

Written Testimony for the Senate Foreign Relations Committee, Subcommittee for the Western Hemisphere

Hearing: PRC Influence and the Status of Taiwan's Diplomatic Allies in the Western Hemisphere

March 26, 2025

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Chairman Curtis, Ranking Member Kaine, and distinguished subcommittee members, thank you for the opportunity to share my thoughts on China's influence and the status of Taiwan's diplomatic allies in the Western Hemisphere.

I'll use my remarks to address three questions briefly. How does the People's Republic of China (PRC) influence the Western Hemisphere? In what ways does the PRC's economic power constrain Taiwan's ability to attract and retain diplomatic allies? What are the key battlegrounds for influence, vulnerabilities, and opportunities for U.S. interests?

These remarks reflect my own views and not the official position of my employer, AidData at William & Mary's Global Research Institute, or any of the funders of our research.

How does the People's Republic of China influence the Western Hemisphere?

The cornerstone of China's influence playbook in the Western Hemisphere is economic, but information and relationships are the megaphone. Politicians in the region see Beijing's infrastructure lending as the gateway to growth. The private sector views the PRC as improving economic prospects via investment, trade, and tourism. Concerns about debt sustainability² and dependence have yet to temper this enthusiasm. The PRC's ability to inform, control, and co-opt local narratives allows it to promote sympathetic voices, convert undecideds, and weaken the opposition. These overtures aim to position Beijing as a good neighbor and reliable partner interested in win-win solutions rather than a threat to the region's interests.

The PRC's economic engagement in the region is driven by necessity and opportunity. It wants access to raw materials, energy, and transportation routes to fuel China's economy. Beijing must find a productive use for its excess financing from three decades of trade surpluses.³ It has an oversupply in its construction, steel, and engineering industries relative to demand. Emerging markets present attractive export outlets for the PRC's goods, services, and capital.

Beijing uses its economic power as leverage to advance other geopolitical and security goals. Cozying up to the PRC enables countries to diversify their partners and blunt the influence of the U.S. or other powers. There is a quid pro quo for politicians to exploit Beijing's economic

assistance to advance personal agendas, win votes, reward allies, or satiate constituents. At first, these engagements seem like a win-win but ultimately create long-term vulnerabilities.

Even the smallest countries hold strategic importance for Beijing: they wield voting power in the UN and other international venues. Their support helps inoculate the Chinese Communist Party (CCP) against criticism over its policies that foment discontent at home.⁴ Their “dual use” ports allow Beijing to project naval power and mitigate disruption to trade and supply chains.⁵ Strategic investments in the region’s 5G telecommunications,⁶ surveillance technologies,⁷ and joint space observatories enhance the PRC’s security capabilities.⁸

The PRC seeks synergies between its economic cooperation, information operations, and public diplomacy as a force multiplier.⁹ Its extensive state-run media operation distributes local language content in target countries and maintains satellite television channels and short-wave radio to reach a global audience. Beijing’s 29 content-sharing partnerships with Latin American media infuse domestic coverage with CCP propaganda.¹⁰ Exchanges and training amplify these efforts by cultivating sympathetic relationships with journalists, officials, and law enforcement.

While the above is also true in many other parts of the world, there are two respects in which the Western Hemisphere is a uniquely critical battleground for Beijing and Taipei to jockey for influence. To achieve its stated aspiration of “reunifying” the Chinese mainland with Taiwan,¹¹ Beijing must peel away Taipei’s diplomatic support in Latin America and the Caribbean (hereafter Latin America), the region with the most holdouts. Given its geographic proximity to the U.S., Latin America offers the best opportunity for Beijing to distract, displace, or delay Washington from coming to Taipei’s aid if the PRC uses military force to invade or impose a blockade to compel unification with Taiwan.¹²

This contest for influence is dynamic, not static. A decade ago, 22 countries maintained full diplomatic relations with Taiwan.¹³ This number has dwindled to 12 by 2025. Ten countries have switched positions since 2016, ceasing official recognition of Taiwan.¹⁴ Half of these defectors were from Latin America, including Panama (2017), the Dominican Republic (2018), El Salvador (2018), Nicaragua (2021),¹⁵ and Honduras (2023).

Seven of Taiwan’s 12 remaining diplomatic allies, who officially recognize Taipei and host its embassy, are from the region.¹⁶ Although they stopped short of full official recognition, seven additional countries in Latin America tacitly engaged with Taiwan by hosting a representative liaison office for economic and cultural ties.¹⁷ In the future, China’s economic power may constrain Taiwan’s ability to retain these diplomatic allies and attract new ones.

In what ways does China’s economic power constrain Taiwan’s ability to attract and retain diplomatic allies?

The PRC exploits economic asymmetry to encourage countries in the region to give way to its foreign policy goals. China dwarfs the region’s smallest economies and overshadows even larger ones. Its gross domestic product (GDP) was eight times larger than Brazil’s, ten times

larger than Mexico's, and twenty-eight times larger than Argentina's in 2023.¹⁸ China's growing economic clout, in turn, creates obligations for countries to back Beijing's preferred policies, avoid criticism of its actions, and grant political or security concessions. Despite its high-income status, Taiwan's economic footprint in GDP terms is more similar to countries like Switzerland and Argentina than the PRC and trails Latin American countries like Brazil and Mexico.¹⁹

Beijing is a prominent financier of overseas development. It bankrolled nearly 2,500 projects in Latin America worth roughly US\$300 billion over two decades.²⁰ For each dollar of aid it supplied, Beijing provided 28 dollars of debt.²¹ Chinese leaders financed infrastructure projects with market-rate loans and export credits (debt) to generate commercial returns.²² Examples include energy plants in Ecuador and Honduras,²³ resort construction and industrial manufacturing in the Caribbean,²⁴ and critical minerals mining in Chile and Argentina.²⁵ The PRC also supported small-dollar health, education, and governance projects with grants and no- or low-interest loans (aid) to build goodwill across the region.

Countries need not be members of the Belt and Road Initiative (BRI) to access Beijing's development finance.²⁶ However, Beijing generally makes financing contingent on recipients ending official diplomatic relations with Taiwan. Countries that recognized Taiwan and hosted its embassy received minimal to no development finance over two decades.²⁷ Haiti, Saint Lucia, and Paraguay received a few token goodwill projects.²⁸ On the other hand, Beijing rewarded early adopters of the One China policy (e.g., Panama, Costa Rica, El Salvador) with a notable uptick in financing for their diplomatic pivot.²⁹

In contrast to the PRC, Taiwan supplies development finance and technical assistance more generously on a smaller scale. Market-rate loans and export credits buoy the PRC's bottom line. Taiwan provides grants, concessional loans, and technical assistance.³⁰ In its bid to work with diplomatic allies first, Latin America is a priority for Taiwan, with some estimates suggesting Taipei channels 30 to 50 percent of its development cooperation resources to the region.³¹

Taiwan's development cooperation activities have won admiration in many quarters. Its use of grants and concessional loans presents a low risk of debt distress for its partner countries. Its "Taiwan Model" emphasizes leveraging local expertise in counterpart countries,³² in contrast to a common critique of Beijing's penchant for using Chinese suppliers, laborers, and experts.³³ Not unlike Beijing, Taiwan is a successful example of an economy that transitioned from once being a recipient (in the 1960s) to a supplier of development assistance to others.³⁴ In contrast to the PRC, Taiwan has found a way to stand for both development and democracy.

Nevertheless, Taipei is ill-positioned to compete with Beijing's formidable development finance operations. Whereas Beijing's budget runs in the billions per year globally, Taipei's operates in the hundreds of millions.³⁵ Similarly sized economies to Taiwan, like Switzerland and the Netherlands, have comparatively larger foreign assistance budgets.³⁶ Chinese leaders harness the power of the PRC's state-run media apparatus to trumpet the benefits of its high-visibility infrastructure projects and promote Beijing as a benevolent partner.³⁷ Taiwan's projects are

lower profile and less publicized.³⁸ Example projects focus on the social sectors—climate resilient agriculture in Saint Lucia and Honduras,³⁹ public health in Guatemala and Haiti,⁴⁰ along with disaster prevention and emergency response in Belize and Saint Vincent and the Grenadines.⁴¹

Previously, Taiwan's diplomatic allies in Central America could count on an average of "US\$50 million annually in declared non-reimbursable cooperation" funds from Taipei.⁴² Taiwanese leaders have recently expressed a limited appetite for "checkbook diplomacy," recognizing they cannot compete with the PRC dollar-for-dollar.⁴³ Beijing outspent Taipei 332 to 1 in its overall global development finance between 2015 and 2021.⁴⁴ The gap was less pronounced (31 to 1) if limited to conventional aid alone, though still in Beijing's favor. That said, Taipei may be feeling pressure to provide at least some financial support to its few remaining diplomatic allies, as it channeled US\$7.17 million in development finance to Belize and Paraguay.⁴⁵

Cash-strapped economies in the region have signaled that a change in their policy on Taiwan can be bought in exchange for assistance.⁴⁶ After Taiwanese leaders rejected a request to fund a re-election campaign and port development project, El Salvador ended diplomatic relations with Taipei.⁴⁷ A few months later, Beijing reportedly pledged US\$150 million to support 13 new cooperation projects in the country.⁴⁸ Chinese leaders allegedly promised another defector, Nicaragua, US\$430 million in projects to construct an airport and LNG terminal.⁴⁹ Paraguay sent a warning signal in 2022 when its president announced it wanted US\$1 billion in foreign assistance in return for its continued recognition of Taipei before subsequently backing down.⁵⁰

The dynamic is more complex with trade and foreign direct investment (FDI). Latin America saw a 22-fold increase in trade with China between 2001 and 2020.⁵¹ By 2023, the PRC was the largest export destination for six Latin American economies and the largest import source for six countries in the region.⁵² It has historically had an advantage in South America over Central America,⁵³ except for Panama, where the PRC has made sizable gains in recent years.⁵⁴ FDI from China to the region also increased, worth nearly US\$9 billion in 2023 alone.⁵⁵

A unique feature of the PRC's approach is that it systematically orients its development finance to attract Chinese trade and FDI in similar sectors and geographies. Like Beijing's development finance, Chinese trade and FDI flows favor the energy and mining sectors. Copper and lithium are among the region's major exports to China.⁵⁶ Chinese FDI has prioritized energy projects, from full acquisitions to investment stakes in mineral extraction and electricity distribution.⁵⁷

The PRC can heavily influence, if not entirely control, trade and investment incentives through regulation, agreements, and involvement of state-owned firms and banks. Panama, Nicaragua, and Honduras each saw sizeable drops (50 to 70 percent) in their share of exports to China just before ending diplomatic relations with Taipei.⁵⁸ In the years following, Panama saw a US\$1.15 billion jump in copper ore exports to the PRC⁵⁹, Chile ramped up imports and exports with China, while both saw trade with Taiwan decline.⁶⁰ These gains may be fleeting: El Salvador initially saw a jump in exports after it stopped recognizing Taipei, only to return to being a net importer of goods from the PRC just a year later.⁶¹

The PRC granted other sweeteners to countries upon ending diplomatic relations with Taiwan. After de-recognition, Ecuador and Nicaragua inked free trade agreements (FTAs) with Beijing.⁶² Honduras won a US\$276 million cooperative agreement for education infrastructure projects.⁶³ The PRC's first Luban workshop for vocational training in Latin America is set to be based in Nicaragua.⁶⁴ When Panama recognized Beijing in 2017, Beijing agreed to build a fourth bridge over the Panama Canal.

Taipei may have a global comparative advantage as the leading producer of semiconductors,⁶⁵ but Latin America's direct trade with Taiwan is relatively modest. Taiwan was the destination for roughly 2 percent of exports from Paraguay and Chile in 2023 and the source for 2 to 4 percent of imports for Dominica and Mexico—its best-performing markets. The scale contrast is stark with a player like the PRC, which hungrily consumes much larger shares of regional agricultural commodities and critical mineral exports to fuel its economy.⁶⁶ As a case in point, in 2023, the PRC's share of exports from four of the region's countries was above 30 percent, with three more not far behind at 20 percent or more.⁶⁷ Latin America also increasingly looks to China as a source destination, which accounted for 20 percent or more of imports in 8 countries.⁶⁸

Despite its smaller stature, Taiwan maintains a Central American Trade Office to promote bilateral trade, investment, tourism, and culture.⁶⁹ Bilateral FTAs with Honduras, El Salvador, and Panama remain active, even as diplomatic ties lapsed, but its agreement with Nicaragua was terminated.⁷⁰ Taipei also has economic cooperation agreements with diplomatic allies Paraguay and Belize, as well as an FTA with Guatemala.

Nevertheless, the strategic linkage between how Taiwan deploys its development finance, trade, and investment is unclear. Nor were its diplomatic allies substantially more economically integrated with Taiwan than other countries in the region. Paraguay, Belize, and its small Caribbean partners counted on Taiwan for 1 percent or less of their imports in 2023. Taiwan accounted for a similarly small share of these countries' exports that year.

What are the key battlegrounds for influence, vulnerabilities, and opportunities for U.S. interests?

In the last decade, Taipei's economic statecraft—including development finance, trade, and investment—has been handily outmatched by Beijing in the Western Hemisphere. The PRC has the political will and financial means to direct its formidable information operations and expansive public diplomacy efforts to reinforce preferred narratives that it is an indispensable economic partner and cast itself as a development model to which others should aspire.

This state of play raises a critical question. Rather than asking why Taiwan has lost *some* of its diplomatic allies, it may be more important to grapple with why it has not yet lost *all* of them. The answer to this question illuminates where the battlegrounds for influence lie in the future and how we might respond in the face of vulnerabilities and opportunities for U.S. interests.

Vulnerability #1: Preventing slippage from official to tacit recognition among the 'hold-outs'

On one end of the continuum, seven “hold-out” countries⁷¹ are outliers in maintaining official diplomatic recognition of Taiwan even as peers defect. One defensive strategy is to keep hold-out countries such as Paraguay, Guatemala, or Haiti from slippage: downgrading their relationship with Taiwan from official diplomatic ties to tacit or informal engagement. More than pawns in a chess game, these players have the agency to determine whether and when it is worth giving up on Taipei if Beijing presents better opportunities for their countries.

So, why do they persist? Two reasons could be in play. The first is ideological affinity, such as a shared origin story of anti-communist policies in Paraguay that have factored into the decision of political elites to recognize Taiwan since 1957.⁷² The second is greater access to alternative economic opportunities like the U.S. or Europe. Guatemala has benefited from increased exports and incomes via participation in the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR).⁷³ The U.S. and its European allies have traditionally been leading suppliers of humanitarian assistance, on which Haiti heavily depends.⁷⁴

Of course, ideology and alternative economic opportunities have not stopped others from changing their policies. Governments in hold-out countries face ample pressure from their citizens and Beijing’s coercive diplomacy. During the COVID-19 pandemic, Chinese leaders unsuccessfully attempted to use vaccine access as a “poaching strategy” to lure Paraguay into defecting.⁷⁵ President Santiago Peña and his government in Paraguay are also under pressure from private sector elites to demonstrate why it is worth privileging political beliefs above the economic opportunities that could be on offer from Beijing.⁷⁶ In Guatemala, the government of President Bernardo Arévalo is contending with political opposition at home and seeking closer ties with both the PRC and the U.S.⁷⁷ As the U.S. reassesses its bilateral assistance and European countries announce aid cuts, this may prompt Haiti to reconsider its recognition of Taiwan to ramp up alternative support from Beijing.

Vulnerability #2: Preventing slippage from tacit to no recognition among the ‘fence sitters’

Seven “fence sitters” straddle the middle ground, tacitly engaging with Taipei on economic and cultural issues via a representative liaison office.⁷⁸ Though they stopped short of official diplomatic recognition, these countries still bolstered Taiwan’s position globally. A second defensive strategy would be to keep fence-sitters like Chile or Brazil from slippage, downgrading their relationship with Taiwan from tacit to no engagement. The fence sitters tend to be somewhat larger economies in the region. Some have GDPs that surpass Taiwan. Four have joined Beijing’s BRI.⁷⁹ Brazil was a founding member of the BRICS.

So, why bother holding the middle ground? Two reasons could be in play. The first is a foreign policy based on neutrality, such as that professed by Brazil, related to extra-regional conflicts.⁸⁰ The second is that the player can gain more economically or politically by playing both sides: placating Beijing by not fully recognizing Taipei while informally cooperating to maintain positive relations with the U.S., its tacit patron. For example, Chile might be more reluctant to change its position on Taiwan—even in the face of growing interdependence with the PRC—if

it expects to continue to benefit from high levels of economic engagement with the U.S. via its existing free trade agreement.

However, the strategic calculus for these fence-sitters could change in the face of uncertainty over U.S. trade policy, prospective tariffs, and continued commitment to existing agreements.⁸¹ Although a downgrade of their relationship with Taiwan is implausible, it is not impossible, especially in a world where Western Hemisphere economies feel they need to hedge their bets and expand ties with alternative economic partners to the United States.

I conclude by highlighting eight opportunities worth considering to help Taiwan retain existing allies and attract new ones:

- *Expand co-financing and co-branding of development cooperation efforts between the U.S. and Taiwan focused on the Western Hemisphere* to increase resources Taipei can bring to bear and maximize its visibility as an indispensable economic partner⁸²
- *Advocate for Taiwan's participation in leading international development cooperation venues relevant to the Western Hemisphere*, such as the Inter-American Development Bank and the OECD's Development Assistance Committee, to enhance its prominence⁸³
- *Help Taiwan document and diffuse its story as a development and democratic success* to provide an alternative model for countries in the Western Hemisphere to aspire and build Taipei's soft power appeal⁸⁴
- *Prioritize renewal of the Generalized System of Preferences for developing countries in Latin America* to gain duty-free access to the U.S. export market as a means to help holdout countries identify alternative opportunities to grow their economies⁸⁵
- *Provide advisory services and aid-for-trade capacity building* to help Latin American countries better utilize existing free trade agreements and tariff preference programs⁸⁶
- *Help Latin American countries strengthen inbound investment screening mechanisms and public financial management (PFM) capacity* to mitigate risks from opaque FDI and blunt China's economic influence
- *Promote cooperation between Taipei's Liaison Offices and U.S. Embassies in the Western Hemisphere* to identify opportunities for joint bids or investments between U.S. and Taiwanese companies with Latin American partners
- *Capitalize on the momentum of changing relationships in places like Panama* to incentivize counterpart governments to move up the recognition chain from no to tacit or full diplomatic engagement with Taipei⁸⁷
- *Promote industrial co-production to support resilient supply chains* through trilateral U.S.-Taiwan-Latin America Special Economic Zones and industrial parks in critical industries

Endnotes

1. My colleague Bryan Burgess (AidData) provided invaluable background research and data work in support of this testimony. My remarks also benefited from an unpublished analysis of the PRC in Latin America from Jonathan Solis and Rodney Knight (AidData).
2. For example, growing inflation, GDP fluctuation, indebtedness, and a shift from being a net exporter to the PRC to a net importer prompted Argentina to turn to the PRC for emergency rescue loans (World Bank, 2023; WITS, 2023).
3. China's foreign exchange reserves were at US\$3.22 trillion as of February 2025, published via Trading Economics (2025).
4. Custer, S. (2025). How does Beijing use information and public diplomacy to win the narrative? January 23, 2025. Williamsburg, VA: AidData at William & Mary.
5. For example, the PRC has shown interest in building multi-use ports in Argentina's Tierra del Fuego province (in Rio Grande and Ushahia) which would provide Beijing with a strategic positioning near the Strait of Magellan as a staging area for Chinese fishing fleets, facilitate passage of PRC naval vessels, and monitor activities of the U.S. and its allies (Pelcastre, Aug. 2023; Saavedra, 2023; Kubney, 2023; Intelligence Online, 2023). It also attempted to bolster the port facilities in Argentina's Bahia Blanca with a floating liquefied natural gas (LNG) terminal. Financed by the Bank of China with a US\$200 million loan, the project operated from 2019 to May 2020, before COVID-19 forced the project to end.
6. For example, the PRC via Huawei provided 2000 km of fiber optic cable to give 350 schools in Argentina access to the Internet (Government of Jujuy, 2023, Nov. 10).
7. For example, a 2019 agreement with ZTE provided security equipment for enhancing security surveillance in Jujuy, Argentina. This poses a risk of these technologies giving Beijing access to surveillance footage from these devices (Reuters, 2019, Jul. 5).
8. For example, the PRC signed agreements with Chile's Universidad Católica del Norte (UCN) to jointly develop a scientific research base for observational astronomy in the Ventarrones (NAOC-UCN, 2016; UCN, 2023; UCN, 2024; CASSACA, 2024a). However, Chile is reportedly reviewing such agreements following a Newsweek investigation of the deal (Tatlow, 2025).
9. Custer, S., Baehr, A., Burgess, B., Dumont, E., Mathew, D., and Hutchinson, A. (2022). *Winning the Narrative: How China and Russia Wield Strategic Communications to Advance Their Goals*. Williamsburg, VA: AidData at William & Mary.
10. These content-sharing partnerships allow domestic media outlets in counterpart countries to reprint, share, and co-create content with Chinese state-run media content. <https://china-dashboard.aiddata.org/>
11. Reuters. (2024). Xi says no one can stop China's reunification with Taiwan. December 31, 2024.
12. Wang, J. and A. Ramzy. (2025). China is Ready to Blockade Taiwan. Here's How. Wall Street Journal. March 23, 2025.
13. Gardner and Khrestin. (2024). The TAIPEI Act: Origins, Tools, Results, and Remedies. Global Taiwan Institute. Global Taiwan Brief. Vo. 9. Issue 16.
14. Bock, J. and H. Parilla. (2024). Why Countries Abandon Taiwan: Indicators for a Diplomatic Switch. Global Taiwan Institute.
15. Nicaragua initially recognized the PRC in 1985 and withdrew that recognition in 1990, before reverting back in 2021.
16. Taiwan MOFA (2025). Diplomatic Allies. ROC Taiwan. (2025). ROC Embassies and Missions Abroad. These official diplomatic allies include Belize, Guatemala, Haiti, Paraguay, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines.
17. Ibid. Countries hosting a liaison office include Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, and Peru. Nineteen countries in the region host neither an embassy (official recognition) nor liaison office (tacit recognition) for Taiwan.
18. <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD>
19. Taiwan's GDP in 2023 was roughly US\$756.59 billion, slightly ahead of Argentina's US\$646.08 billion and behind Switzerland's (884.94 billion). The PRC's GDP that same year was comparatively US\$17,704.8 billion. <https://tradingeconomics.com/taiwan/gdp>
20. AidData's Global China Development Finance data verified 2,428 projects worth US\$286.14 billion between 2000 and 2021.
21. This included USD 264 billion in other official flows (debt), USD 10 billion in official development assistance (aid), and USD 12 billion in flows for which there was insufficient documentation to classify the terms.
22. Thirty-nine percent of Beijing's development finance is focused on industry, mining, construction, and energy projects.
23. Burgess, B., Custer, S., Knight, R., and J. A. Solis. (2025). *Spotlight on PRC Engagement in Honduras Relative to Central America / Enfoque en la participación de la República Popular China en Honduras en relación con América Central*. Williamsburg, VA: AidData at William & Mary. Preliminary data from desk research conducted on prospective PRC development finance investments in 2023 suggests that Honduras may reap a similar reward for its de-recognition of Taiwan that year. For example, Beijing invested in Ecuador's Coca Codo Sinclair hydroelectric plant, along with Honduras' state-owned electricity company (Empresa Nacional de Energía Eléctrica, ENEE), and the Patuca III hydroelectric plant.
24. A China Eximbank loan of US\$2.45 billion supported the Baha Mar Resort Construction Project in the Bahamas but quickly faced construction delays, local pushback, and lawsuits. The state-owned policy bank also bankrolled Trinidad and Tobago's Phoenix Park Industrial Estate development for US\$112.63 million.
25. In Chile, the PRC's development finance focus has been lithium for electric cars and batteries (US\$3.2 billion) and copper mining (US\$4.4 billion). In Argentina, gold and lithium have attracted Beijing's attention.
26. 21 of 33 Latin American countries are BRI members. As of 2025, 11 countries had not signed on to the BRI (Bahamas, Belize, Brazil, Colombia, Guatemala, Haiti, Mexico, Paraguay, Saint Kitts and Nevis, Saint Vincent and the Grenadines, and Saint Lucia). Panama previously joined the BRI in 2017 but announced its exit in 2025. Despite not committing to BRI membership, Brazil, Mexico, and the Bahamas were among the top 10 recipients of Beijing's development finance dollars over the decade.
27. There were no recorded instances of development projects for Guatemala, Belize, and St. Vincent and the Grenadines. Honduras was an exception: the largest project funded was a \$356 million loan in 2013, before Tegucigalpa's flip to de-recognizing Taiwan.
28. Haiti received US\$23.4 million, mostly prior to 2010, in small-scale emergency response, peacekeeping support, and in-kind donations of scholarships and equipment. Beijing co-financed four small SME and rural road projects in Paraguay (mostly in 2015, one in 2018) worth US\$76.2 million with the Inter-American Development Bank. Saint Lucia initially had some minor investments (14 projects worth 55.71 million) prior to 2003, the largest of which was related to a Stadium Construction project in 2000.

29. Burgess, B., Custer, S., Knight, R., and J. A. Solis. (2025). *Spotlight on PRC Engagement in Honduras Relative to Central America / Enfoque en la participación de la República Popular China en Honduras en relación con América Central*. Williamsburg, VA: AidData at William & Mary. Preliminary data from desk research conducted on prospective PRC development finance investments in 2023 suggests that Honduras may reap a similar reward for its de-recognition of Taiwan that year.
30. Taiwan MOFA. (2023). White Paper on International Cooperation and Development Policies. Striving for a World of Freedom and Democracy for Common Good. November 2023.
31. Maggiorelli, L. (2019). Taiwan's Development Aid to Latin America and the Caribbean and the One China Policy. *Razon Critica*, 7, 177-208.
32. Taiwan MOFA. (2023). White Paper on International Cooperation and Development Policies. Striving for a World of Freedom and Democracy for Common Good. November 2023.
33. Custer, S., Horigoshi, A., and K. Marshall. (2024). *BRI from the Ground Up: Leaders from 129 countries evaluate a decade of Beijing's signature initiative*. Williamsburg, VA: AidData at William & Mary.
34. Glick, B. (2022). A Revamped Taiwanese Approach to Foreign Assistance. Global Taiwan Institute. Hsiang, T. (2022). A conversation with Timothy Hsiang. FRS Taiwan Program on Security and Diplomacy. September 2022.
35. Kot, O. (2025). From Recipient to Donor: Taiwan's International Assistance. February 11, 2025. In 2023, Taiwan's development budget was US\$468 million. Maggiorelli, L. (2019). Taiwan's Development Aid to Latin America and the Caribbean and the One China Policy. *Razon Critica*, 7, 177-208.
36. Runde, D. (2022). Soft power essential to self-defense. Taipei Times. November 13, 2022.
37. Custer, S., Baehr, A., Burgess, B., Dumont, E., Mathew, D., and Hutchinson, A. (2022). *Winning the Narrative: How China and Russia Wield Strategic Communications to Advance Their Goals*. Williamsburg, VA: AidData at William & Mary.
38. Glick, B. (2022). A Revamped Taiwanese Approach to Foreign Assistance. Global Taiwan Institute.
39. Taiwan emphasizes helping counterpart governments address local priorities such as Saint Lucia's concern over banana leaf spot disease which threatened its economy and Honduras' desire to promote development of the domestic avocado industry. Hsiang, T. (2022). A conversation with Timothy Hsiang. FRS Taiwan Program on Security and Diplomacy. September 2022.
40. Ibid. Taiwan worked with the government of Guatemala to promote medical technology for maternal-child health, restored food production and clean water in Haiti following a series of natural disasters.
41. Ibid. Taiwan supported a pilot project for emergency management and disaster response with the government in Saint Vincent and the Grenadines and developed flood early warning systems for disaster prevention and rescue with Belize.
42. Moreno, B.A. (n.d.). Taipei pays Central America for its recognition with imports. Universidad de Navarra.
43. Fabro, R. and R. Gramerr. (2023). Taiwan Isn't Playing Checkbook Diplomacy Anymore. Foreign Policy. April 24, 2023.
44. Between 2015 and 2021, Taipei gave US\$1.8 billion in grants and concessional loans worldwide, according to the OECD Creditor Reporting System. Beijing's overall state-directed aid and debt during that same seven-year period was US\$597.68 billion.
45. Most of Taiwan's development finance allocations are unspecified but it did report financing to Belize (US\$4.33 million from 2017 to 2020) and Paraguay (US\$2.84 million in 2021). OECD CRS.
46. Bock, J. and H. Parilla. (2024). Why Countries Abandon Taiwan: Indicators for a Diplomatic Switch. Global Taiwan Institute.
47. Coonan, C. (2018). Beijing scores win as El Salvador cuts ties with Taiwan. Irish Times. August 21, 2018. AP. (2018). El Salvador, Taiwan break ties as China isolates island foe. Associated Press. August 21, 2018.
48. Reuters. (2018). China pledges US\$150 million in aid to El Salvador as relationship deepens. November 8, 2018. AidData tracked US\$145 million in pledges from Beijing across 15 aid projects. It is unclear whether all these projects have been delivered.
49. AFP. (2023). Nicaragua shutter associations with links to Taiwan. January 10, 2024. Barrons.
50. Glick, B. (2022). A Revamped Approach to Taiwanese Foreign Assistance. November 30, 2022. Global Taiwan Institute.
51. Wintgens, S. (2023). China's Growing Footprint in Latin America. FDI Intelligence. March 10, 2023.
52. Countries with the PRC as the top export destination in 2023 included Panama, Chile, Cuba, Peru, Brazil, and Uruguay. It was the top import source for Paraguay, Chile, Venezuela, Peru, Bolivia, and Brazil.
53. Ellis, E. (2023). PRC Engagement with Central America: An Update. CEEEP. March 7, 2023. Traditionally, the U.S. has been a larger market for trade in goods with Central America, facilitated by the Central America and Dominican Republic (CAFTA-DR) free trade agreement.
54. As of 2023, the PRC's share of exports had reached 25 percent for Panama. This represented a 20 percentage point increase since 2019.
55. Wintgens, S. (2023). China's Growing Footprint in Latin America. FDI Intelligence. March 10, 2023.
56. For example, copper and lithium accounted for 64% and 15% respectively of product exports from Chile to China in 2022 (OEC, 2024). Beijing is actively buying up other key minerals like molybdenum (Treagold, 2021). It has a stream of planned investments in lithium projects in Argentina's Salta, Jujuy, and Catamarca regions (Pelcastre, Jul. 2023; NS Energy, 2023; Bnamericas, 2023; Mining Technology, 2022, Jul. 29).
57. For example, Pacific Hydro, originally an Australian corporation, and its affiliate Pacific Hydro Chile were purchased by China's State Power Investment Corporation in 2016 (Harry, 2023). In 2018, Chinese banks lent Tianqi Lithium over US\$3 billion for the purchase of a 24% share in SQM, which operates mines to extract lithium for electric cars and other industries requiring batteries. In the energy sector, China Southern Power Grid International and State Grid Corporation of China mobilized US\$6.5 billion in foreign direct investment to secure a 57% stake in Chile's electric distribution network (Ellis, 2021; Myers, 2024).
58. Bock, J. and H. Parilla. (2024). Why Countries Abandon Taiwan: Indicators for a Diplomatic Switch. Global Taiwan Institute. Panama's share of exports to China dropped by 70 percent between 2015 and 2017 before it changed its position on Taiwan. Nicaragua (-50 percent between 2015 and 2020) and Honduras (-60 percent between 2020 and 2022) experienced similar drops before ending diplomatic relations with Taipei in 2021 and 2023, respectively.
59. The total value of Panama's imports from China between 2019 and 2023 declined, however.
60. Between 2019 and 2023, Chile ramped up both imports (broadcasting equipment) and exports (copper-related) with China. For Panama and Chile, the total value of bilateral trade (sum of import and export values) with Taiwan declined in this period.
61. Ellis, E. (2021). China and El Salvador: An Update. CSIS. March 22, 2021.

62. Ecuador and Nicaragua signed FTA agreement with China in 2023 (Ellias, 2023).
63. Reuters (2024). The two countries are also actively negotiating a free trade pact (Cruz, 2024; La Tribuna, 2024).
64. Luban workshops typically involve cooperation between a Chinese higher education institution, a Chinese state-owned or private sector company, and a host institution in a counterpart company to train local workforces to become familiar with Chinese technical standards, systems, and software (Custer et al., 2021; Prensa INATEC, 2024).
65. Saldias, N. (2024). China-Taiwan Tension, the Unseen Risk for Latin America. *Americas Quarterly*. April 29, 2024.
66. Saldias, N. (2024). China-Taiwan Tension, the Unseen Risk for Latin America. *Americas Quarterly*. April 29, 2024.
67. Chile, Cuba, Peru, and Brazil were above 30 percent. Panama, Ecuador, and Uruguay were not far behind at 20 percent or more.
68. Venezuela and Paraguay were above 30 percent, while Chile, Brazil, Colombia, Bolivia, and Ecuador were 20 percent or more.
69. https://www.cato.com.tw/en/about_cato_office_info.php
70. US International Trade Administration. (2024). Taiwan Country Commercial Guide. Trade Agreements. Updated January 10, 2024.
71. Belize, Guatemala, Haiti, Paraguay, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines.
72. Tsai, H. (2023). Taiwan in Latin America. December 6, 2023. StoryMaps.
73. Rodríguez, J.R.R. and X. Matschke. The CAFTA-DR Free Trade Agreement—Analyzing its effects in a modern gravity framework. December 1, 2022. *International Economics and Economic Policy*. Vo. 20, pgs 27-93.
74. Horigoshi, A. and Custer, S. 2023. *Humanitarian-Development-Peace Nexus: Successes, Failures, and Lessons from U.S. Assistance in Crisis and Conflict*. Williamsburg, VA: AidData at William & Mary.
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77. Quintana-Lovett, A.R. (2024). Latin America's role in Taiwans existential struggle. September 16, 2024.
78. Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, and Peru.
79. Argentina, Chile, Ecuador, and Peru
80. Mingey, M., Gormley, L., and L. Wright. (2024). Avoiding entanglement: G20 responses in a Taiwan crisis.
81. Gerbaud, G. and C. Harrison. (2025). Tracking Trump and Latin America: Trade—Tariffs on Aluminum and Steel Go into Effect. March 12, 2025. Americas Society/Council of the Americas.
82. Glick, B. (2022). A Revamped Taiwanese Approach to Foreign Assistance. Global Taiwan Institute.
83. Runde, D. (2022). Soft power essential to self-defense. Taipei Times. November 13, 2022.
84. Glick, B. (2022). A Revamped Taiwanese Approach to Foreign Assistance. Global Taiwan Institute.
85. Custer, S. 2023. *(Re)invigorating U.S. Development Assistance: Alternative Models and Options*. Williamsburg, VA: AidData at William & Mary. <https://www.congress.gov/crs-product/IF11232>
86. Ibid.
87. As President Mulino is revisiting its engagement with Beijing (withdrawing from the BRI, awarding contracts to American firms, reducing Chinese ownership stakes in key companies).