

US Urges Caution With Chinese Investments as CCP Opens Megaport in Peru

The Peruvian port could be exploited by the Chinese Communist Party to spy on the U.S. naval and commercial ships, U.S. officials and researchers say.

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The Chancay "megaport" in the small town of Chancay, north of the Peruvian capital Lima, on Oct. 29, 2024. Cris

By Dorothy Li

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Brian Nichols, the top U.S. diplomat for Latin America, has urged countries across the Western hemisphere to stay vigilant over Chinese investments after Beijing opened a massive deep-water port in Peru.

“We believe it is essential that countries across the hemisphere ensure that PRC economic activities respect local laws as well as safeguard human rights and environmental protections,” Nichols **told** reporters on Nov. 14, using the acronym for the regime’s official name, the People’s Republic of China.

Nichols noted the United States has been focusing on cooperation with Peru and “making sure that Peruvians understand the complexities of dealing with some of their other investors going forward.”

Nichols made the comments when asked about Chancay port, a China-owned port sitting approximately 48 miles north of Lima.

The port of Chancay was inaugurated on Nov. 14, with Chinese regime leader Xi Jinping and Peruvian President Dina Boluarte participating in the ceremony via video link. Xi was in Peru for a state visit and the Asia-Pacific Economic Cooperation (APEC) summit, where he also **met** with U.S. President Joe Biden.

In an opinion piece featured in Peru’s state newspaper El Peruano, Xi hailed the 15-berth deep-water port as “the first smart port in South America” and a flagship **project** of his Belt and Road Initiative, a multibillion-dollar program aimed at bolstering Beijing’s geopolitical sway by building infrastructure worldwide.

With the launch of Chancay, shipping times from Peru to China are expected to be cut down to 23 days, thus reducing logistics costs by 20 percent, Xi wrote, adding that the project is expected to generate \$4.5 billion in annual revenue and create more than 8,000 direct jobs, benefiting the local economy.

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Local Protests

Despite Xi's lofty promises, discontent among local residents is growing.

Once a small fishing village with a population of 60,000, the town has suffered greatly over the past five years due to port construction that relied heavily on explosives. This has not only damaged nearby homes, affecting the well-being of families—especially women and children—but has also thrown the local fishing ecosystem into disarray, disrupting the livelihoods of the community that depends on it, according to a memo from Taiwan national security bureau viewed by The Epoch Times.

The Chinese construction team has resorted to "intimidation of residents" and "collusion with officials" to keep the extent of the damage under wraps, it stated.

Local residents had planned to voice their frustration directly to Boluarte and Xi during the port inauguration, prompting the ceremony to go virtual.

'Dual Use' Concern

The Chancay port is controlled by a subsidiary of Cosco Shipping Ports, a Chinese state-owned conglomerate. In 2019, the Chinese shipping giant signed a contract with Volcan Compañía Minera SAA, a Peruvian miner, acquiring a 60 percent stake in the terminal project. The company also holds exclusive operational rights for Chancay Port for a minimum of 30 years.

The Chinese ownership has raised concerns among researchers and officials in Washington, who worried that the Peruvian port could be exploited by the Chinese Communist Party (CCP) to [spy on](#) the U.S. naval and commercial ships.

Should the rising tensions between Washington and Beijing escalate into a wider conflict, Chinese warships may use this port against U.S.

military operations, according to Evan Ellis, a research professor of Latin American Studies at the U.S. Army War College.

“In time of a war between the PRC and the United States, the port of Chancay could potentially be used by the People’s Liberation Army (PLA) Navy to resupply forces and otherwise support operations against the U.S. in the eastern Pacific, even in the absence of a formal basing or military alliance agreement,” Ellis wrote in a [study](#) published earlier this month.

Aside from the potential military uses, Gen. Laura Richardson, former commander of U.S. Southern Command, expressed concerns about the security of data generated by the extensive operations of the megaport.

“Think about a port,” Richardson said at the Hemispheric Security Conference in Miami in May. “The scanning of cargo: 100 percent of the cargo in and 100 percent out. Who’s doing your scanners? Who’s going to have all that information, who’s going to have all that data?”

“So [in terms of] national security concerns ... there are all kinds of things that we can come up with and think through,” she said, adding that the United States, along with like-minded democracies, should offer “alternatives” for Latin American nations to consider.

In terms of trade purposes, Richardson cautioned that the Chancay port would “make it easier” for the CCP to extract resources from [Latin America](#). Yet, she pointed out that the region often sees little benefit from these valuable resources.

Latin America is known for its diverse agricultural products and rich critical minerals, which include nickel, copper, and lithium, an essential element for making batteries powering electric vehicles (EVs). According to the United Nations Development Programme, an estimated 60 percent of identified lithium reserves worldwide are in Latin America.

But Chancay is one of many port projects in Latin America that is financed by China. According to Richardson, 22 of 31 countries in the

region have signed on to China's Belt and Road Initiative.

Just south of Lima, construction of another Chinese mega-port is due to begin next year. Jinzhao Peru, a subsidiary of the Chinese mining giant Jinzhao, won the contract in March to design, build, and operate San Juan de Marcona. The estimated cost for this terminal is \$405 million, and it is projected to be the third-largest port in Peru.

The port will facilitate China to ship iron directly from the nearby Pampa de Pongo, an iron mine project also being developed by Jinzhao Peru.

“We've got to pay more attention to this region,” Richardson **told** the House Armed Services Committee last March. “The proximity matters. They are on the 20-yard line of our homeland. We are in a neighborhood. These are our neighbors, and we have got to pay attention to them.”

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Dorothy Li

Author

Dorothy Li is a reporter for The Epoch Times. Contact Dorothy at dorothy.li@epochtimes.nyc.

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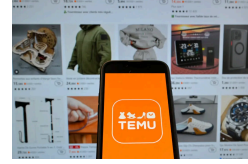
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