airport terminal, Phase 2
AR.009	Argentina	2010	CHEXIM	\$113.83	San Martín railway stock
BO.009	Bolivia	2010	CHEXIM	\$41.51	Engineering Battalion Machinery Project
BO.010	Bolivia	2011	CHEXIM	\$59.73	Purchase of drilling equipment
BR.011	Brazil	2019	CHEXIM	\$300.00	China-Brazil trade financing
EC.003.05	Ecuador	2016	CDB	\$506.00	Minas-San Francisco hydroelectric dam (Phase II facility financing)
EC.014	Ecuador	2016	CHEXIM	\$198.24	Yachay City of Knowledge
EC.015	Ecuador	2019	CHEXIM	\$106.18	Deconcentration of Security Services in Districts and Circuits Project
EC.016	Ecuador	2019	CHEXIM	\$56.47	Infrastructure Reconstruction Project Transport Phase II Group A: Golondrinas – Saguangal Highway

Seven loan commitments were removed from the database, as new information has come to light regarding the terms of the agreements and cancellations, as shown in Table 2A.

**TABLE 2A: DELETED ENTRIES, 2024 UPDATE TO THE CLLAC DATABASE**

BU ID	COUNTRY	YEAR	LENDER	AMOUNT (US MILLIONS)	PURPOSE	REASON FOR DELETION
AR.003.01	Argentina	2010	CDB	10,000	Train system	Framework agreement
BR.003	Brazil	2014	CDB	3,000	Bilateral cooperation agreement	Unused
DO.001	Dominican Republic	2019	CHEXIM	600	Electricity distribution	Canceled
EC.008.01	Ecuador	2015	CHEXIM	250	Replace kitchen stoves	Canceled
EC.008.02	Ecuador	2015	CHEXIM	5,296	Transportation, education, health care projects	Framework agreement
EC.009	Ecuador	2016	CDB	1,500	Finance 2015 Annual Investment Plan	Duplicate
JM.005.01	Jamaica	2013	CDB	457	North-South toll road construction	Private borrower

Finally, 15 loan commitments were revised to reflect newly available information. These are shown in Table 3A, below.

**TABLE 3A: REVISED ENTRIES, 2024 UPDATE TO THE CLLAC DATABASE (TABLE CONTINUES NEXT PAGE)**

BU ID	COUNTRY	YEAR	LENDER	AMOUNT (US MILLIONS)	PURPOSE	CHANGE
AR.007	Argentina	2019	CHEXIM	1,678.00	San Martín Railway upgrade	Adjusted from 2018 and \$1,088m
BO.002	Bolivia	2011	CDB	110.90	Purchase of helicopters, infrastructure projects	Adjusted from \$300m



BU ID	COUNTRY	YEAR	LENDER	AMOUNT (US MILLIONS)	PURPOSE	CHANGE
BR.001	Brazil	2009	CDB	10,000	Pre-salt oil field development	Adjusted from \$7,000
EC.017	Ecuador	2011	CHEXIM	554.25	Sopladora hydroelectric dam	Adjusted from \$571m
EC.003.03; EC.004.01	Ecuador	2011	CDB	94.59; 152.11	ECU-911 Security Project	Split to reflect two framework agreements
EC.003.09	Ecuador	2011	CDB	1,009	Phase II Facility: Discretionary	Updated to reflect its purpose within its framework agreement
EC.010.02	Ecuador	2016	CDB	490.21	Phase IV Facility: Infrastructure Finance	Updated amount from \$500m to reflect currency conversion
EC.012	Ecuador	2018	CHEXIM	73.36	Airport reconstruction	Updated amount from \$69m to reflect currency conversion
EC.013.01; EC.013.02; EC.013.03	Ecuador	2018	CDB	675.00; 43.00; 188.57	Phase V Facility: Tranche A; Guaranda and Ambato Side Streets; Phase V Facility: Tranche B (Discretionary)	Split into three tranches
GY.000	Guyana	2005	CHEXIM	32.97	Skeldon Sugar Refinery Modernisation Project	Updated from \$40.6 to reflect currency conversion
JM.001	Jamaica	2009	CDB	10.00	On-lending through DBJ	Updated from \$20m
TT.002.01	Trinidad & Tobago	2013	CHEXIM	161.00	Construction of Couva Children's Hospital	Updated from \$270m

## ENDNOTES

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